A new approach to risk

Disruption during COVID-19

Many companies are responding to COVID-19 by reducing risk in their supply chain, sourcing goods more locally, and working to boost agility. When we spoke with executives in June 2020, here’s what they shared.

- 50% have had to find alternative sources of supply due to COVID-19
- 44% are sourcing goods more locally
- 43% say that Procurement is collaborating with suppliers more closely than ever before
- 47% say they are working to reduce supply chain risk
- 48% say COVID-19 has made them recognize that Procurement needs to become more agile

However, given the magnitude of the disruption, we would have expected more significant adjustments.

A new approach to risk

Disruptions in 2020 went far beyond organizations’ typical stress tests, and changed our perception of business risk. What was deemed acceptable in prior years now seems risky.

Events in 2020 have shown the importance of supply chain visibility – particularly Tier 2+ suppliers. Data and analytics can help companies predict potential risks and better manage disruption.

57% can automatically interpret and make recommendations based on third-party data about shipping disruptions impacting Tier 1 suppliers

39% can automatically do it for Tier 2 suppliers

Disruption = opportunity

Many executives are accelerating their digitization plans given the disruptive events in 2020.

59% of executives see disruption as an opportunity to reinvent the way procurement operates

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