



2022 State of Supply Management

How Supply Chain Organizations are Mitigating Risks & Prioritizing Initiatives for the Future

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Executive Summary

This research was designed to explore supply chain professionals' perspectives from a variety of roles across all industries as it relates to the recovery challenges we have seen in 2022 and priorities for driving improvement in 2023 and beyond.

Welcome to Verusen's third annual State of Supply Chain Materials Management research.

Fulfilling the customer promise remains the primary goal for global supply chains, and many companies continue to accelerate their digital journey to become more agile and resilient in the face of constant disruption. However, the post-pandemic environment has brought its own levels of fear and uncertainty, and this too created extraordinary supply disruptions and many customers continue to express their frustrations.

With nearly 70% of respondents identifying economic instability as the greatest threat to business. The response to this year's challenges has highlighted how difficult it still proves for most companies to be both agile and resilient, and balance costs without introducing additional risk. Why? Perhaps because 38% of respondents are essentially using the same materials management business practices they've always used, and another 33% stating they are intentionally overstocking materials to avoid production outages, yet most indicated they are still relying on outdated technology to manage these processes!

The key findings below highlight that many companies are taking actions contrary to their dual goals of agility and cost control, and have lack of clarity on a sustainable path forward.

"52% of organizations believe they are in need of a major supply chain improvement"

- CNBC



Methodology

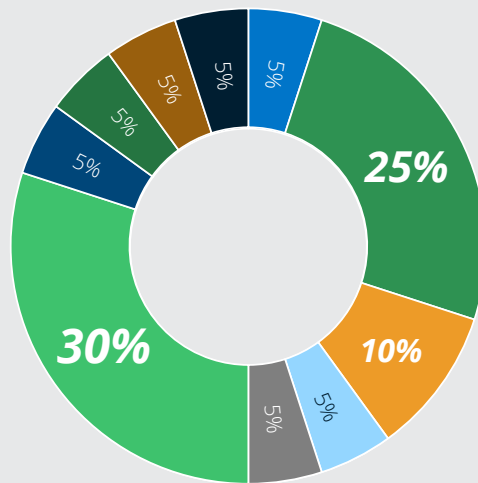
The 2022 State of the Supply Chain survey was conducted to collect industry perspectives, insights and recommendations for not only how the lingering effects of COVID-19 impact business, but how new crises such as the war in Europe, unprecedented trends in weather, and historical inflation now dictate go-forward. We have collected responses signaling how the industry is thinking, what is being planned, what timelines look like for various projects and implementations and where priorities sit.

The target audience includes executives across multiple functional areas within the supply chain and manufacturing space. All surveys were collected via email and online channels during Q3 of 2022 and all data has been anonymized to remove any potential identifying information.

Respondent Demographics

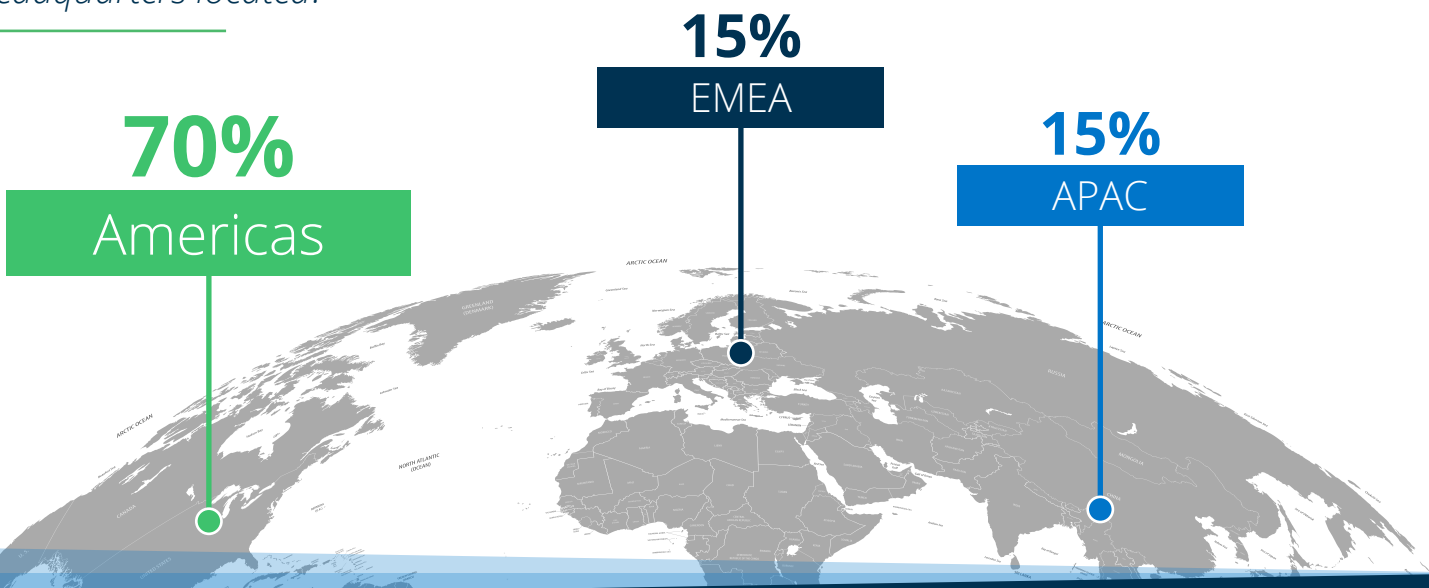
The 2022 State of Supply Management survey comprised respondents from around the world. Survey respondents represented a variety of organizations, in size, geographic location and industry, with the highest response rate coming from North America. Responses came from supply chain professionals with titles of Associate / Analyst and above.

