



THE FUTURE OF PROCUREMENT DIGITAL SUPPLY CHAIN DEVELOPMENT

In recent years, global supply chains have faced significant challenges. The various sudden shocks and shifts in geopolitics, environment, economy, and health have led to disruptions and slowdowns in global trade. Many organizations now feel they are in a perpetual state of crisis, prompting a strong emphasis on enhancing resilience in operations, which is a top priority in boardrooms worldwide.

A survey of around 300 supply chain leaders revealed that nearly half perceive their supply chains as vulnerable to disruptions. They cite numerous challenges, such as rising costs and concerns about the availability of transportation and raw materials. Additionally, geopolitical uncertainties are expected to further disrupt trade, exacerbating the existing vulnerabilities in supply chains.

These key themes which leaders and their procurement teams should be addressing to make their business future-ready.

DIGITALISATION

In today's complex and interconnected world of supply chains, where consumer demand for sustainability is on the rise, it's imperative for procurement teams to gain full visibility into every aspect of their supply networks. This requires harnessing digital tools to monitor supplier performance, track inventory levels, and pinpoint potential bottlenecks. Exploring the possibilities of AI to enhance operational efficiency is key, transforming traditional business practices.

An industry survey involving over 1,000 global supply chain decision-makers from the US, UK, France, and Germany highlighted significant concerns among leaders. About 28% expressed worries about insufficient and unreliable transportation and shipping capacity, while 33% cited ongoing shortages of critical parts or goods. Additionally, 27% expressed uncertainty regarding customer demand.

To address these challenges effectively, it's essential to gain comprehensive visibility across the entire supply chain. Given the



intricacies of modern global supply chains, embracing digitalization emerges as the most viable solution.

In light of climate change and various disruptions affecting production and fulfillment rates, procurement teams must adopt proactive digitalization strategies. These strategies aim to mitigate risks by enhancing visibility into goods movement and bringing transparency to lower-tier supplier networks.

Attaining end-to-end transparency in the supply chain is crucial for both Scope 3 emissions reporting (covering all indirect emissions not included in Scope 2, such as those upstream and downstream) and identifying potential human rights violations within lower-tier supplier networks.

While leaders understandably harbor concerns about the complexities of implementing technological solutions, those slow to embrace digitalization risk falling behind competitively and may struggle to weather disruptions or safeguard their brand reputation.

HUMAN RESOURCES

Procurement teams are undergoing a significant transformation, necessitating a reassessment of current roles and the acquisition of fresh skills to maintain competitiveness over time. It's essential for procurement to collaborate with HR in devising a proactive talent strategy that aligns with the evolving demands of the field.

In order to drive digital change effectively

and adapt to shifting landscapes, procurement teams must prioritize the recruitment, training, and retention of individuals equipped with the expertise required for innovation and expansion. Soft skills such as supplier and stakeholder management, effective communication, and ethical decision-making are becoming increasingly essential alongside technical proficiency.

Cost-effective initiatives like job rotations, virtual mentoring, and shadowing can be deployed to cultivate both hard and soft skills among the workforce.

BUSINESS RELATIONSHIPS

Supplier Relationship Management (SRM) has evolved into a value-driven approach, emphasizing long-term collaboration, innovation, and mutual success. Collaborative efforts between suppliers and buyers can unlock fresh sources of value, spur innovation, and fortify supply chains against disruptions.

AGILITY

In today's dynamic business environment, agility is paramount for procurement teams to swiftly adapt to market changes and disruptions. Agility should be embraced across the entire organization, with executive actions aligned with overarching objectives.

RISK MANAGEMENT

Given the escalating risks within supply chains, proactive risk management is crucial. However, complexities such as supply chain transparency and the magnitude of risk pose significant hurdles. Technological innovations can enhance visibility, monitor risk areas, and facilitate prompt decision-making.

By prioritizing talent development, SRM, agility, and risk management, supply chain leaders can effectively navigate disruptions, safeguard profits, and ensure sustained viability and growth. These interconnected areas mutually reinforce each other, driving progress and resilience within procurement operations.