



Building Greater Supply Chain Resilience in the UK Manufacturing Sector

ivalua

Unprecedented Pressures on the Sector

Manufacturers had a difficult start to the year this year and a year-end report* showed that 2022 concluded with the worst month the sector had seen for two-and-a-half years. This 31-month low would actually represent the worst performance since the middle of 2009, in the aftermath of the global financial crisis, were it not for the years impacted by the COVID-19 Pandemic.

No-one can predict, 100% how this year will play out. However, being on top of supply chain resilience, particularly in Manufacturing where supply chains are complex is one of the key factors to navigating the many challenges UK manufacturing is facing. Core to the supply chain is a company-wide philosophy of building and maintaining great relationships with strategic and key new suppliers. Therefore, as British companies saw their PMI scores fall for the fifth consecutive month, with broader indications that the sector is shrinking, staying ahead of the competition and combating the impact of inflation means building greater resilience.

Our solution for manufacturers

Ivalua is helping companies like yours to address uncertainty and a lack of control. Our solution can empower your procurement through extensive visibility and agile functionality – enabling you to mitigate risk, optimise spend and collaborate better with your suppliers and stakeholders.

Read on for our guide to the strategies that can ensure your business thrives in these difficult times.

*Visit <https://www.pmi.spglobal.com/Public/Home/PressRelease/1a518ba2bdee441297815995745d0f90>

The Ivalua unified platform:

- ✓ **Helps you to strengthen all those relationships**
- ✓ **Increases collaboration for continuity of supply**
- ✓ **Brings extensive, end-to-end data visibility**
- ✓ **Flexes to your business, now and as you evolve**
- ✓ **Instils and builds greater supply chain resilience**



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ESSENTIAL STRATEGIES for Supply Chain Continuity and Greater Resilience

Supply chains are interdependent, global, and complex systems that are susceptible to various types of disruptions, including natural disasters, political unrest, regulation and more. To improve resilience, supply chains need to anticipate or at least detect issues early and be prepared to respond to mitigate impact to supply. Manufacturers are particularly impacted, with 60-80% of a product's cost comprised of purchased materials and services. But, supply chain resilience remains a top priority for organisations across all industries.

While ensuring supply continuity is a complex challenge, success is much more likely if you address key obstacles. Through our extensive research and work with hundreds of the world's most admired brands, we have established several key strategies to create a more resilient supply chain:

- 1 **Build a Solid Data Foundation**
- 2 **Ensure 360-Degree Supplier Visibility**
- 3 **Map Your Sub-tier Supply Chain**
- 4 **Take a Portfolio Approach to Category Risk**
- 5 **Implement Effective, Scalable Supplier Collaboration**

Other strategies, such as increasing inventory levels, can also play an important part of a holistic supply strategy, but come with costs (i.e. working capital being tied up) so must be optimised.



Supply chain disruptions cost the average organisation **45%** of one year's profits over the course of a decade. – McKinsey & Co.



#1 Priority

Reduce supply risk to ensure supply continuity – [The Hackett Group 2022 Key Issues Study](#)

DEFINITIONS

Resilience:

The ability for an organisation to withstand change, a shock, or disruption without being permanently impacted.

Agility:

The ability for an organisation to act quickly in response to change, shock, or disruption permanently impacted.

1

Build a Solid Data Foundation

The success of any transparency strategy relies heavily on building a solid data foundation, particularly when it comes to suppliers. For most organisations, data remains fragmented across many systems, with duplicate supplier records and errors, along with no effective way to consolidate internal, supplier-provided, and 3rd party information. This places limitations on the value that procurement generates for your organisation and impacts the resilience and agility of the supply chain.

While much of this fragmentation is due to back-end ERP systems, many so-called “integrated spend management suites” exacerbate the issue with different supplier records at various steps of the process (sourcing, contract management, eProcurement, etc.). Efforts to consolidate that data inject additional errors in matching records and delays from batch uploads. Such issues create a range of pain points, including:

- ✓ An incomplete picture of all supplier activities
- ✓ Outdated supplier information such as financials, credentials, supplier risk and performance
- ✓ Unknown supplier risk exposure
- ✓ Process inefficiencies and transactional delays
- ✓ Time and manual effort required to complete analysis, generate reports, and derive actionable insights

Leading organisations proactively plan their digital transformation around data to gain control over master supplier files, compliment existing data with third-party information, and ensure users have easy access to insights when and where they need them.



