



# Interos Annual Global Supply Chain Report

*A survey of risk, opportunity, and operational resilience in global business relationships*

Survey commissioned by Interos and conducted by market research firm



VansonBourne

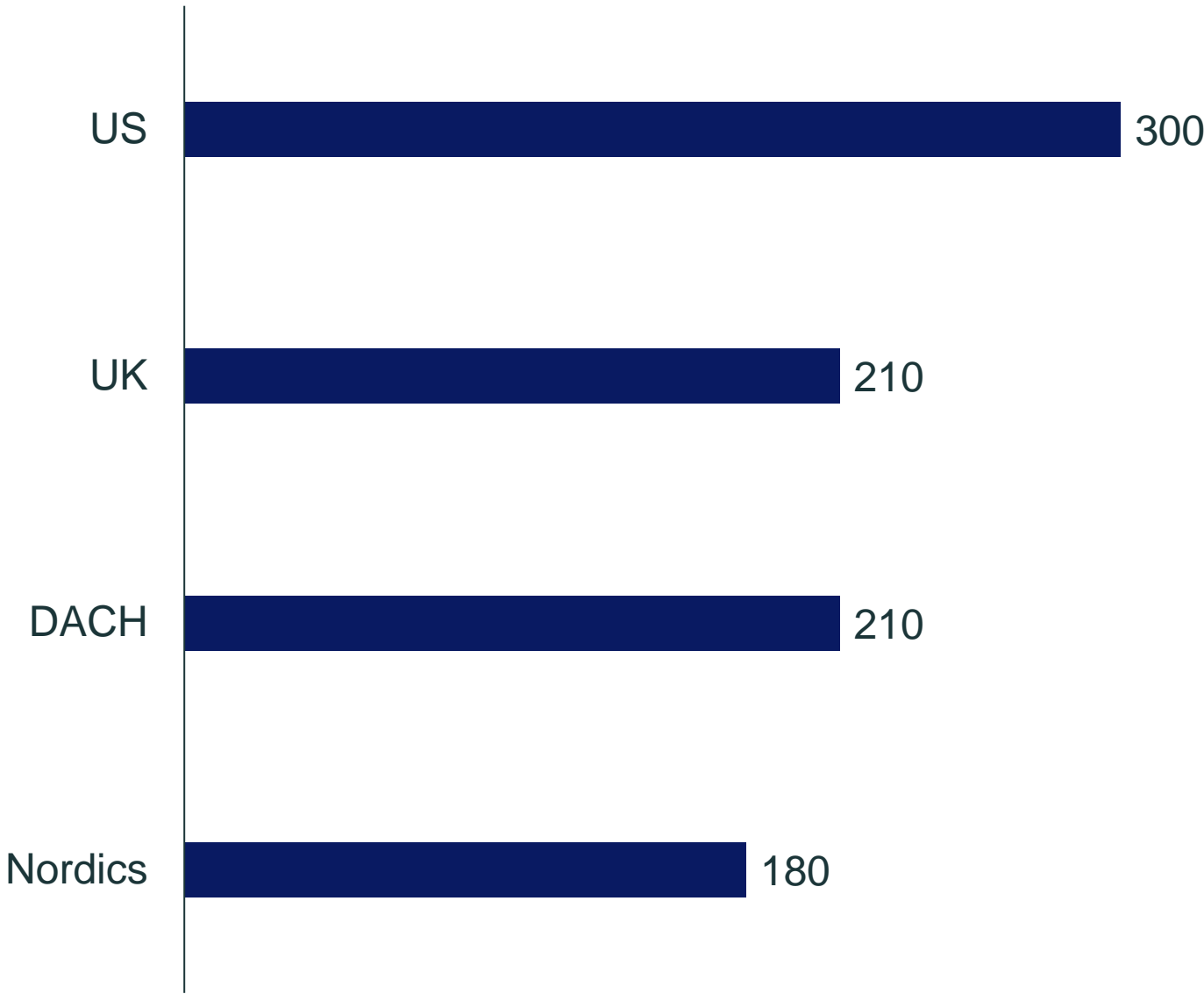
Cyber Breach

Your Company

ESG

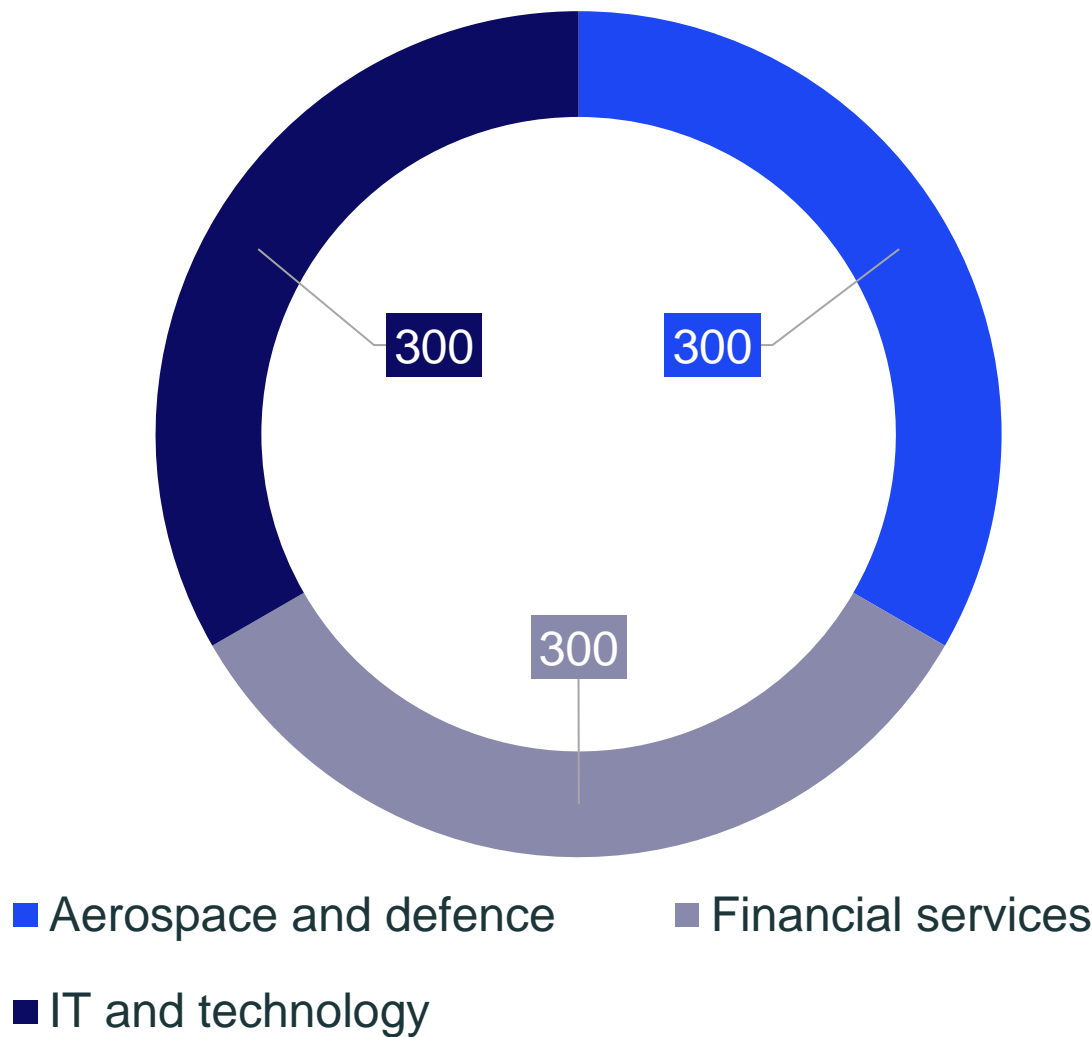
# 900 senior IT, IT security, and procurement decision makers were interviewed in April and May 2021, split in the following ways...

...by respondent region



Showing respondent region (900)

...by sector



Within which sector is your organization? (900)

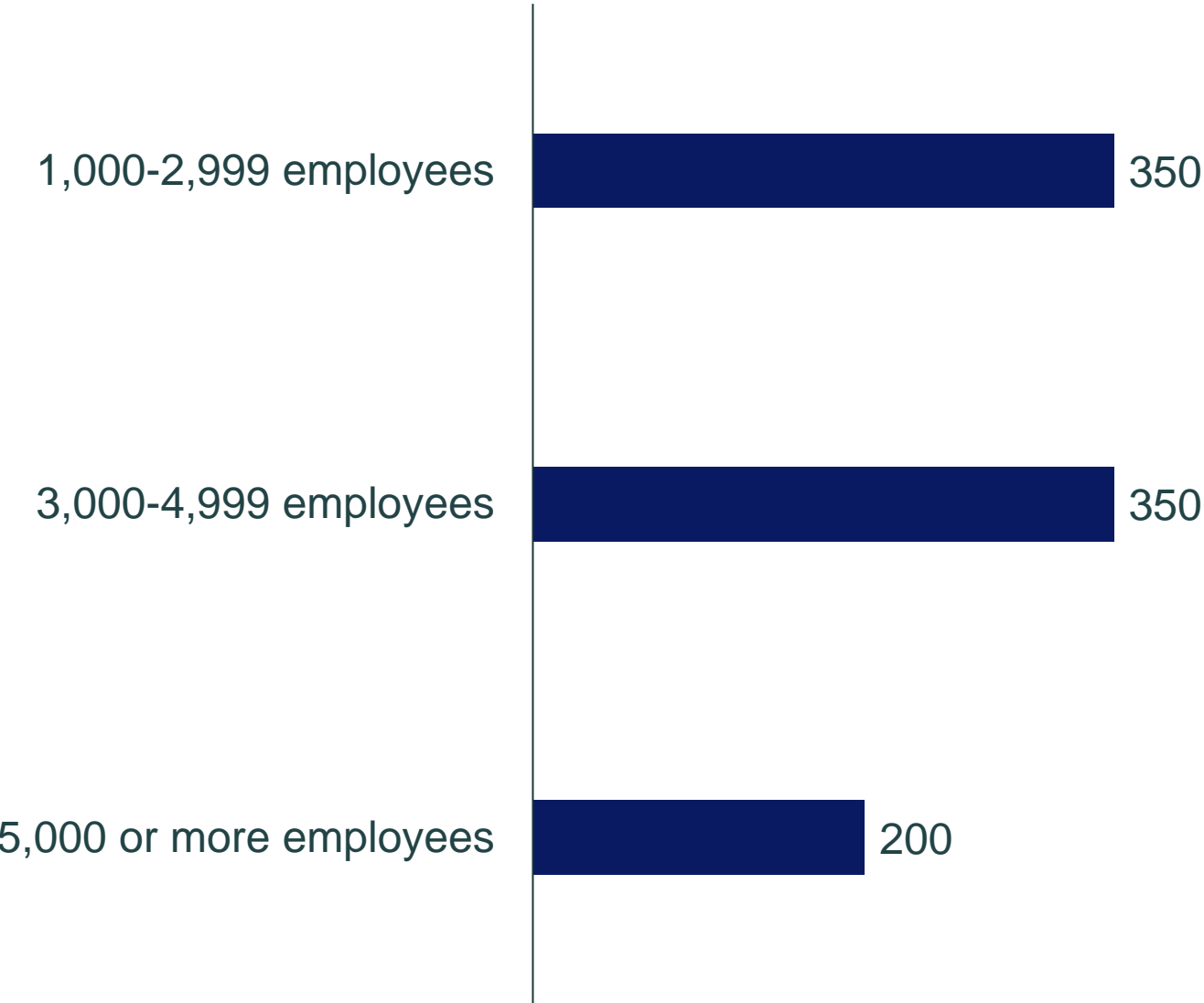
...by respondent type



Showing respondent type (900)

