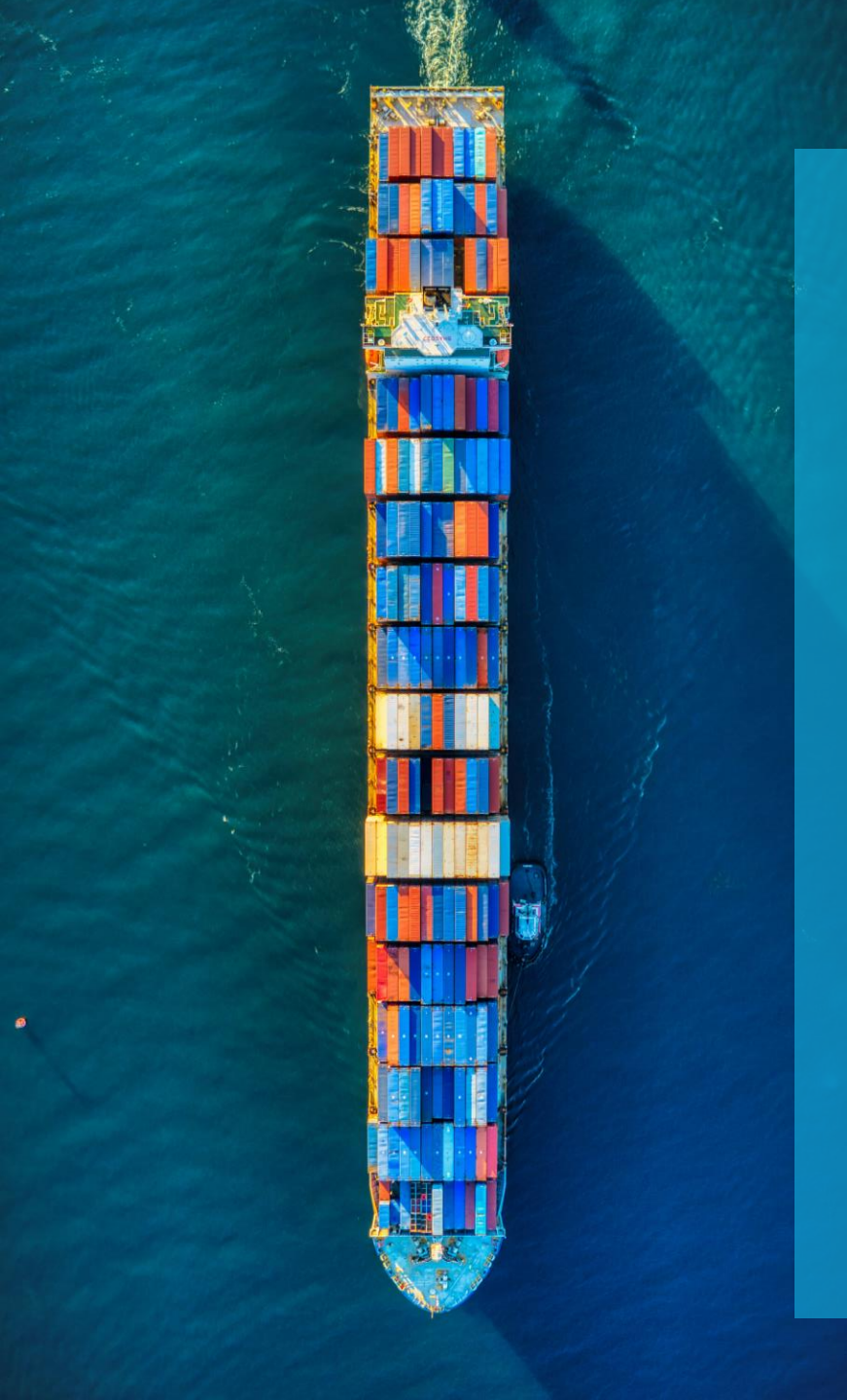


SUPPLY CHAIN RESILIENCE - WHAT IS IT WORTH?



Increasing global challenges stress the need for resilient supply chains



- » Container shortage
- » Raw material scarcity
- » Shortage of truck drivers
- » Semiconductor crisis
- » Changing customer requirements
- » Trade barriers
- » Climate change / Natural disasters



In March 2021, we launched a survey of more than 400 executives from CPR organizations across eleven countries

85% of consumer products companies facing disruptions and dramatically shifting the trend towards e-commerce

71% of retailers need more than three months for their supply chains to recover from disruptions

66% of organizations foresee significant changes to their supply chain strategy in the next three years





Based on our research the majority of CPR organizations in DACH see the need for changes in their supply chain

63% of CPR organizations in DACH say increasing supply chain resilience is a key priority

60% of retailers and CP organizations in German-speaking countries are investing in regionalizing and localizing their supplier base

58% of Retailers say they will increase investments in digitization of the supply chain

A resilient supply chain rests on visibility, agility, diversification and contingency planning



Key drivers



Visibility

- Across the entire supply network
- Emphasis on data-sharing with partners
- Move from demand planning to demand sensing
- Control Towers as route to SC visibility



Agility

- Speed at which supply network can respond to shifts in environment
- Ensures changes can be implemented quickly to recover from disruptions
- For example, reconfiguring plants and logistics networks, opening new demand channels



Diversification

- Diversification with regards to supplier base and transportation partners
- Using supply chain analytics across areas like demand forecasting, inventory optimization and reducing supplier risk



Contingency Planning

- Ability to anticipate and respond to disruptions
- Improving crisis-preparedness using simulations
- Scenario planning to cope with impact of disruptions

It's now time to steer supply chains not only on efficiency, but to better balance also across resilience and sustainability



Major benefit comparison

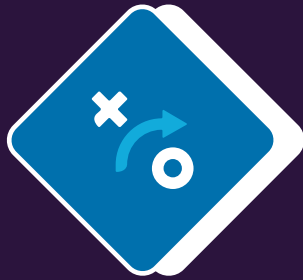


Cost of goods	++	+
Wage and salary level	++	+
Raw material price	++	+
Transport cost	++	++
Time to market	+	+++
Error correction processes	+	++
Environmental sustainability	+	+++



We recommend that organizations focus on three priorities to increase supply chain resilience

Imperatives for action



Realign

Realign supply chain strategy to adapt to pandemic challenges

- Assess your supply chain readiness for agility, visibility, diversification and contingency planning
- Move from demand **planning** to **demand sensing**
- **Control towers** as route to supply chain visibility



Floptimize

Combine flexibility with optimization

- **Cooperation** with partners
- Increase the **depth of value creation** / increase **vertical integration**
- Be able to set up and reduce **buffer capacities** at **short-term**



Rebalance

Redesign of global network

- Conducting risk assessment to **balance flexibility** and **efficiency**
- **Reduction** of **single sourcing**
- **Nearshoring** of supplier base / increased local / regional sourcing
- **Overhaul last-mile** delivery

**GET THE
SUPPLY CHAIN
FUTURE
YOU WANT**