See how Verallia consolidated supplier master data in Ivalua for control and visibility of the supply base and enriched supplier information leveraging 3rd party data sources connected to Ivalua.

Verallia Case Study



Benefits

- ✓ A complete picture of all supplier activities
- ✓ More-informed decisions on supplier selection, assessment and contingency plans due to more accurate and complete data
- ✓ Improved efficiency from less time spent looking for data
- ✓ Greater agility due to faster and more informed decision-making
- ✓ Improved transparency and collaboration between procurement and other parts of the business due to having a single source of truth
- ✓ Improved adoption of systems due to trust in data
- ✓ Smarter and more efficient spend and supplier management through the use of quality data and analytics

Procurement's ability to generate value largely rests on access and quality of data.

How Ivalua Helps

- ✓ **Generate Quality Data** from our unified data model. A single global view across all supplier activities from RFXs, contracts and performance evaluations to orders, invoices and payments.
- ✓ **Fix Issues in your Back-end Systems** with integrated vendor master data management capabilities to capture, cleanse, and maintain a single source of truth across all of your business units, processes, and ERPs.
- ✓ **Connect Source-to-Pay Data** for better and actionable insights. To seamlessly connect:
 - ✓ A product bill of material to an RFX and a contract, with a view into the suppliers' risk scorecards.
 - ✓ Inventory levels to forecast data and planned orders.
- ✓ **A Single Analytics Layer** across all Source-to-Pay activities. With our unified data model, customers have access to every element of Source-to-Pay data to build relevant insights for their business.
- ✓ **Understand your Spend Data and Enrich your Supplier Data** with our built-in spend cleansing and classification capabilities to access pre-connected data partners.



2

Ensure 360-Degree Supplier Visibility

Effective supplier risk management requires a complete view of your suppliers, including internal risk/performance assessments, supplier financials and qualifications, and 3rd party risk data. Most organisational data remains fragmented across many systems, with duplicate supplier records, errors and no effective way to consolidate information for a complete view. Many are not aware of all suppliers they do business with, and too few have complete visibility into the risks associated with each supplier.

While much of this fragmentation is due to back-end, ERP systems, many so-called “integrated spend management suites” exacerbate the issue with different supplier records at various steps of the process (sourcing, contract management, eProcurement, etc.). Efforts to consolidate that data inject additional errors in matching records and delays from batch uploads. Such issues create a range of pain points, including:

- ✓ Slow decision-making
- ✓ Manual and low value data consolidation or data entry activities
- ✓ Inaccurate assessment of supplier risk
- ✓ Sub-optimal supplier selection

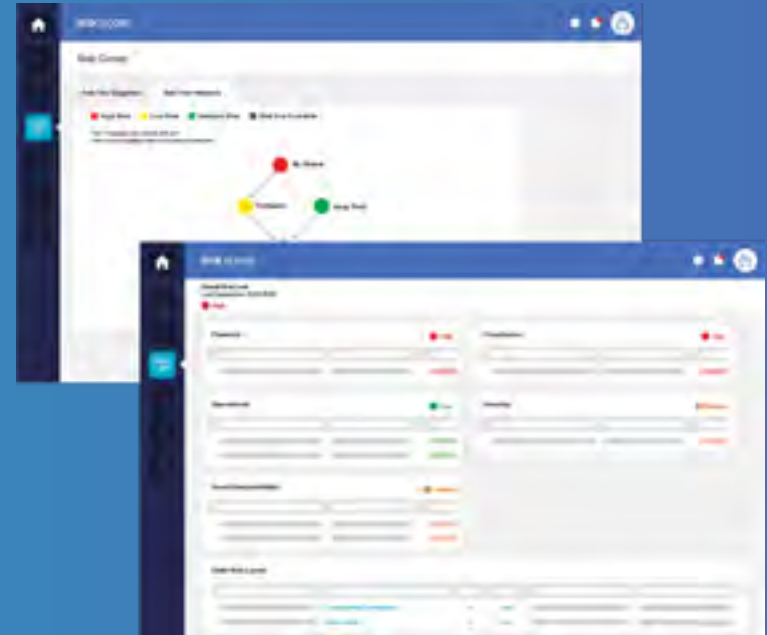
To improve supply chain resilience, procurement must address this fundamental requirement, implementing a robust supplier risk management program built upon a solid data foundation, with complete information that is easily accessible in one place for all suppliers.