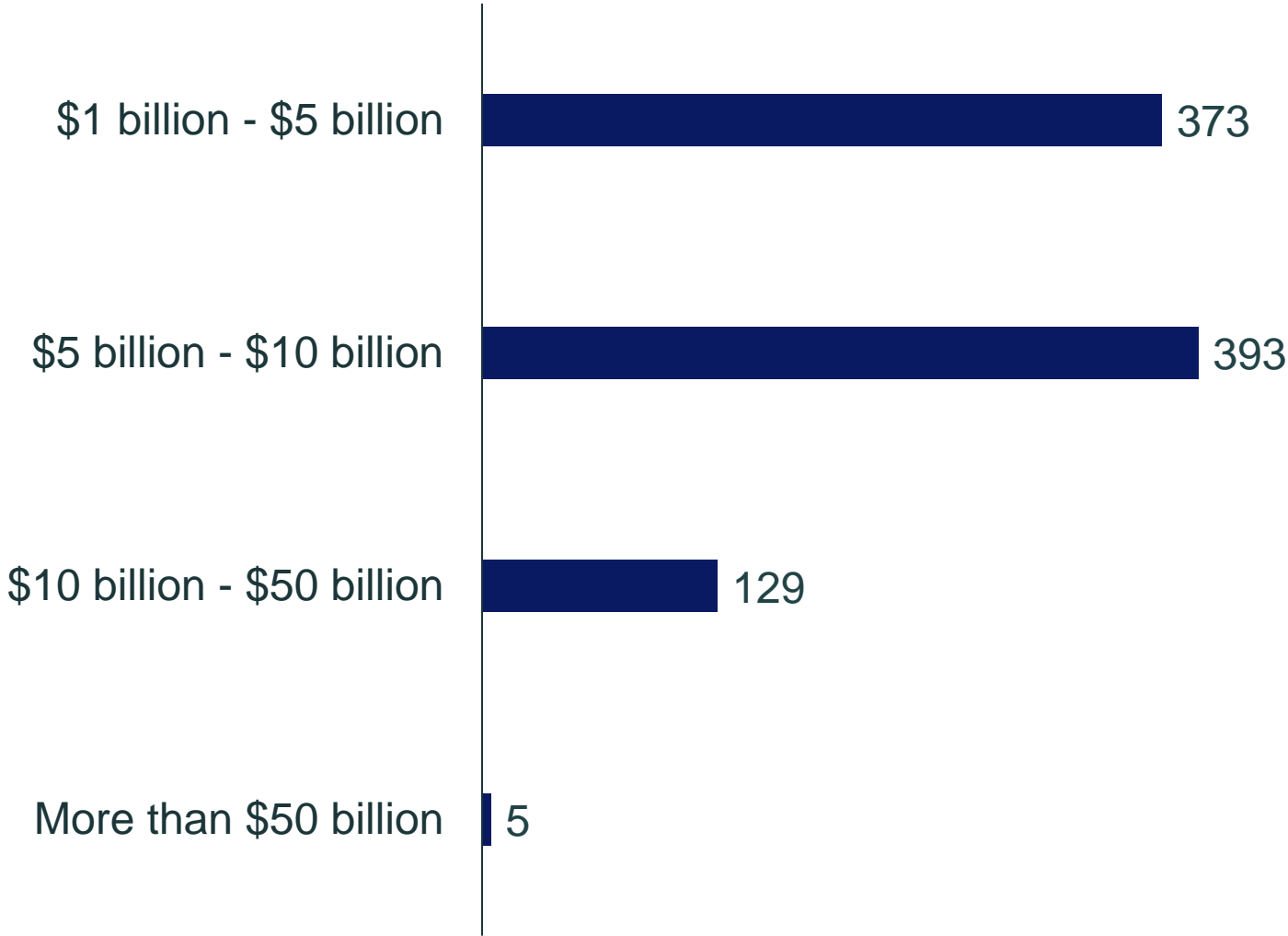
# 900 senior IT, IT security, and procurement decision makers were interviewed in April and May 2021, split in the following ways...

...by number of employees



How many employees does your organization have globally? (900)

...by global annual revenue



What is your organization's global annual revenue? (US\$) (900)

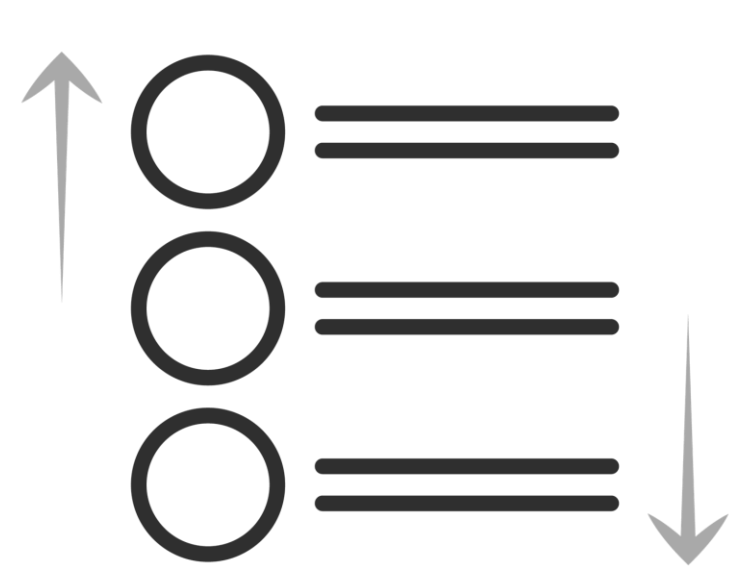
...by their involvement in global supply chain management



What is your level of involvement when it comes to managing the global supply chain in your organization? (900)



# Five key findings



**88%**

say visibility into their global supply chain is more important now than two years ago



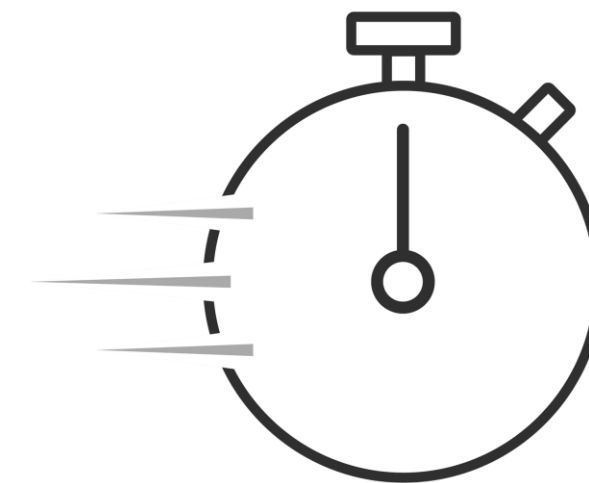
**\$184M**

Is how much, on average, global supply chain disruptions cost each organization in lost revenue



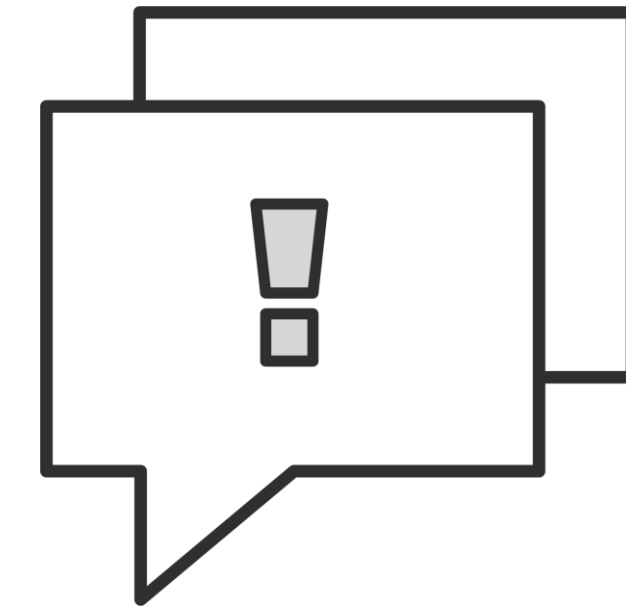
**83%**

have suffered at least a little reputational damage because of supply chain problems



**66%**

are not currently assessing their global supply chain on a continuous basis



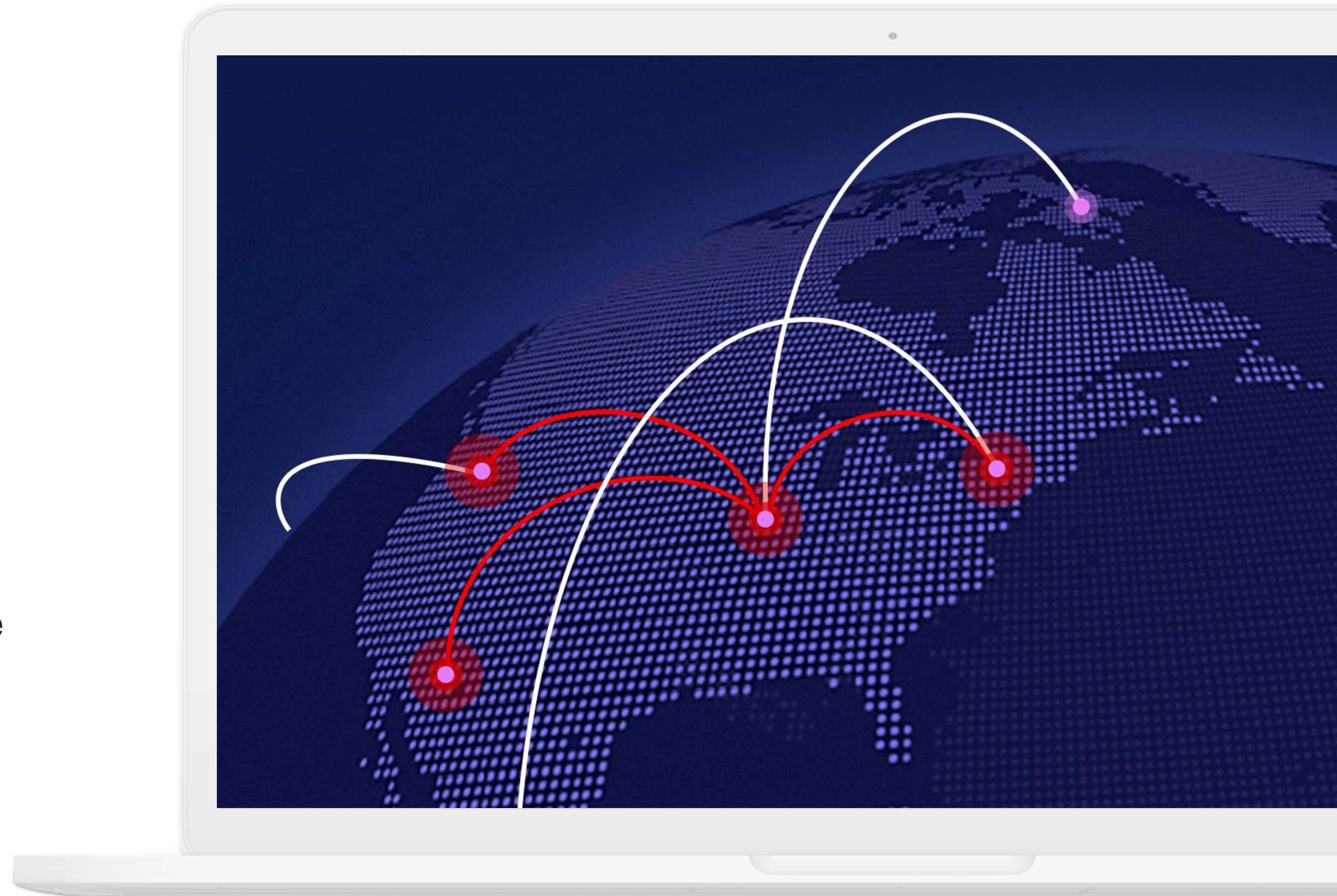
**74%**

still use manual methods



# Three areas of interest:

1. Supply chain risk management and visibility
2. Disruption, risk factors and impacts
  - a) Case studies: Covid-19, cyber breaches and international trade disputes
3. Current Practices



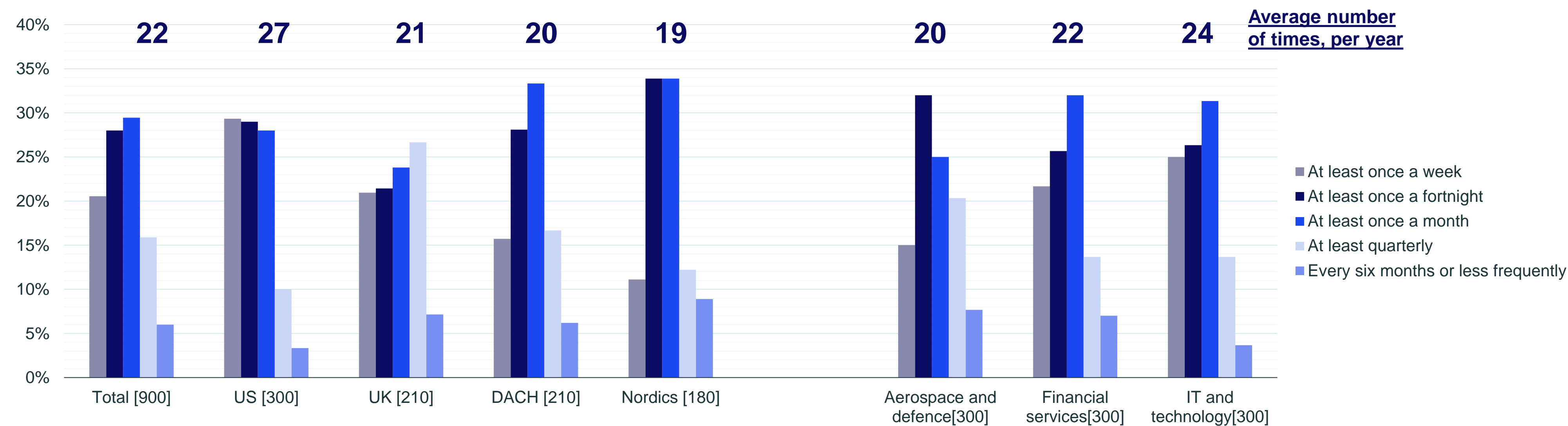




# Supply chain risk management and visibility

# Global supply chain risk is already a hot topic in respondents' organizations, particularly in the US

The rising importance of supply chain risk is reflected in how frequently boards are meeting to discuss the subject, with the average being 22 times per year. However, there is some disparity between the regions, with those in the US far more likely to discuss supply chain risk on a more regular basis than those in the Nordics. Organizations in the US may have been impacted more by supply chain shocks than their counterparts in Europe, which may mean they are as a result more proactive in discussing the risk. Those in IT and technology seem to be the most proactive of all three sectors, with a quarter discussing supply chains on a weekly basis at least. But, this does not come as a surprise, given the high priority they attach to supply chain risk management and resilience.

