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Supply Chain Digitization is a Critical Factor of Risk Management.

In supply-chain management, the term “digitization” reflects a movement towards a completely integrated sequence of planning and execution – providing improved visibility throughout the entire value chain. With a lack of visibility upstream to your suppliers and downstream to your customers, what you don’t know can and will hurt you.

A resilient enterprise has the capacity to overcome disruptions and continually transform itself to meet the changing needs and expectations of its customers, shareholders and other stakeholders. To achieve this, supply-chain visibility is key.

Organizations need to scan the entire value chain, constantly, for financial, operational or geo-political risks and much more. Developing a digital twin of your supply chain, including all of its nodes, is a critical first step. Next, begin the process of “what if” scenario planning. This means running event simulations to witness how your supply chain will react to certain risk stimuli.

Then you can draft response plans that will attempt to mitigate the risk. Common challenges to these efforts will be:

- Lack of a digital roadmap;
- Lack of priority, and competition with other initiatives;
- Lack of budget;
- Lack of a compelling business case; and
- Lack of leadership direction.

Many organizations have seen similar barriers before, but they can be overcome.

Outlook

The past year has illustrated the fragility of global supply chains and the risks they can pose to a company’s financial health. Expect more companies around the world to embrace risk-management strategies that improve supply-chain visibility and predictability.

Excerpts: <https://www.supplychainbrain.com/articles/32594-supply-chain-digitization-is-a-critical-factor-of-risk-management>