Benefits

- ✓ Complete view of supplier risk
- ✓ Earlier detection of risk and ability to address
- ✓ More informed supplier selection
- ✓ Improved efficiency

How Ivalua Helps

- ✓ **Risk Center** combines internal, supplier-provided, and 3rd party data for an integrated view of supplier risk exposure covering:
 - ✓ Quality Risk
 - ✓ Environmental Risk
 - ✓ Social responsibility Risk
 - ✓ Governance Risk
 - ✓ Security Risk
 - ✓ Financial Risk
- ✓ **Performance Center** gathers and tracks qualitative and quantitative performance data from suppliers and buyers to accurately assess suppliers and take necessary actions.



3

Map Your Sub-tier Supply Chain

As supply chains have grown longer and more complex, businesses have become increasingly exposed to risks within their suppliers' supply chains. For example, according to **research by Dun & Bradstreet**, 163 of the Fortune 1000 had one or more Tier 1 suppliers in and around the Wuhan, China hot zone at the time of the Covid-19 outbreak, but 938 had one or more Tier 2 suppliers there.

And while most organisations have at least moderate visibility into their direct suppliers, visibility into the sub-tier remains extremely poor in virtually all industries. Companies typically struggle as they rely on manual, offline processes to capture and consolidate supplier information to gain a view of the full supply chain. Few of those Fortune 1000 companies were aware of their sub-tier exposure to Wuhan until the effects were felt.

Leading businesses are automating this process. That approach not only saves time, but allows more complete mapping and better assessment of sub-tier suppliers leveraging supplier-provided and 3rd party data.

Benefits

- ✓ Optimal, informed supplier selection
- ✓ Improved understanding of actual risk exposure
- ✓ More effective contingency plans
- ✓ Time freed to focus on planning rather than information gathering
- ✓ Greater ability to proactively mitigate risk

54%

of Fortune 1,000 Companies had sub-tier suppliers in Wuhan, China during the Covid-19 outbreak.

²<https://fortune.com/2020/02/21/fortune-1000-coronavirus-china-supply-chain-impact/>

How Ivalua Helps

- ✓ **Automated sub-tier Mapping.** Suppliers can enter their suppliers directly into the system, with automatic visualisation of the full supply chain, risks and dependencies of each supplier.
- ✓ **Automated Enrichment** of sub-tier suppliers with 3rd party risk information.



4

Take a Portfolio Approach to Category Risk

Most organisations assess the risk of their suppliers. To minimise the risk of disruptions, leaders are taking a lesson from investors, who have long understood the value of diversification. The lowest risk financial portfolio is not necessarily the one with the lowest risk investments if the individual investments are exposed to the same risk. The same applies to supply chains. For example, if two suppliers are exposed to the same risk in the same country, odds are greater that a risk event in that country would impact supply from both suppliers.

Category managers should assess the level and types of risk of each supplier, selecting two or more suppliers with diverse risk profiles. One such strategy focusing on geopolitical risk is low-cost country (LCC) + 1. This strategy provides many of the benefits of LCC supply with a viable alternative should supply from that LCC be disrupted. This enables effective contingency planning.

Benefits

- ✓ A more resilient supply chain as a single risk event is less likely to block supply from all sources
- ✓ Greater agility with pre-selected alternate sources of supply, allowing more robust contingency plans
- ✓ A more optimal balance of risk versus other benefits (i.e. lower costs, faster supply, lower carbon).

60-80% of product cost comes from purchased materials & services.
– McKinsey & Co.



How Ivalua Helps

- ✓ **Automated Scenario Analysis** via our integrated Sourcing Decision Center determines the optimal bid allocation based on pre-packaged or custom-defined criteria to ensure business objectives and trade-offs are considered.
- ✓ **Category Management** provides a complete 360-degree view of category spend, suppliers, items, risk ,and performance in one place so Procurement teams can holistically monitor strategy execution.



5 Enable Effective, Scalable Supplier Collaboration

Many organisations today still face challenges in enabling internal and external collaboration across Procurement and Supply Chain activities. Many commonly used systems were never designed for external collaboration with suppliers (e.g., ERP, MRP, PLM). As a result, collaboration tends to be conducted via email or phone calls, which is inefficient and limits collaboration to a handful of suppliers.