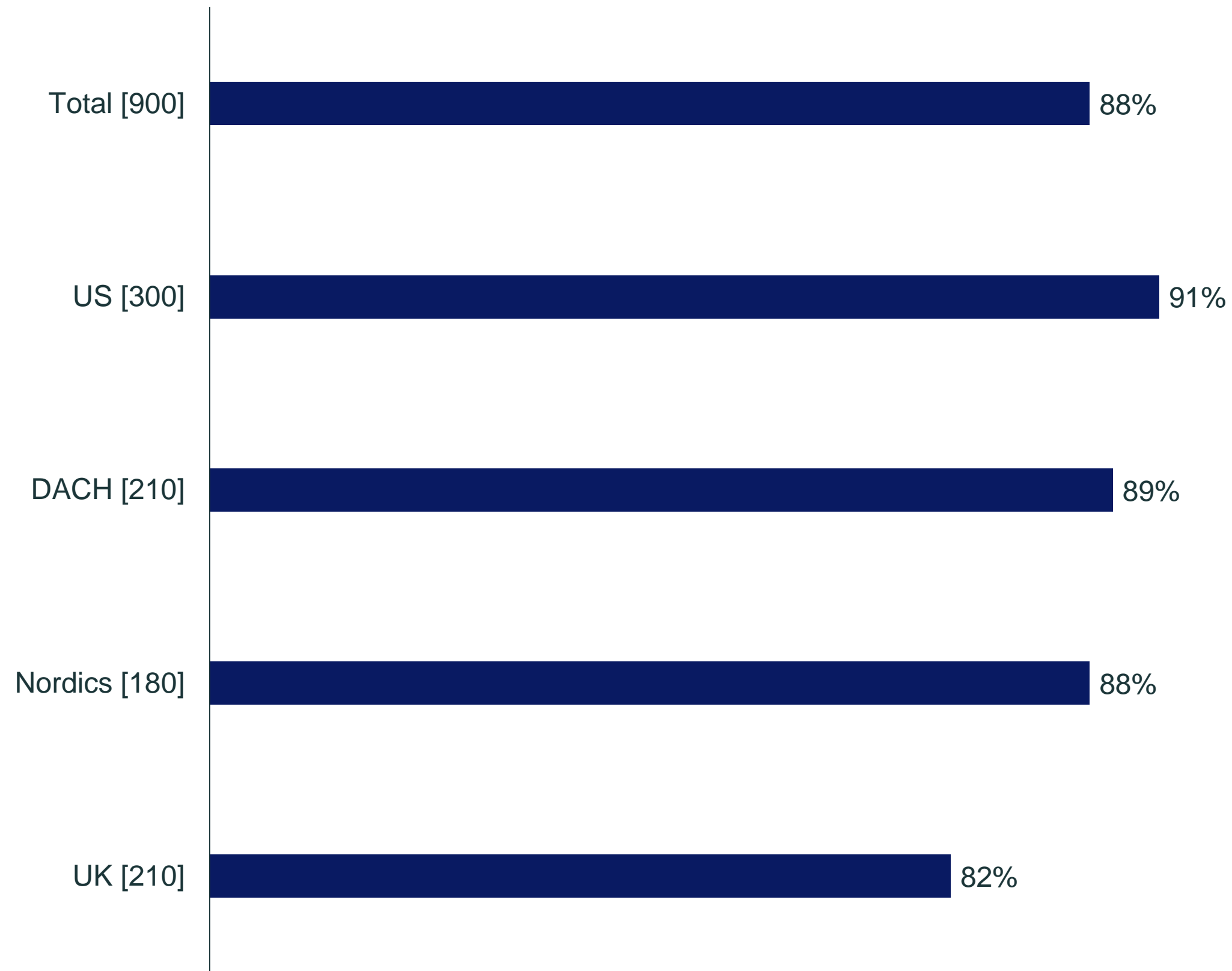


How often is global supply chain risk discussed at board level? [Bases in chart], omitting some answers, split by region and sector

# The increasing importance of supply chain visibility is plain to see

Alongside risk management and resilience, visibility into wider supply chains is also gathering greater importance for organizations. This is quite likely down to supply chain shocks, and has made organizations more aware that greater visibility gives them more protection against vulnerabilities.

The importance of visibility is linked to the region where organizations are based. Those in the US are more likely to believe that visibility is more important now than two years ago compared to those in the UK. It may be that organizations in the US are better able to monitor their supply chain across different tiers than other regions, and therefore visibility is more crucial to them.

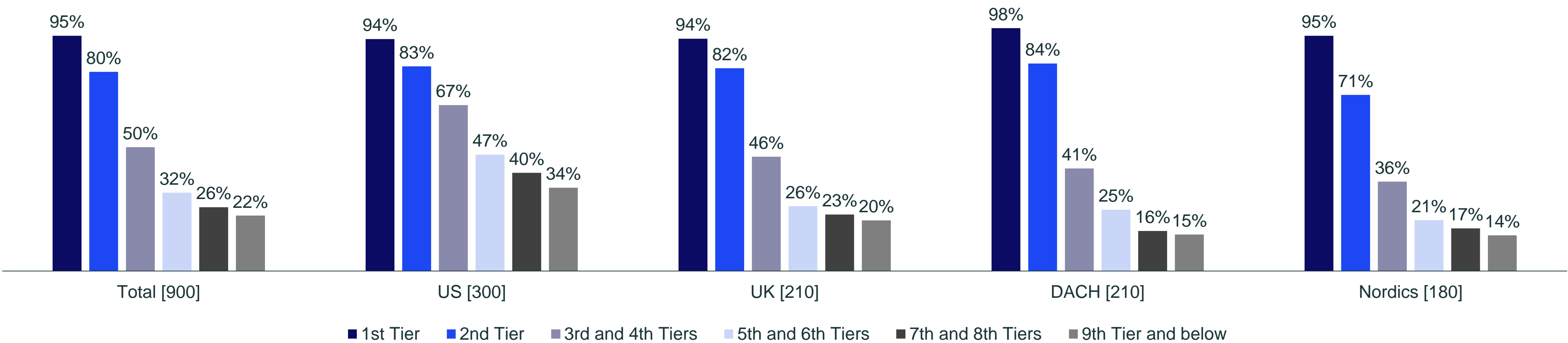


Showing the percentage of respondents who believe that global supply chain visibility is significantly or slightly more important to their organization now than it was two years ago [Bases in chart], split by region



# Visibility levels drop off sharply below the second tier of global supply chains, across all regions

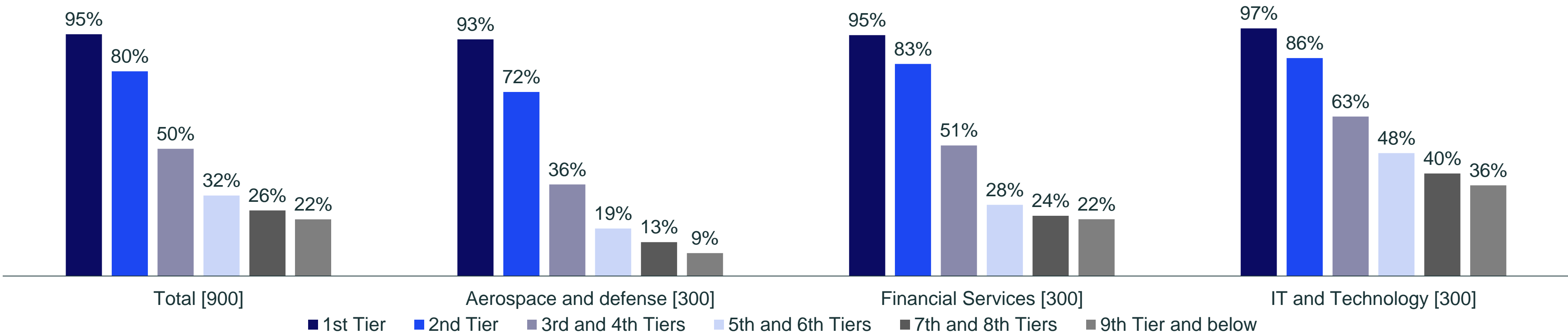
While it's clear visibility levels into supply chains has increased in importance (slide 8), it's not always easily achieved across the sub-tier level of organizations' supply chains. Even though the majority have visibility into relationships in the first and second tiers, there is an abrupt decline in lower tiers. Although it must be said that not all organizations will have supply chains to the 9<sup>th</sup> tier and below, there is a clear trend that organizations are less likely to have knowledge of events lower down the supply chain, across all regions.



Showing the percentage of respondents who report that their organization has instantaneous visibility/continuous monitoring into third party relationships across the various tiers of their global supply chain [Bases in chart], split by region

# Visibility levels also reduce beyond the second tier across all sectors, most notably in aerospace and defense

Similarly, all sectors report a drop in visibility of their supply chain beyond the second tier. However, there is stark contrast between those in the IT and technology sector compared to aerospace and defense, where visibility drops below 20% beyond the 5<sup>th</sup> tier. This indicates those in this sector may be less aware of risks posed by sub-tier suppliers.



Showing the percentage of respondents who report that their organization has instantaneous visibility/continuous monitoring into third party relationships across the various tiers of their global supply chain  
[Bases in chart], split by sector