What industry aligns most closely with your organization?



- Technology
- OEM / Supplier / Distributor
- Consumer Packaged Goods
- Consulting
- Automotive
- Life Sciences
- Pulp & Paper
- Energy / Oil & Gas
- Food & Beverage
- Utilities

Which region is your organization's headquarters located?



What is your company's yearly revenue?

70%
<\$1 BILLION

10%
\$1-5 BILLION

10%
\$5-20 BILLION

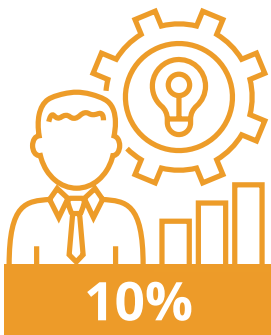
10%
>\$20 BILLION

Gartner

Since their most disruptive event, multiplier mapping and improving visibility have become top priorities for organizations with **30% increase in investments compared to 2021.**

- Gartner

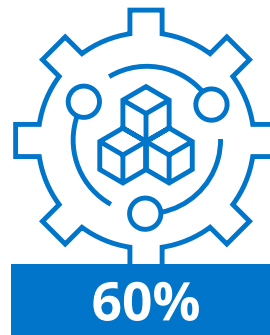
What role aligns most closely with your position?



Operations /
Manufacturing /
Maintenance



Short / Long Term
Planning



Sourcing / Supplier
Management /
Procurement

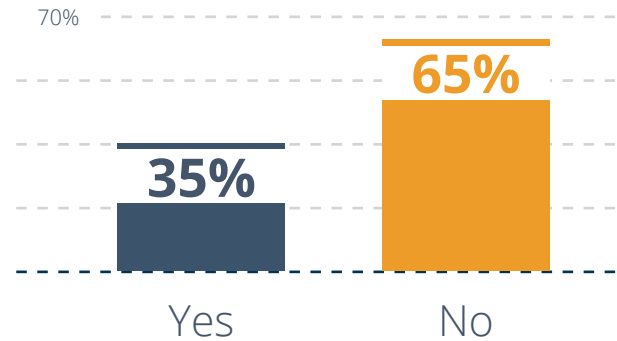


Digital Transformation
/ Innovation

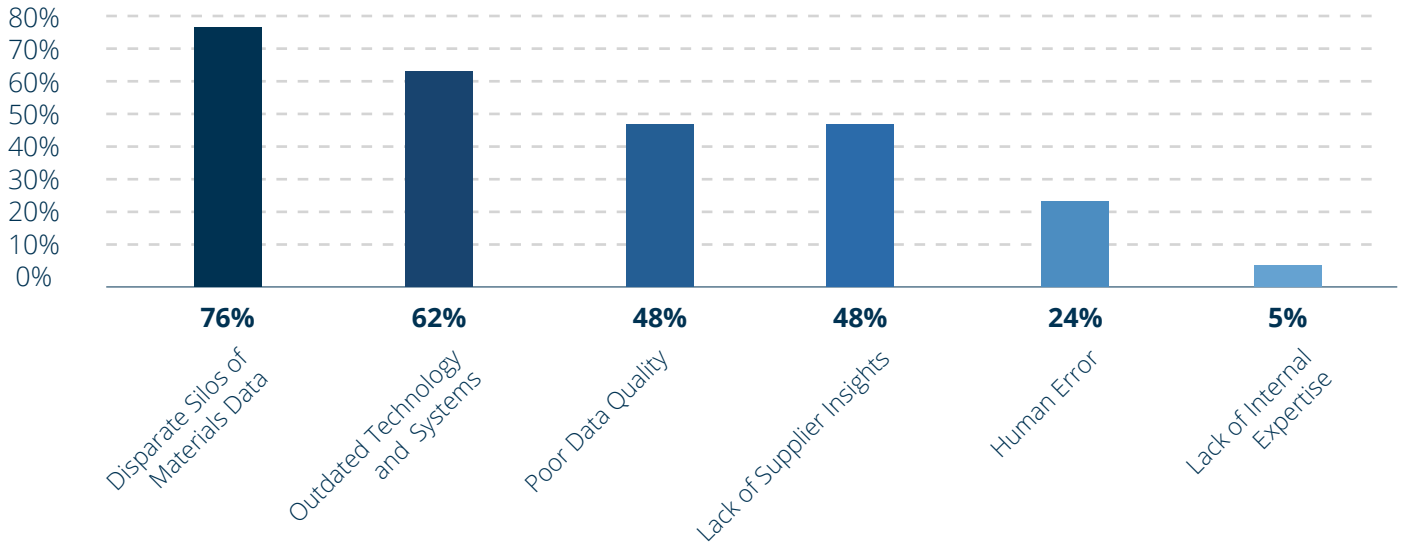
Key Findings

65% state they have no visibility into pricing or supplier insights in regards to critical parts needed to maintain production.

Do you have the visibility to analyze spare parts pricing and suppliers in real time?

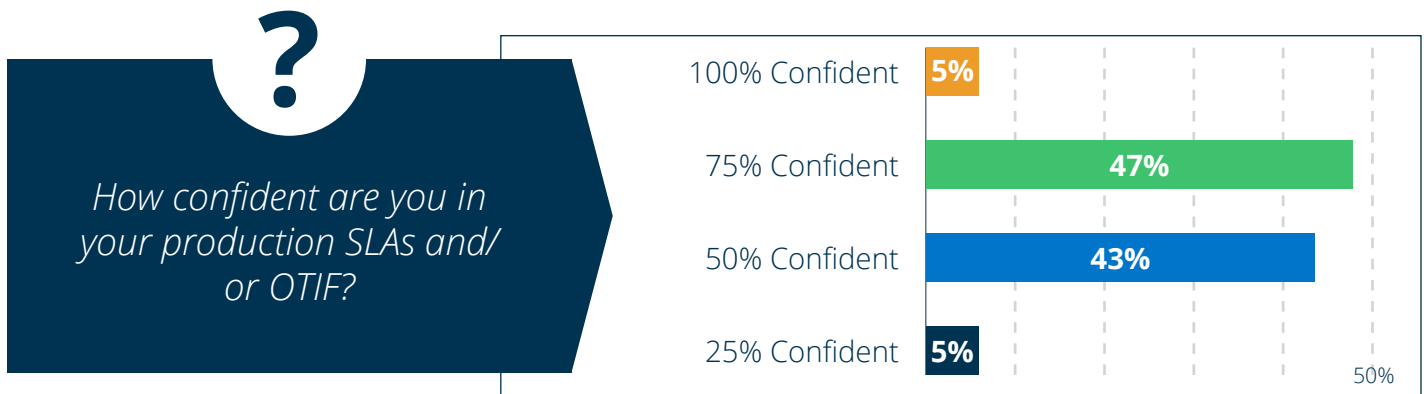


What are the most prevalent causes of inefficient materials management within your org?