The impact of poor supplier collaboration on an organisation varies, from small and inconvenient instances to a complete disruption. A few effects of poor supplier collaboration include:

- ✓ Limited ability to be agile and respond to disruptive events
- ✓ Weaker, more transactional supplier relationships
- ✓ Limited ability to jointly plan and execute business objectives
- ✓ Lower levels of supplier development and innovation
- ✓ Inefficient buyer-to-supplier processes

Leading businesses are digitising their collaboration to engage with more suppliers and activities in less time. This allows them to better understand how suppliers are impacted by these challenges and use that knowledge to model potential effects to the business. Suppliers can influence the success of products & services, costs & revenue, brand & reputation, speed to market for products, innovation, as well as the company's overall risk profile.



“ With Ivalua, our organisation has improved collaboration both internally and externally with suppliers, automated processes, and greatly improved our visibility across the end-to-end direct materials procurement process ”



Beatriz Jimenez Benito
Control & Systems Purchasing
Director
Grupo Antolin

Benefits

In a recent report, McKinsey & Co. found that companies who lead in supplier collaboration and innovation create more value than their peers. Some benefits include:

- ✓ **Agility & Informed Decisions:** Collaboration enables both better and faster decisions. Procurement, internal stakeholders, and suppliers can all collaborate throughout the supply chain process to make the best possible decisions for the organisation.
- ✓ **More Innovation, Less Risk:** Initiate, track and manage various collaboration plans including innovation plans, corrective action plans, improvement plans, etc.
- ✓ **Better Outcomes:** Structured and organised initiatives that are executed as projects.
- ✓ **More Resilience:** With deeper collaboration on key initiatives, stronger supplier relationships are formed

“Organisations with the most successful supplier collaboration beat industry growth trends by about 2 times and saw 4.9% growth in EBIT versus the average organisation”

How Ivalua Helps

- ✓ **Automated Action and Improvement Plans** enable structured collaboration with internal stakeholders and suppliers, to drive performance improvements, corrective actions, risk control or mitigation plans, exceptions, and innovation plans.
- ✓ **Forecast Collaboration** enables communication around forecasts & capacity with suppliers at the part/material level, enabling the early identification of changes or issues.
- ✓ **Planned Order Collaboration** will help optimise supply chain order efficiency and identify potential supply issues by embedding collaboration into the ordering process at the scheduled line level.
- ✓ **Inventory Collaboration** will provide your team with collaboration and visibility across inventory related processes, such as the optimisation of stock levels, and streamlining of the replenishment process, so issues are identified early.
- ✓ **Collaborative Contracting** helps align internal stakeholders and suppliers during the contract negotiation process.
- ✓ **Sourcing** provides your team with tools to collaborate with stakeholders to identify requirements, evaluate results and proposals, and work with suppliers to identify and evaluate new ideas and alternative proposals.



The Ivalua Platform for Greater Supply Chain Resilience

We are confident our source-to-pay solution can help your business maintain amid today's challenging market conditions. That is why we've put together a unique experience for you, to illustrate the Ivalua offering.

Benefits of Using Ivalua's Procurement Platform

- ✓ Enables you to have 360° view of your suppliers
- ✓ Ensures your product supply reliability
- ✓ Helps you to grow revenue and innovate
- ✓ Manages risk, ensuring quality and performance

Explore our solution in detail [HERE](#)

Or, if you're ready to talk 1:1, let's explore your options together. We'd like to arrange a workshop session for your team alongside our supply chain experts, who have worked with manufacturers – including Honeywell, IKEA, Meritor, Rolls-Royce, Chassis Brakes and Michelin – as they transform their digital procurement operations. The workshop is an opportunity for us to learn about your business and future plans, and to discuss together solutions tailored to meet your specific challenges.

You can arrange a time for your virtual 1:1 workshop [HERE](#)



About Ivalua

Ivalua is a leading provider of cloud-based Spend Management solutions. Our complete, unified platform empowers organisations to effectively manage all categories of spend and all suppliers, increasing profitability, lowering risk, and improving employee productivity.

Trusted by hundreds of the world's most admired brands and public sector leaders and recognised as a leader by Gartner and other analysts.

You can find out more about us [HERE](#)



ALL Spend, ALL Suppliers, NO Compromises

USA Canada France UK Germany Italy Sweden Singapore India Australia