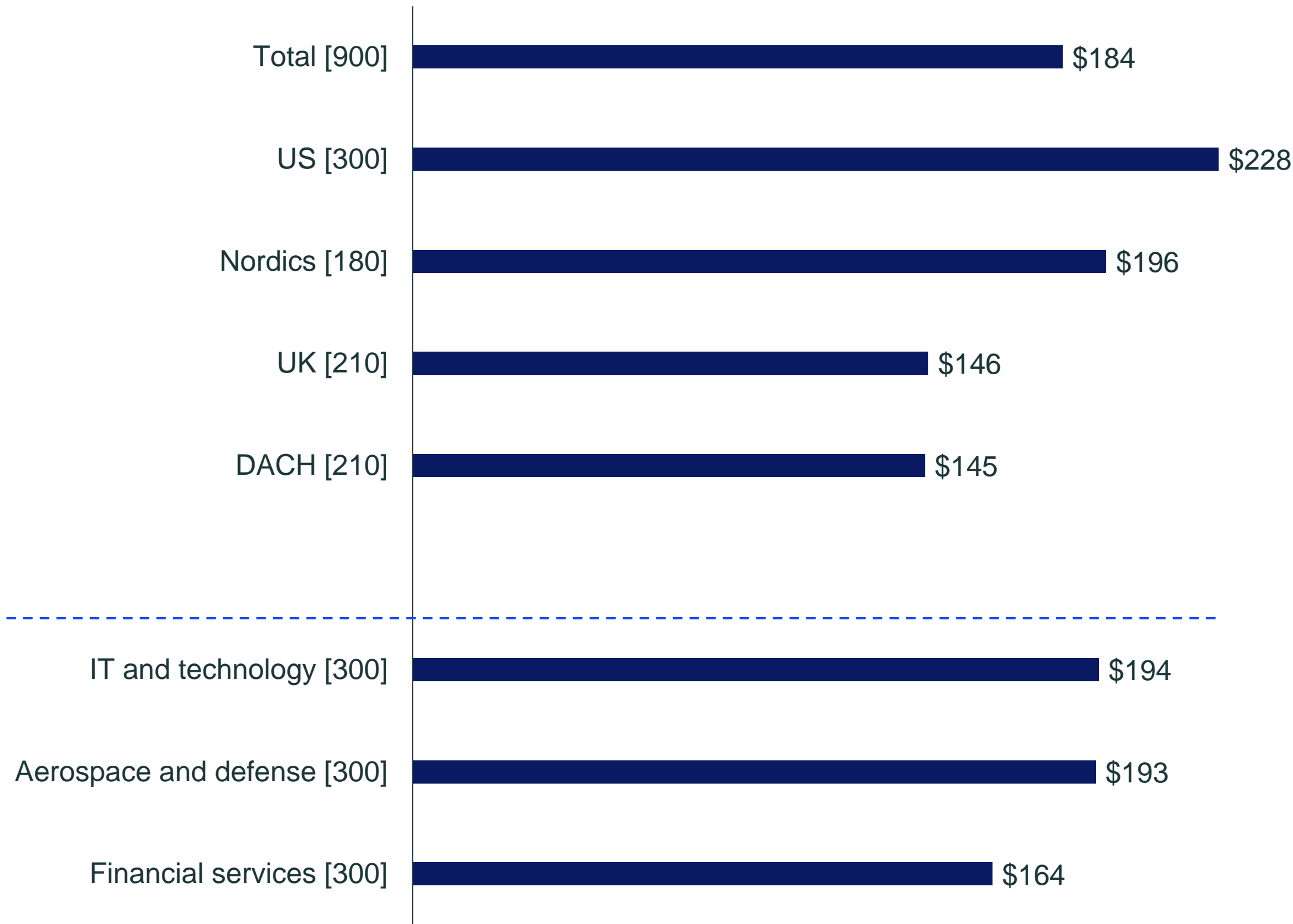


# Disruption, risk factors and impacts

# The cost of global supply chain disruption is an unsustainable expenditure that organizations cannot afford to ignore

Supply chain disruptions is understandably a huge financial burden, with it costing an annual \$184 million on average to each organization's revenue. It is clear therefore why supply chain risk management will become the top priority for many organizations within the next couple of years.

The financial hit does differ considerably depending on the region, with the average cost being \$228 million in the US, compared to \$145 million in DACH. It's perhaps therefore not surprising that the US are planning on placing more of a priority on supply chain risk management given the financial toll it costs them.

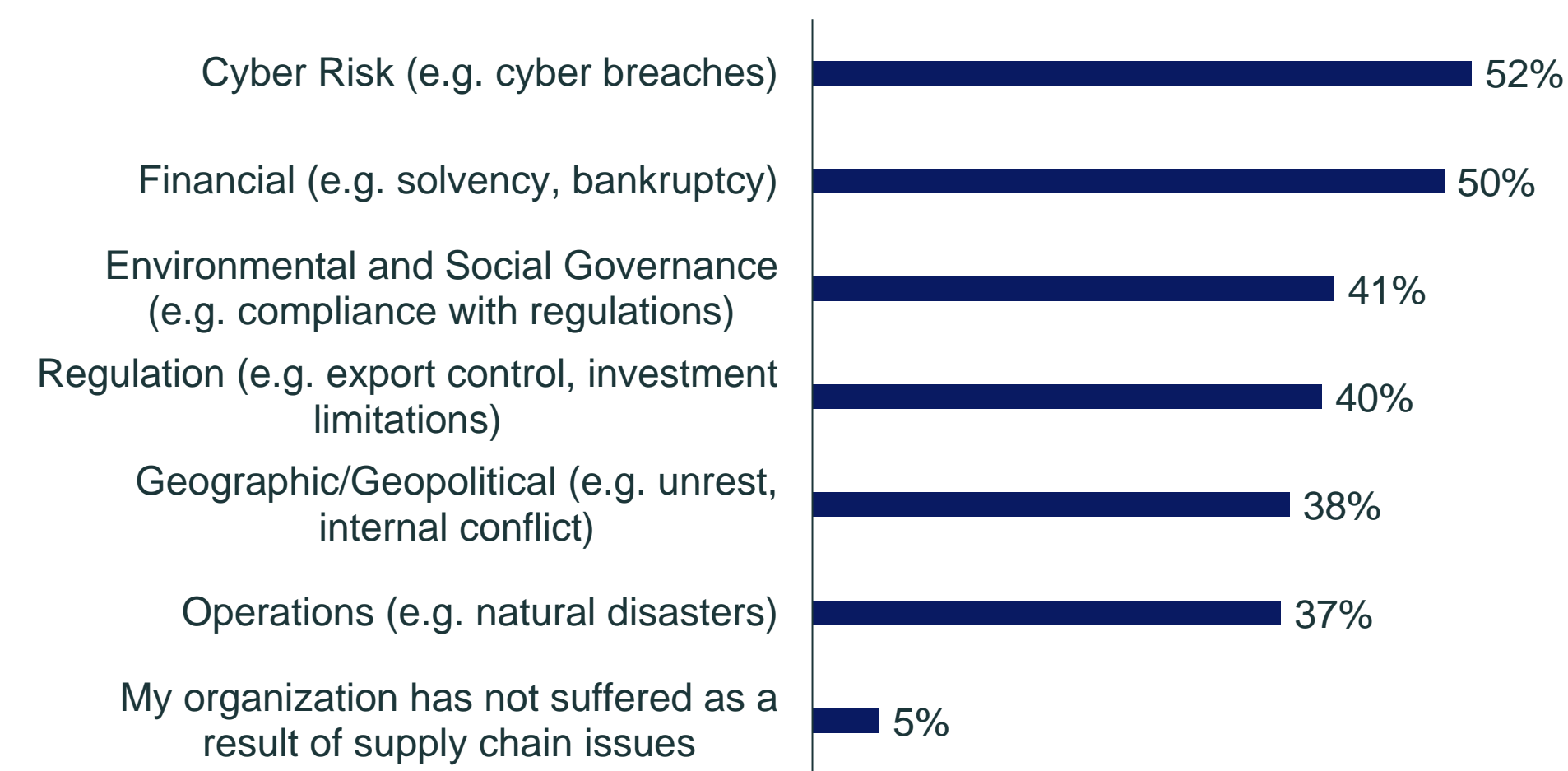


Showing the estimated average annual revenue cost in **millions (USD)** to respondents' organizations as a result of global supply chain disruption [Bases in chart], split by region and sector

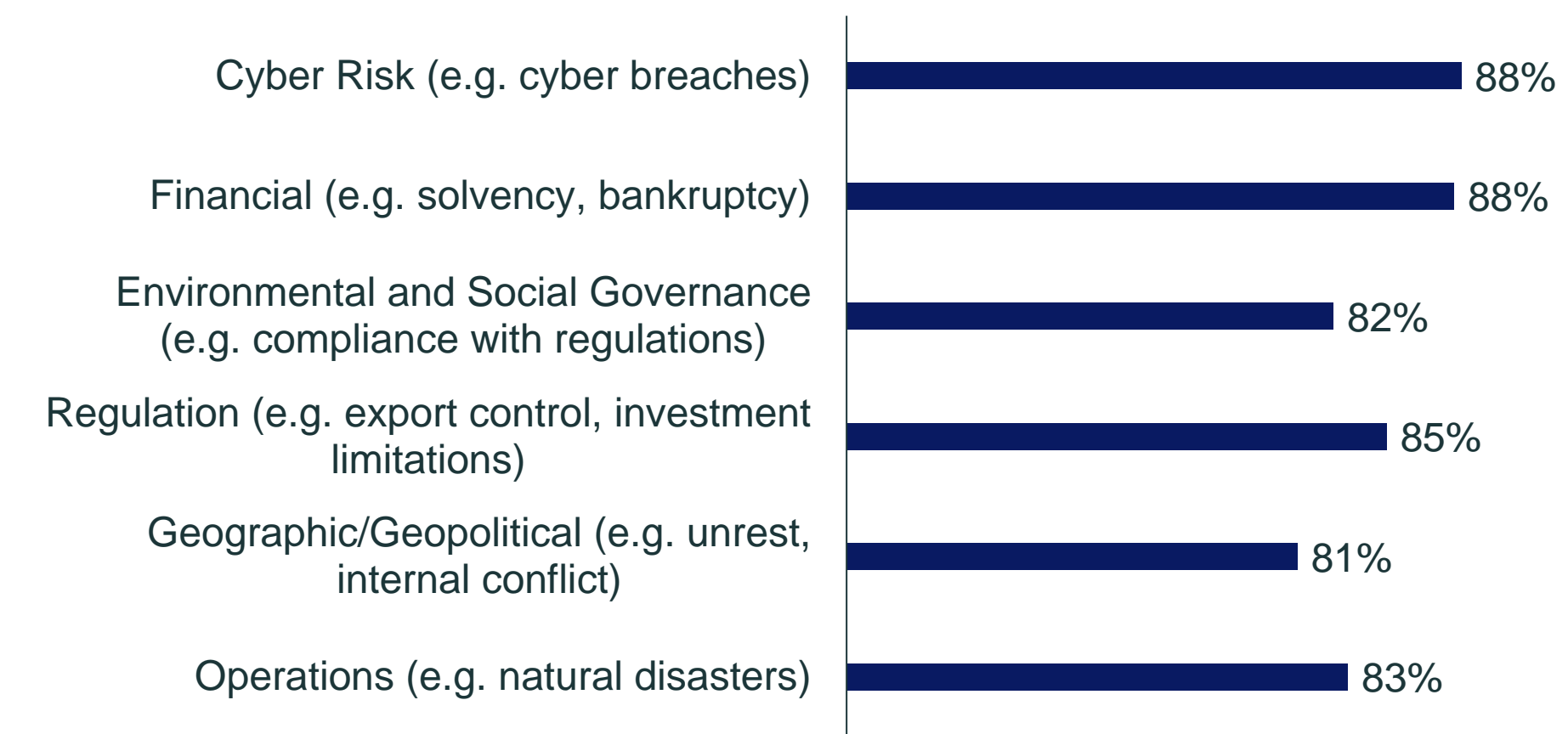


# Regardless of whether their organization has been impacted or not, it's evident that decision makers understand the importance of guarding multi-factor supply chain risk

Almost all organizations have suffered as a result of supply chain issues, but to differing levels. Whilst the most common risk factors to have caused a detrimental impact are cyber risk and financial, more than a third of organizations have been impacted by multi-factor risk in the past two years. Even if they have not been directly impacted, decision makers understand the imperative to protect themselves against all types of risk in their supply chain



Which of the following supply chain risk factors have been the cause of a detrimental impact to your organization in the past two years? [900], omitting some answers.  
To define detrimental impact, the following text was used: 'For detrimental impacts, please consider areas such as time wasted, lost revenue, wasted resources, duplicated effort, missed opportunities etc.'