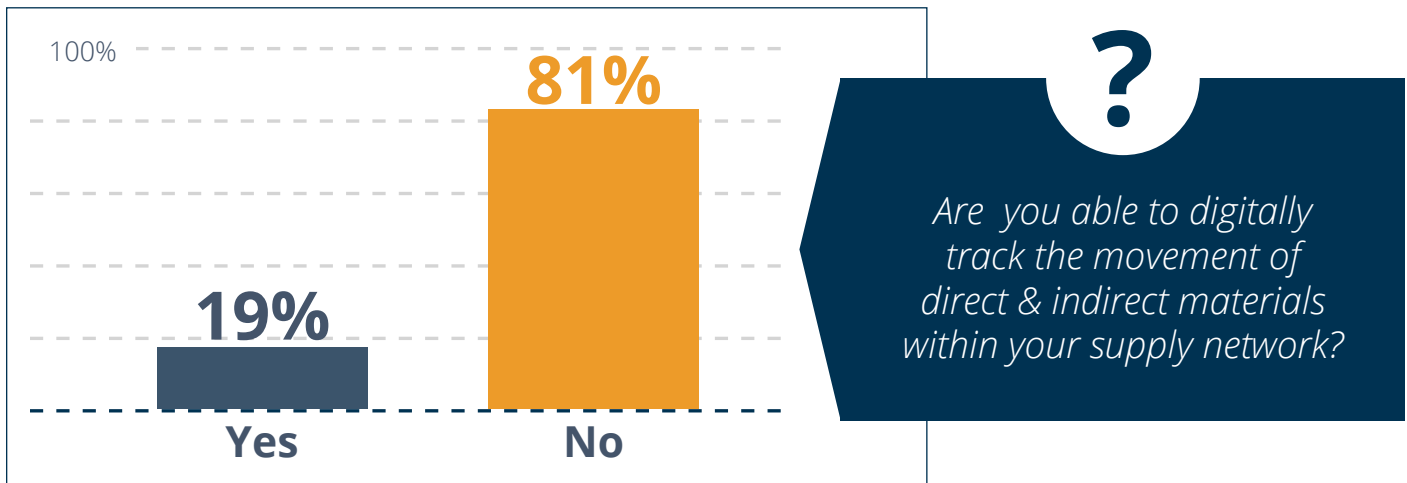


Survey responses show poor data quality, outdated technology, and disparate data silos the top three causes for inefficiency in their materials management process.

Key Findings



Only 5% of survey respondents have full confidence in their organization's ability to meet predefined SLAs and on time, in full (OTIF) standards.



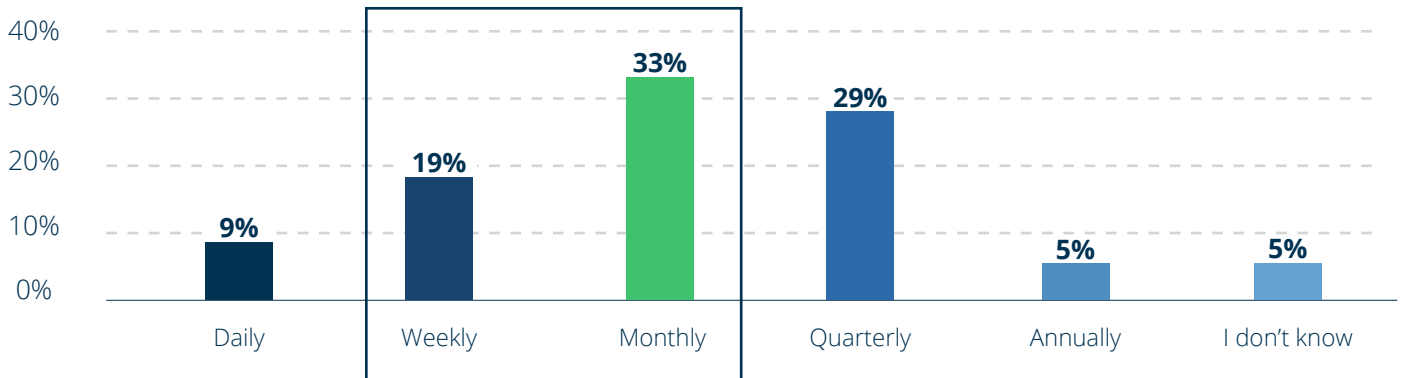
Over 80% report they have no ability to digitally track the movement of direct and indirect materials across their enterprise network.

Key Findings



Over 50% have no strategy for minimizing duplicate materials from their inventory levels.

How often do you have to expedite your materials purchases to maintain uptime production?

