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E-mail: CapgeminiEMEApr@WeberShandwick.com**- NEWS ALERT -****Capgemini Consulting study reveals impact of global market volatility on supply chain strategies**

Global Supply Chain Agenda report reveals that just 17 percent of supply chain executives are optimistic about the outlook for 2012 due to global economic uncertainty

Paris, 15 March 2012 – Capgemini Consulting, the global strategy and transformation consulting brand of the Capgemini Group, today announced the findings of its 2012 Global Supply Chain Agenda study, examining the key business priorities of supply chain executives around the world. The study reveals that ongoing uncertainty around the global economy and euro zone crisis is having a significant impact on supply chain strategies at every level. Specifically, market volatility (52 percent) and the economic downturn (39 percent) were cited as the biggest business challenges currently faced by respondents, with just 17 percent optimistic about the outlook for the economy in 2012. However, the survey suggests that companies will be better able to handle this market uncertainty than during the previous economic slowdown of 2008-2009, with 52 percent of respondents indicating they are now better prepared for a more volatile environment.

The study, which surveyed 350 supply chain executives from leading companies across Europe, the US, Latin America and Asia-Pacific, also examines the strategic measures that are being taken within supply chains as companies seek to maintain business growth and competitiveness in current volatile markets. Faced with an uncertain outlook for 2012, 67 percent of respondents have implemented measures to improve visibility and control within the supply chain and 59 percent have taken steps to increase flexibility within supply chain operations. Companies that have taken these measures should expect to have a head start on their competitors in 2012 as they will be able to measure and adapt their supply chains more easily.

As companies seek to further strengthen supply chain operations in response to the challenging economic environment, 65 percent of respondents plan to implement operational excellence initiatives designed to establish more value driven and cost effective operations. Supply chain visibility improvement (57 percent) is also a key priority as market volatility continues to increase the need for a single, consistent view of the end-to-end supply chain. Business innovation initiatives (56 percent) also ranked highly in terms of strategic priorities for 2012 as companies seek new ways of strengthening their supply chain operations.

However, as the pessimistic economic outlook forces companies to reevaluate priorities and focus on programs that will improve efficiency and save costs, many continue to face difficulties in implementing supply chain improvement strategies. Business prioritization (44 percent) remains the main bottleneck, closely followed by limited IT capabilities (42 percent) and financial resource challenges (39 percent). It is clear that faced with increasing market uncertainty and a higher number of business priorities that companies are being forced into being more selective in their supply chain investment decisions and as such, it is increasingly important that at even a senior level, there is a common understanding of the business-critical nature of supply chain initiatives. Key factors for implementing a successful supply chain strategy include senior leadership commitment and well managed organizational change with consistent objectives.

“Continued market volatility is severely impacting supply chain strategies everywhere, but it would appear that lessons have been learned from previous periods of economic uncertainty as companies are better prepared for the challenges of 2012 and have implemented a number of measures to improve visibility, flexibility and control within their supply chain,” said Ramon Veldhuijzen, Global Logistics and Fulfillment Lead, Capgemini Consulting. *“However, it is vital that supply chain executives and company management have a shared understanding of the benefits that supply chain projects can bring to the whole organization in order to establish a truly successful supply chain strategy and maintain competitive advantage.”*

A full copy of the report can be downloaded from: www.capgemini.com/insights-and-resources/by-publication/the-2012-global-supply-chain-agenda/

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