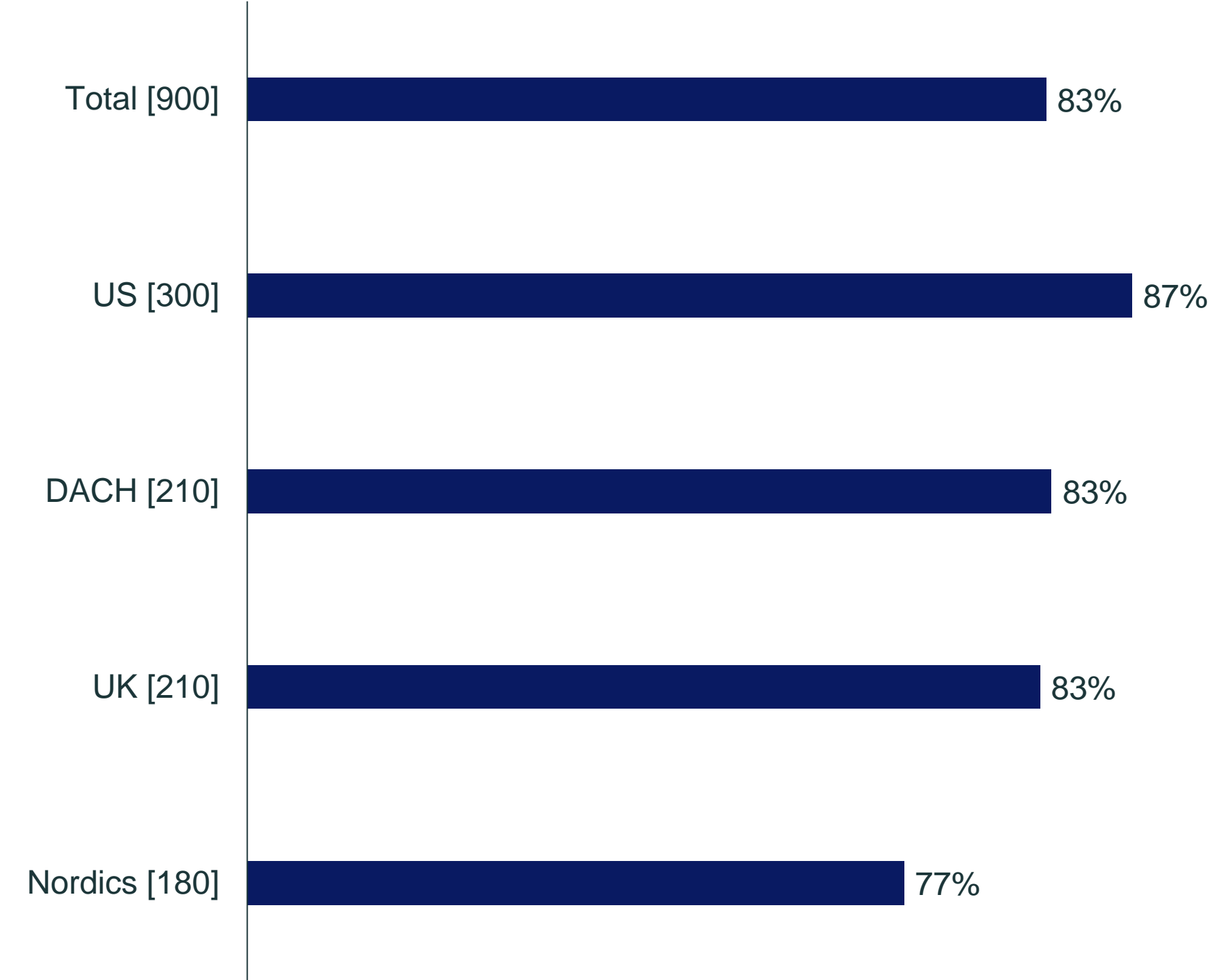


Showing the percentage of respondents who believe that it is very or somewhat important for their organization to guard against the above supply chain risk factors [900]

# The damage to organizations as a result of supply chain disruption is not purely financial

Although a huge financial burden, supply chain disruptions can also lead to reputational damage. In fact, more than four-fifths have suffered some damage to their reputation directly as a result of issues within their supply chains. In many cases, this can lead to a greater financial cost to organizations through loss of confidence and trust from existing customers, lack of new business opportunities and other aspects.

This, combined with the existing financial burden of supply chain disruption shows the pressure organizations are under to effectively monitor and ensure that their supply chain is robust.



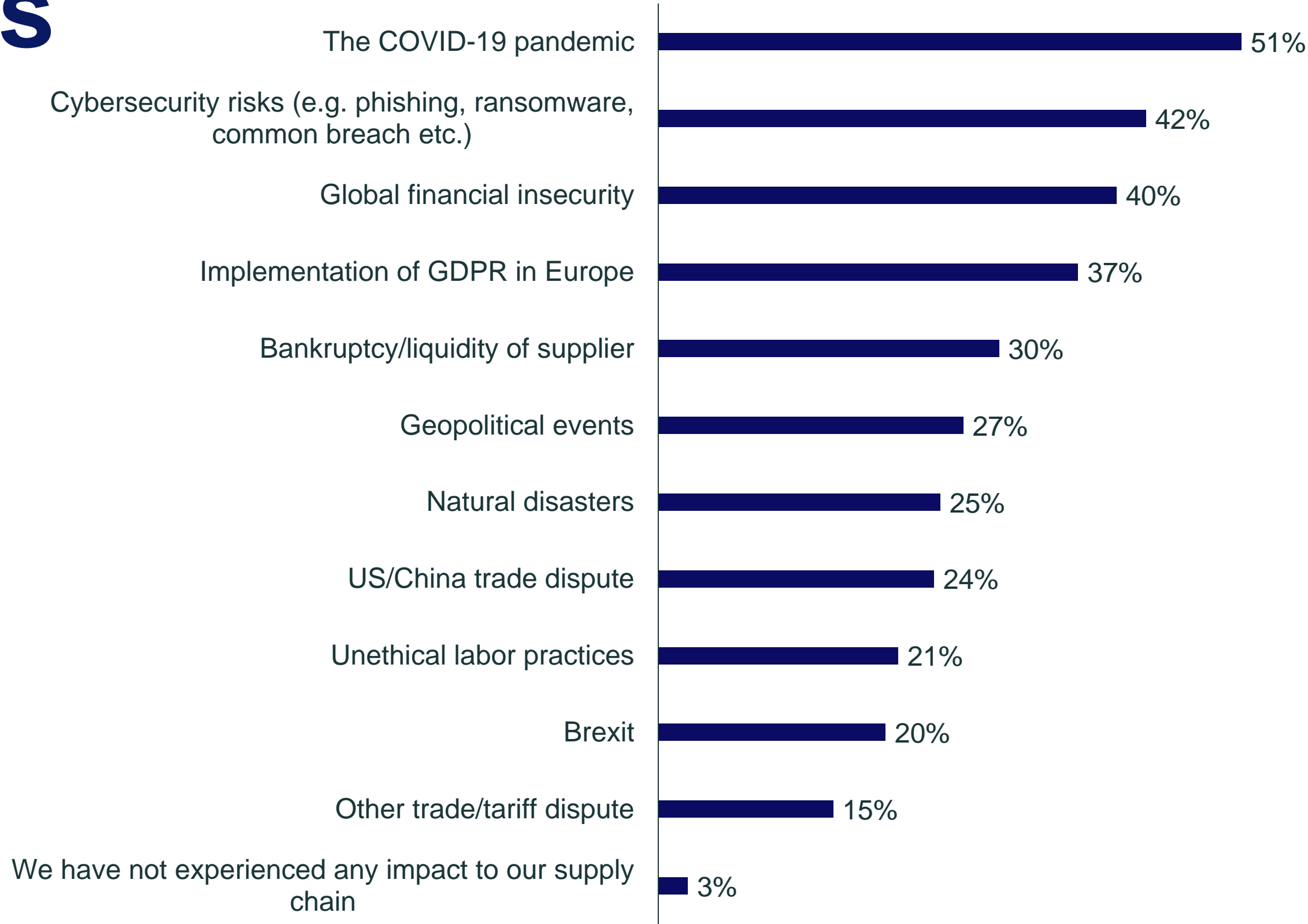
Showing the percentage of respondents whose organizations have suffered at least a little reputational damage as a result of supply chain problems [Bases in chart], split by region



# Beyond COVID-19, there is a real spread in the types of individual events that are causing global supply chain disruptions

Over the last two years, almost all organizations have experienced an impact on their supply chains from a diverse range of events. Whilst COVID-19 pandemic is, unsurprisingly, the most commonly reported event, over four in ten have been affected by cybersecurity risks (including events such as ransomware or phishing attacks) and/or global financial security.

Organizations should look to consider the range of events they may face when looking to secure or ensure their supply chains are fully robust.



Which of the following has impacted your organization's global supply chain over the past two years?  
[900], omitting some answers



## **a. Case studies: Covid-19 breaches and international trade disputes**



# The COVID-19 pandemic has caused substantial impacts to many organizations, and has been an eye-opener to other long-standing issues

Out of those organizations affected, the COVID-19 pandemic has caused considerable impacts, with the vast majority reporting that it has caused at least some of their business lines or locations to be disrupted. This level of disruption may have been the wakeup call needed for many organizations to focus on their supply chains more, with the majority saying they are now more proactive and have greater awareness into other long-standing issues.



Showing the percentage of respondents whose organizations' supply chains have suffered at least moderate impacts (at least some product lines/locations were disrupted) as a result of the COVID-19 pandemic [Bases in chart], split by region

59%

...of respondents agree that that their organization is more proactive in investigating issues within their global supply chain as a result of the COVID-19 pandemic.

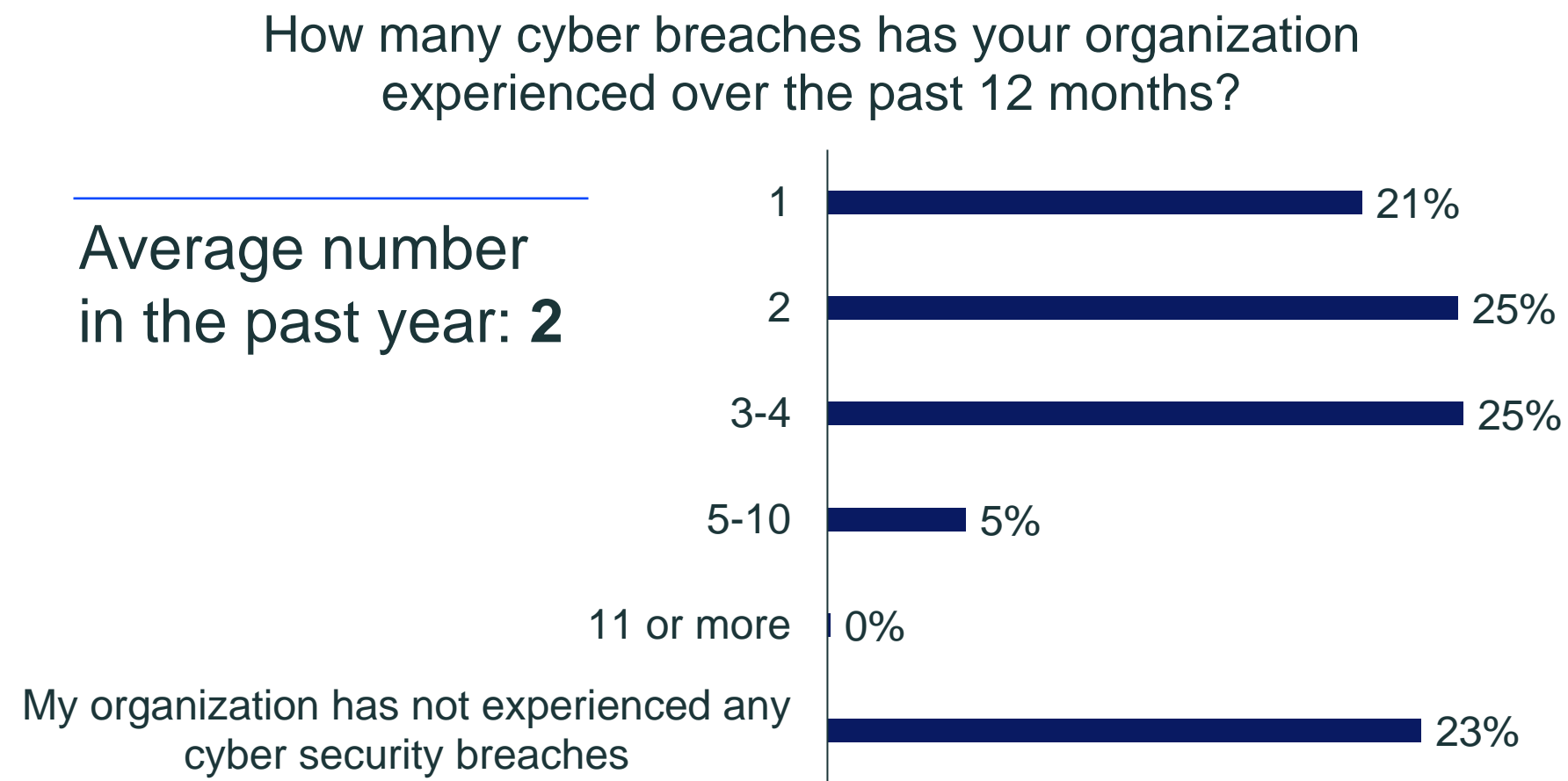
53%

...agree that that the pandemic has made them more aware of other long-term issues with their global supply chains.

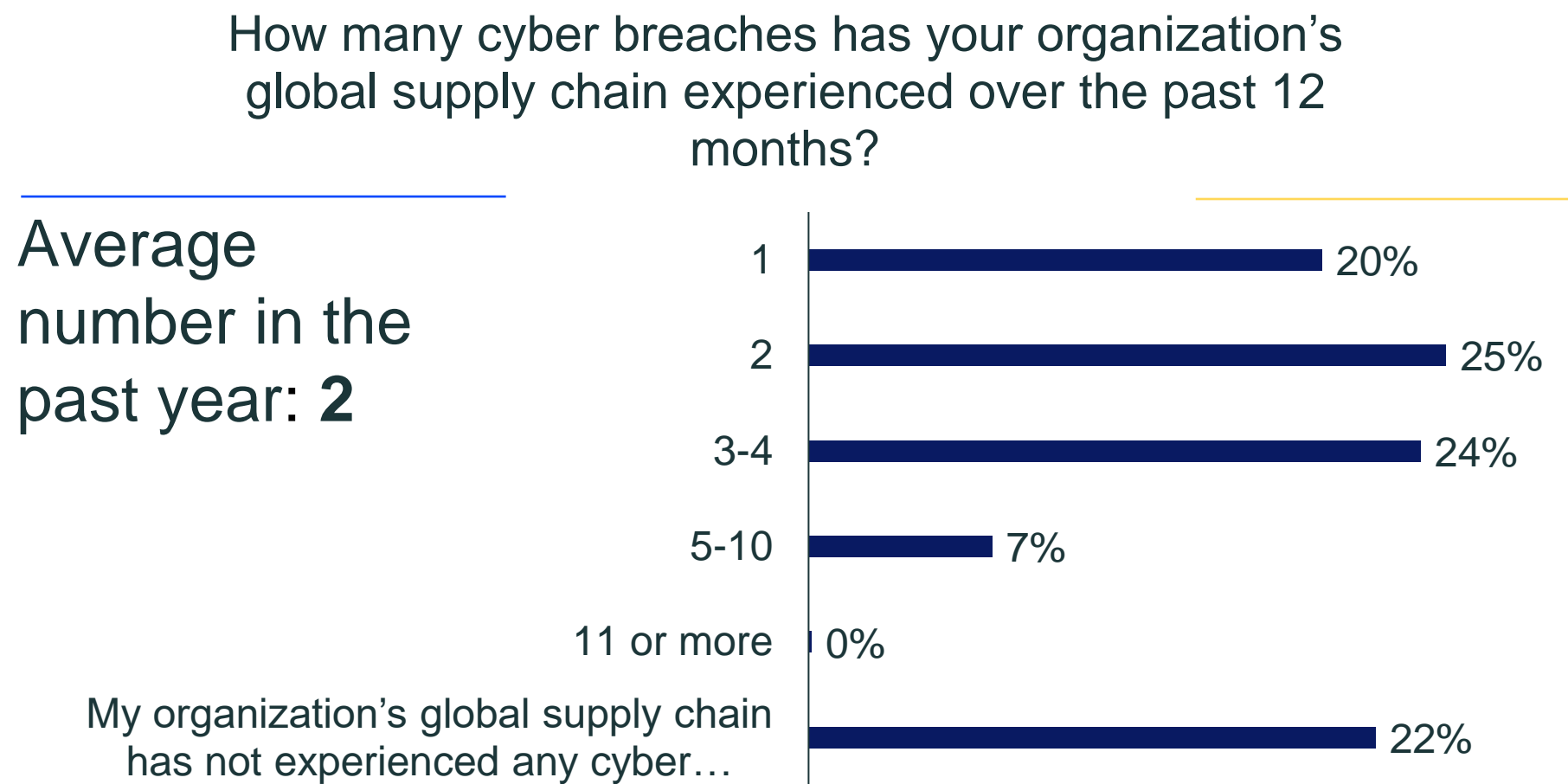
Showing the percentage of respondents who agree with the statements 'As a result of the Covid-19 pandemic, my organization is more proactive in investigating issues within our global supply chain (including both direct and sub-tier suppliers)' and 'TheCovid-19 pandemic has made my organization more aware of other long-term issues with our global supply chain' [900]

# Cyber security breaches are experienced regularly, both within the organization and in the wider global supply chain

Only 23% and 22% respectively have not experienced any cyber breaches within their organization or their organization’s global supply chain in the past year. Of those who have experienced a breach, the average number of breaches experienced is two, indicating towards an even greater number over a longer time frame. With cyber breaches common within organization’s supply chains, it shows the importance of having adequate methods and practices in place to effectively monitor them.



How many cyber breaches has your organization experienced over the past 12 months? [900], omitting some answer options

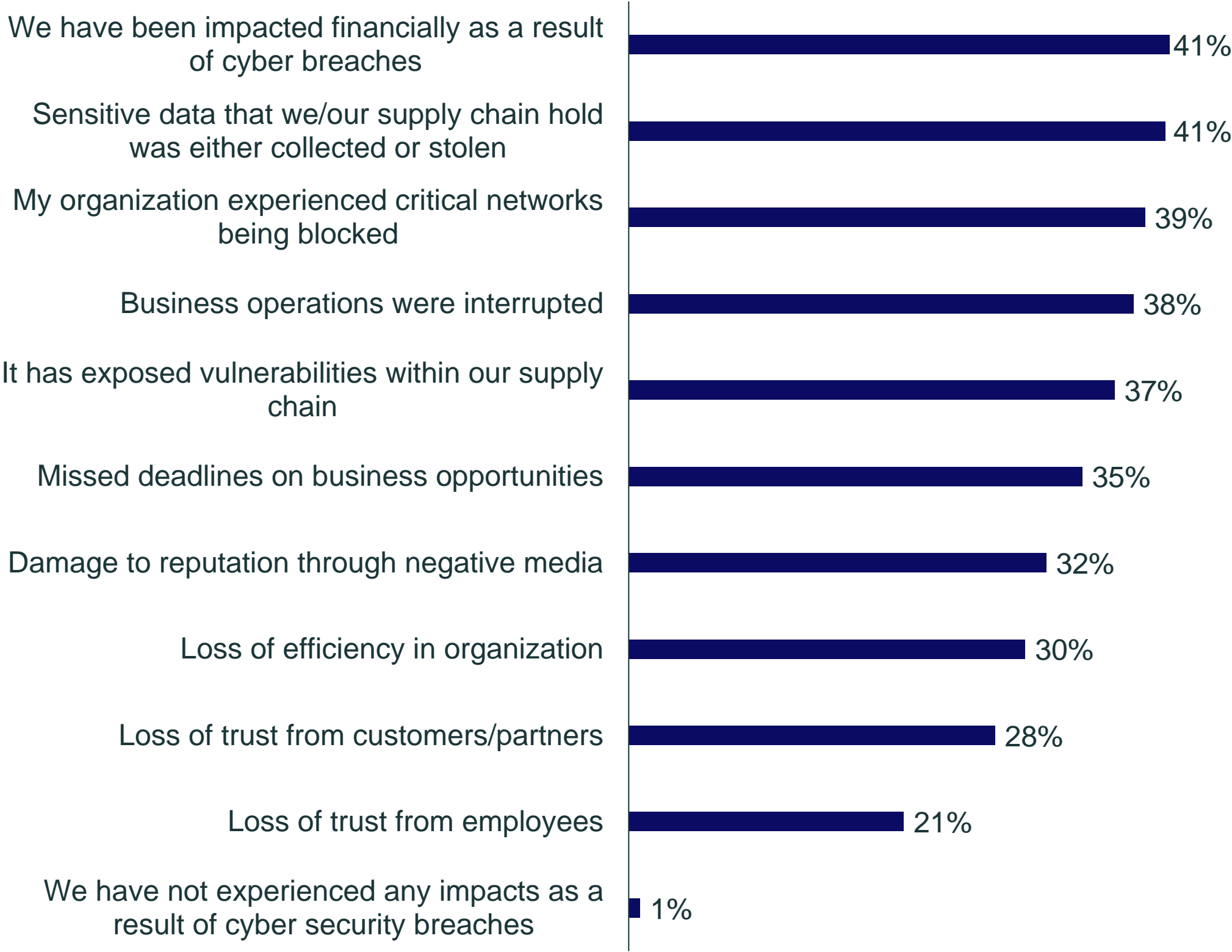


How many cyber breaches has your organization's global supply chain experienced over the past 12 months? [900], omitting some answer options

# The biggest impacts from supply chain cyber breaches are focused on core business functions

The vast majority of organizations whose supply chains have experienced a cyber breach have been impacted as a result. These impacts are varied, but the most common are suffering financially, having sensitive data being collected or stolen, or critical networks being blocked.

The frequency of supply chain cyber breaches and diverse range of impacts suffered as a result highlight the growing importance for organizations to employ effective and constant methods for assessment. Doing so will decrease the severity of the impacts felt when supply chain shocks happen.

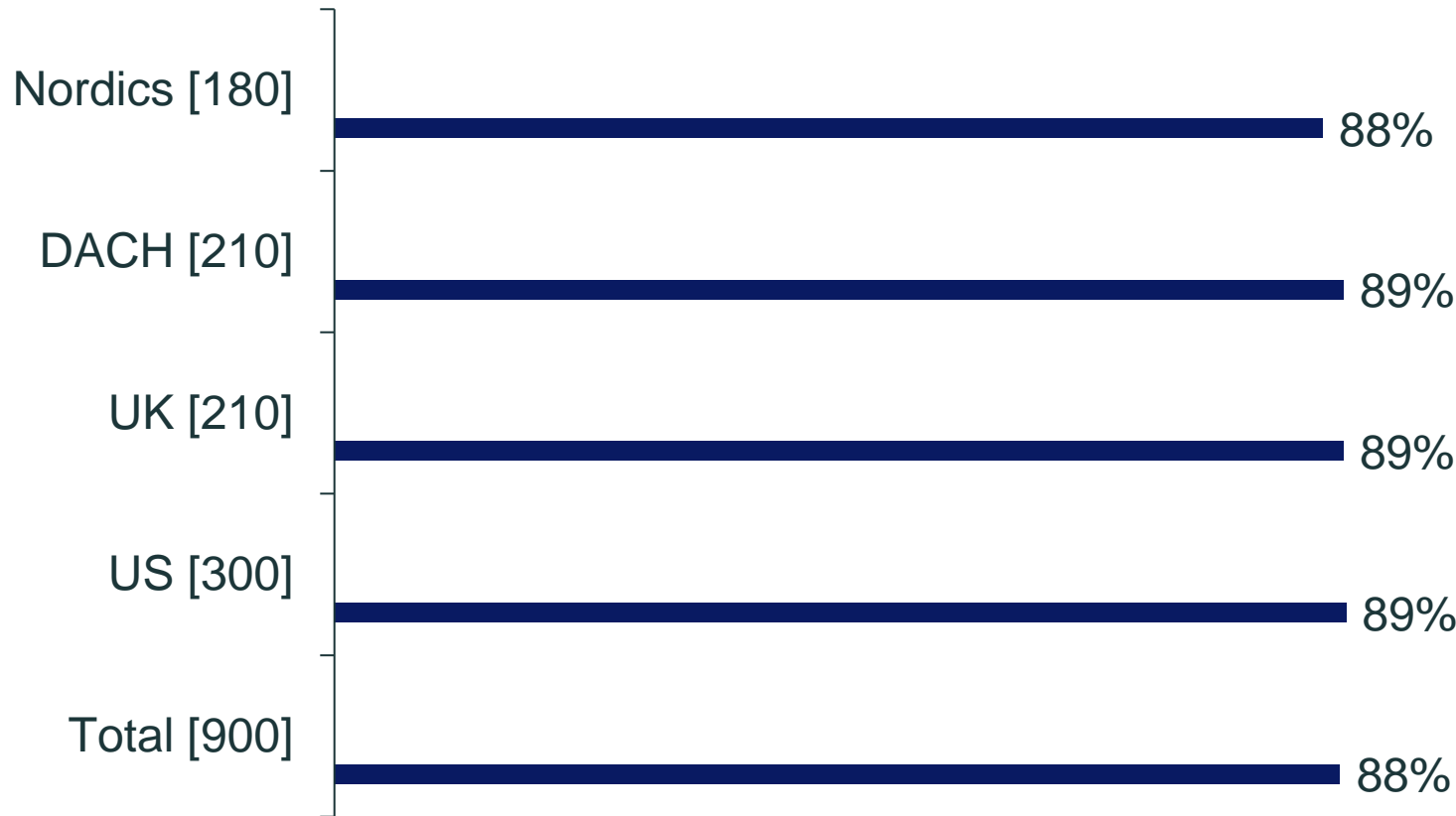


What have been the impacts on your organization as a result of these cyber breaches on your supply chain? [691], respondents from organizations who have experienced cyber breaches in their global supply chain in the past 12 months, omitting some answers

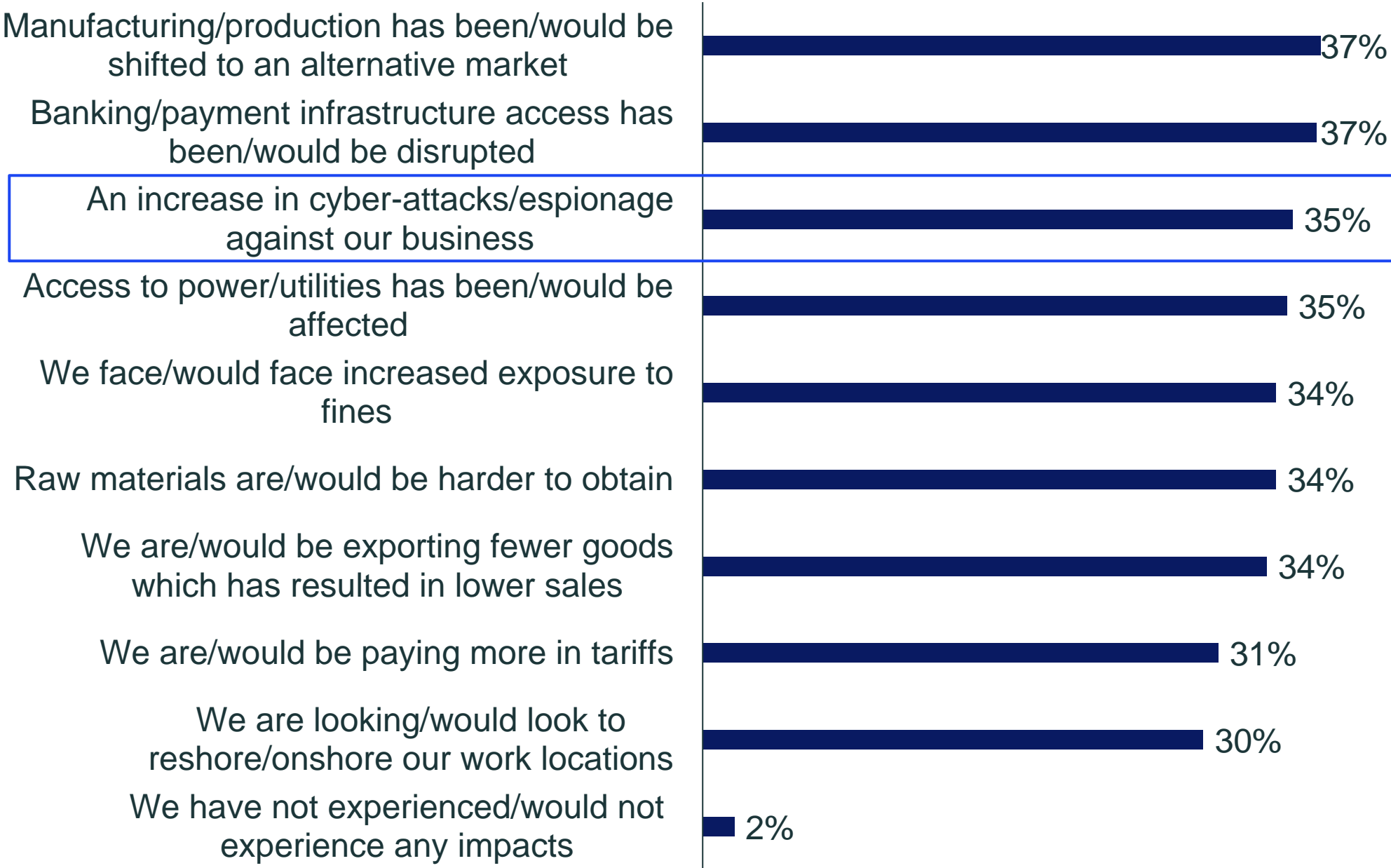


# It's clear that international trade disputes, such as that between the US and China, are likely to have debilitating effects on most organizations' global supply chains, no matter their location

International trade disputes would likely cause significant, notable or moderate impacts for the majority of organizations, where at least some product lines or locations would be disrupted. 35% say they would see an increase in cyber attacks/espionage against their business, which highlights how interconnected different individual events are.



Showing the percentage of respondents whose organizations' supply chains have suffered/would suffer at least moderate impacts (at least some product lines/locations were/would be disrupted) as a result of international trade disputes [Bases in chart], split by region

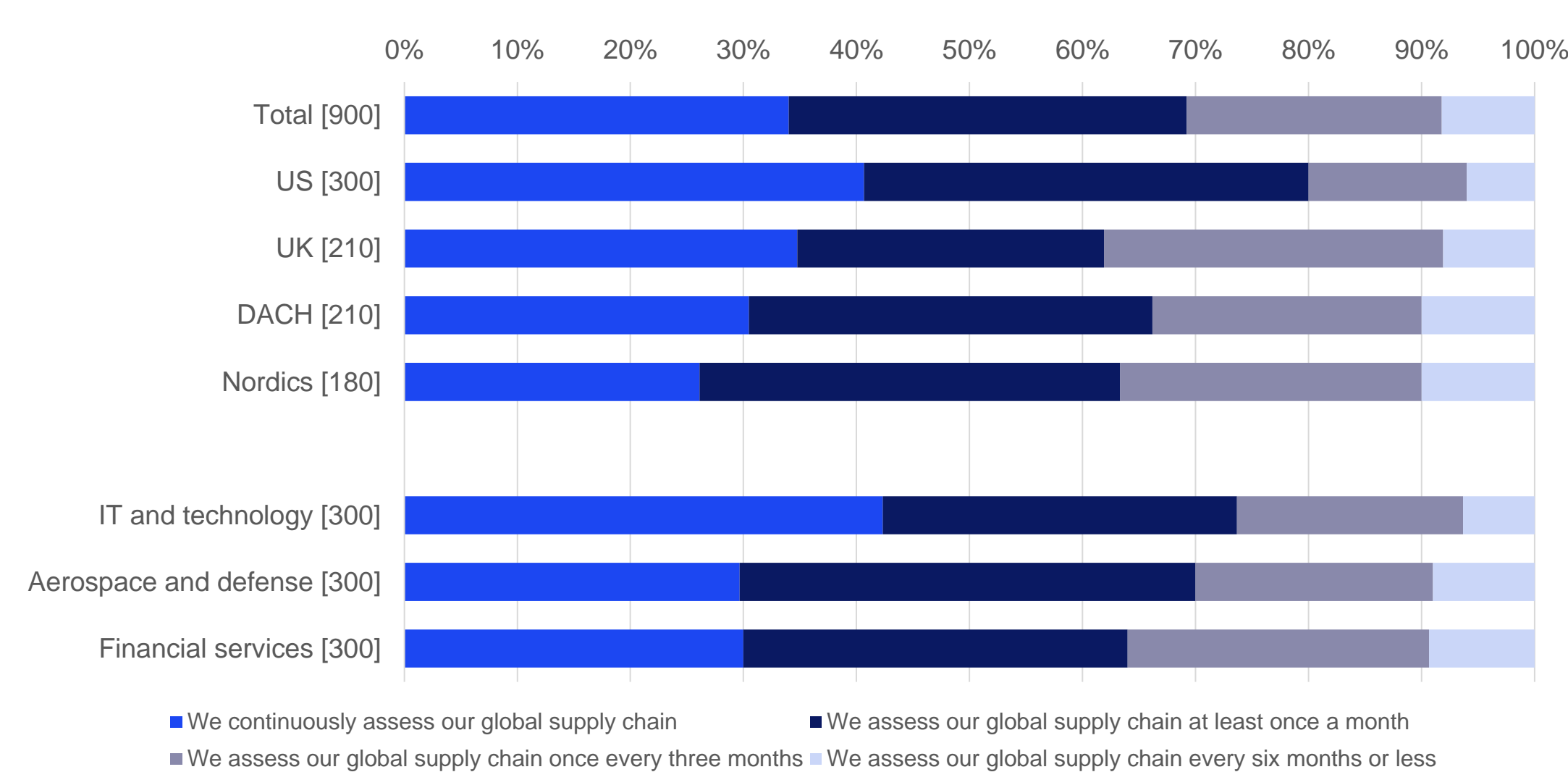


What have been/would be the impacts on your organization as a result of international trade disputes? [900], omitting some answers

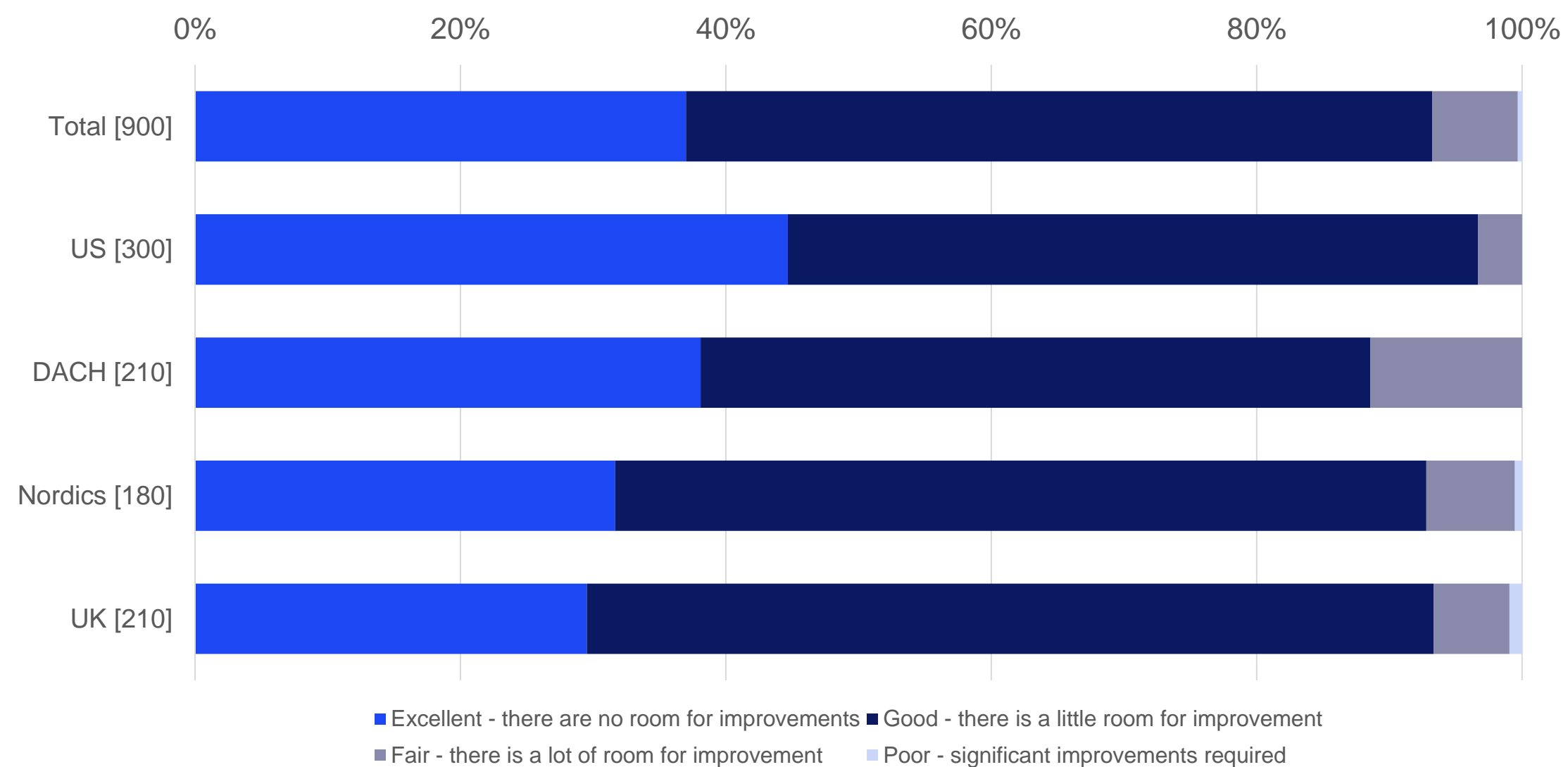
### 3. Current practices

# Even though almost all surveyed organizations assess their global supply chain, only just over a third do so on a continuous basis, leaving room for improvement

The impacts of supply chain disruptions are widespread and can be debilitating for organizations, especially financially (slide 13). Even though supply chain risk management is predicted to be a top business priority in the next two years (slide 7), only just over a third of all organizations continuously assess their global supply chain. At the same time, a majority believe that there is room for improvement in how their organization is able to continuously monitor their supply chain. This suggests the current methods/practices organizations are using don't assess their supply chains frequently enough.



Approximately, how frequently do you evaluate your organization's global supply chain? [Bases in chart], omitting some answers, split by region and sector



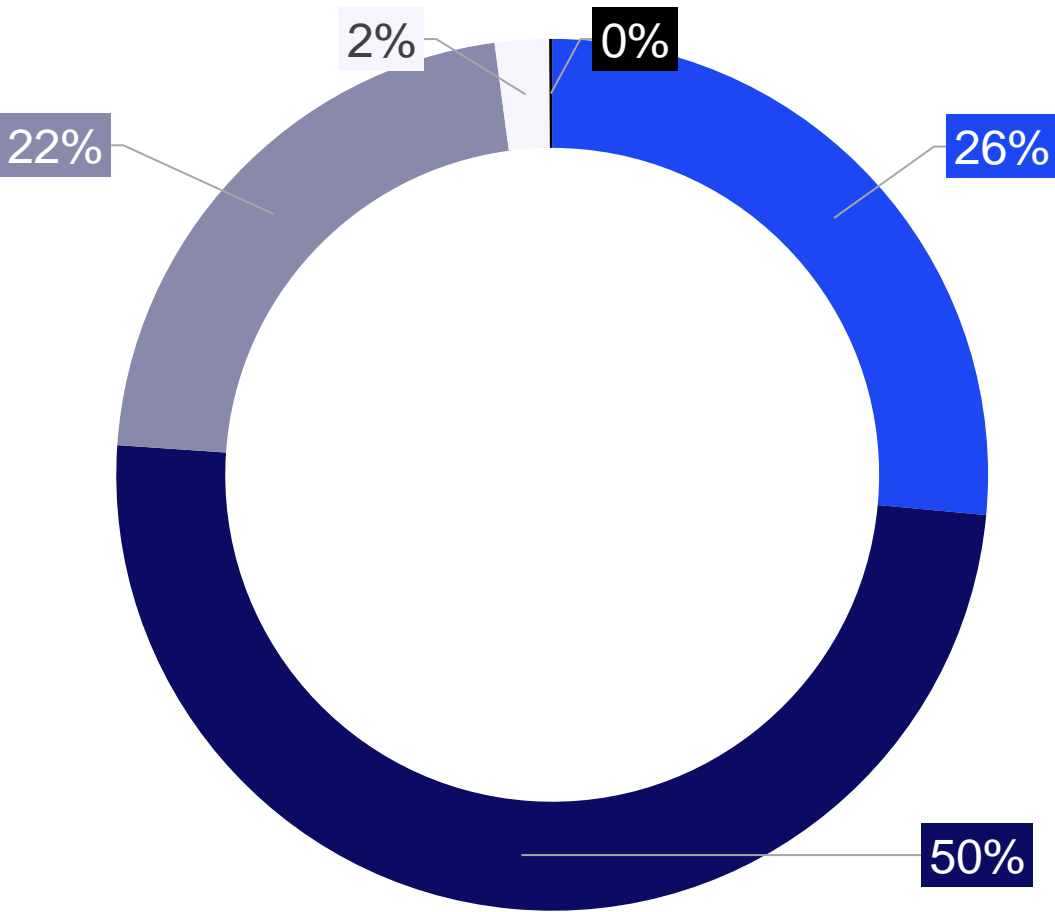
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# Most organizations use manual methods at least some of the time, and mostly in combination with automatic methods

The current methods that organizations use to assess their supply chains are a mix of manual and automatic for the majority. Only just over a quarter are solely assessing their supply chains through automatic methods. This goes some way to explain why only a third are assessing their supply chains on a continuous basis (slide 24).

It is likely that the methods currently employed by organizations aren't sufficient to protect against the range of impacts or severity of disruption experienced by supply chain shocks.

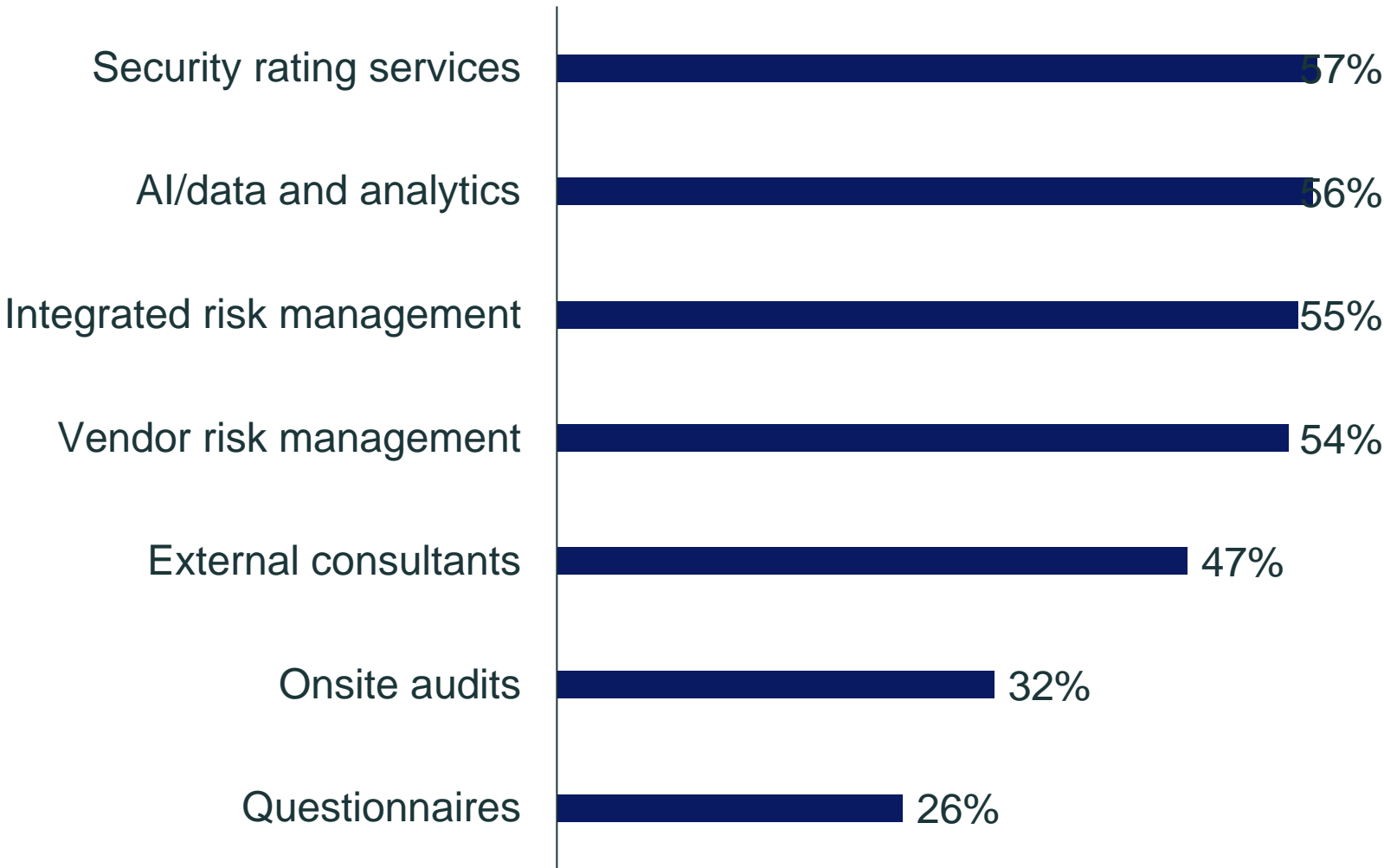


- We only use automatic methods, which gives us assessments in real time
- We mostly use automatic methods, but use some manual methods
- We use both automatic and manual methods equally
- We mostly use manual methods, but we use some automatic methods
- We use only manual methods, which give us assessments at a fixed point in time

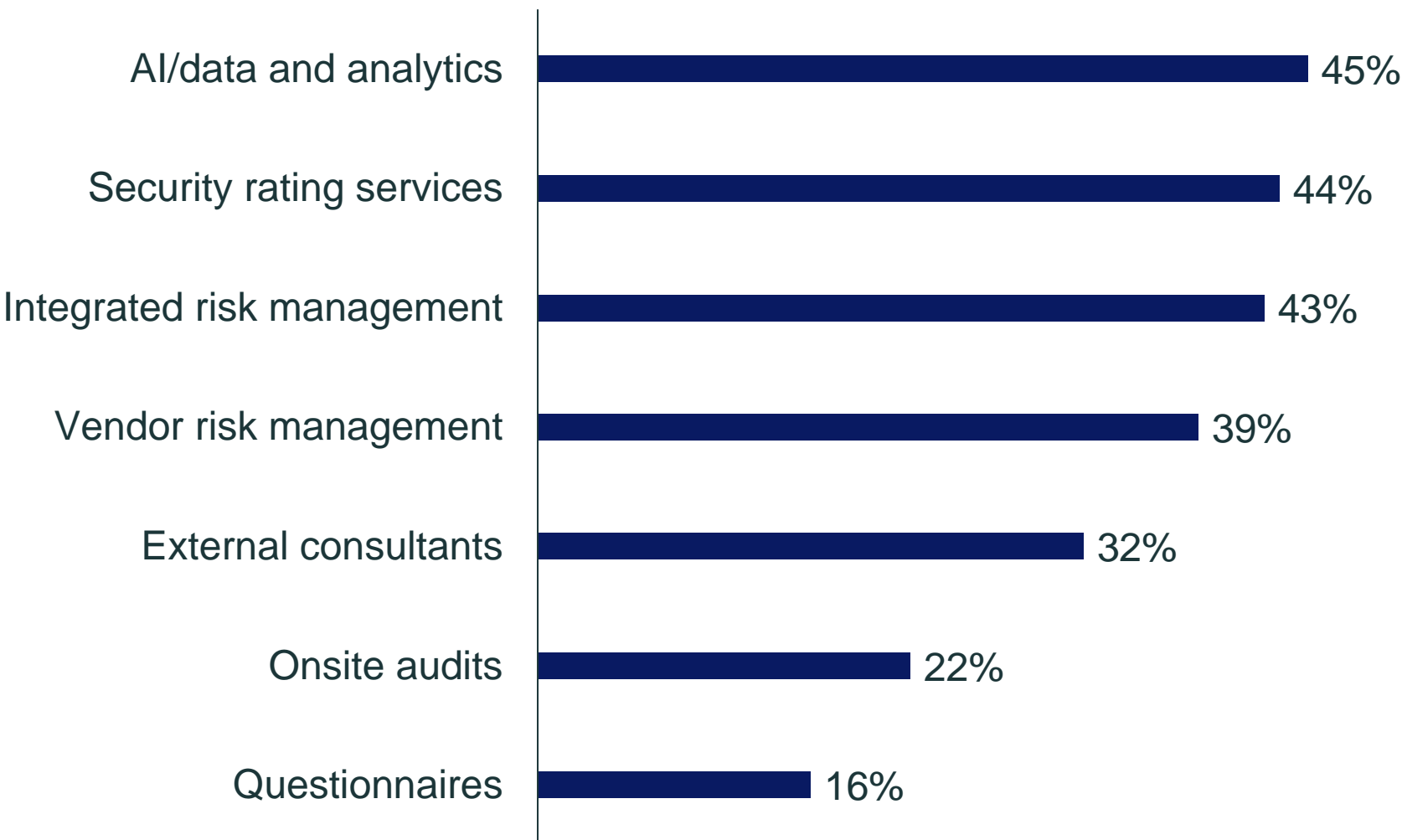
Does your organization assess your global supply chain using manual (irregular and at one point in time) or automatic (continuous and in real time) methods/processes? [899], respondents from organizations that evaluate their global supply chain, omitting some answers

# On average, organizations use 3 separate methods/ processes. AI/Data Analytics is most helpful.

The most common individual methods for assessing supply chains are security rating services, AI/data and analytics, integrated risk management or vendor risk management, with each organization using, on average, 3 separate methods. This highlights that many organizations use a multitude of differing solutions to monitor their supply chain, that are a mixture of manual and automatic (slide 25). When asked which one was the most beneficial to them, decision makers say AI/data and analytics, suggesting they believe automatic methods derive the best value.



What methods is your organization currently using to monitor your organization's global supply chain? [899], respondents from organizations that evaluate their global supply chain, omitting some answers



Out of the current methods your organization is using to monitor your global supply chain, which are the most beneficial? Combination of responses ranked first, second and third [899], respondents from organizations that evaluate their global supply chain, omitting some answers

# Disruption Prompts Change

The **disruption and impact** caused by supply chain issues averages **\$184 million annually**, with **reputations** being severely damaged too.

Organizations are using a **range of methods** to monitor their supply chain, yet only **just over a third** are doing so on a **continuous basis**, leaving room for improvement.

**Boards and the C-Suite** are taking supply chain risk **much more seriously**, with most meeting to discuss the subject at least **once-a-month**.





# Want to learn how to beat Supply Chain Risk?

Visit [www.interos.ai](https://www.interos.ai) to learn more

Survey commissioned by Interos and conducted by market research firm



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