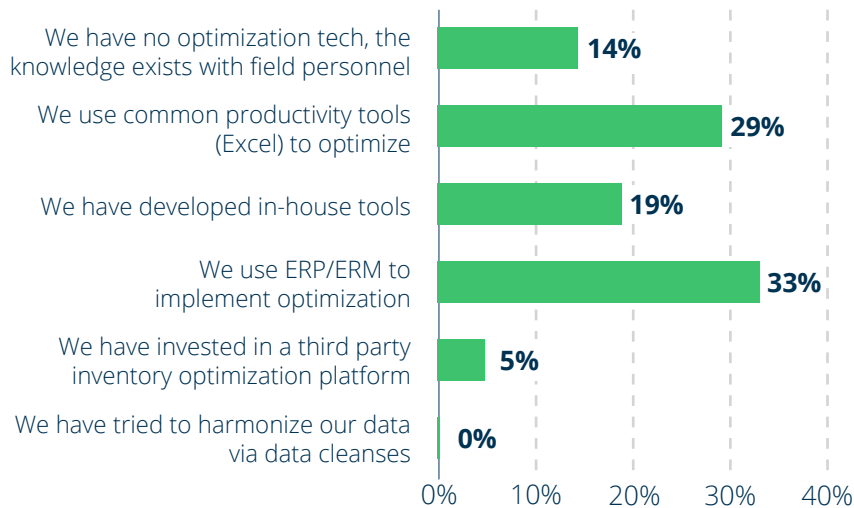


Over 50% of respondents claim they need to expedite spare parts on a weekly and monthly basis to avoid production outages.

Only 60%

feel they have a suitable strategy in place to adapt to unplanned downtime occurring from material shortages.

Key Findings



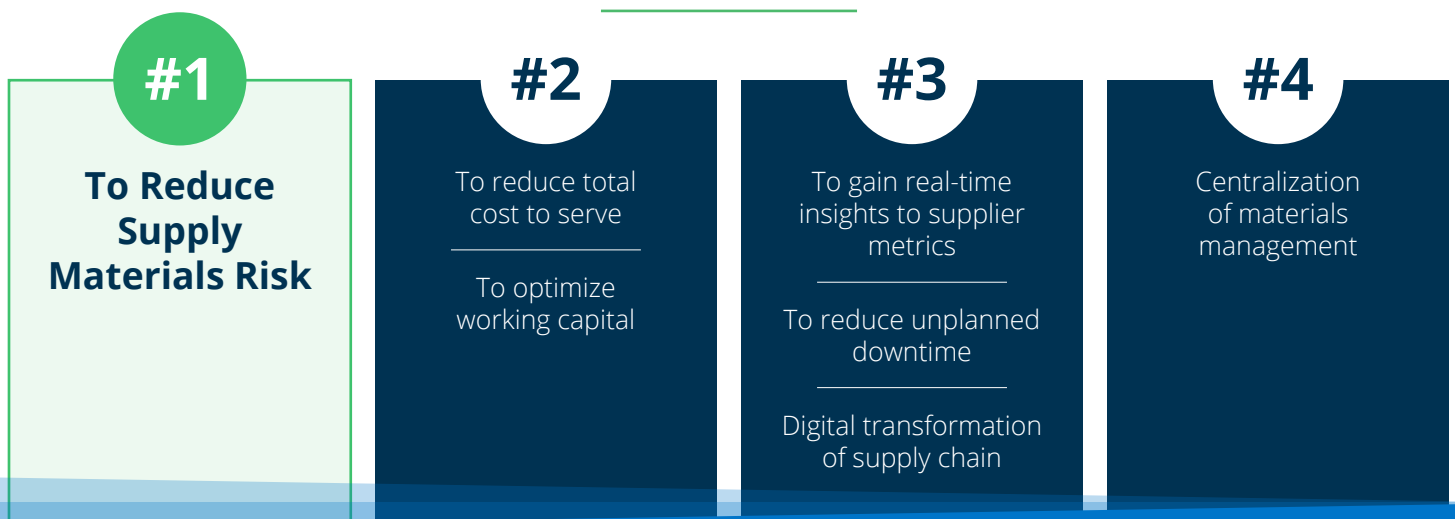
How have you previously attempted to optimize materials management?

95%

of respondents rely on methods not purposely built for materials management to maintain their operations.

Only 5% utilize innovative technology to support their materials management strategy.

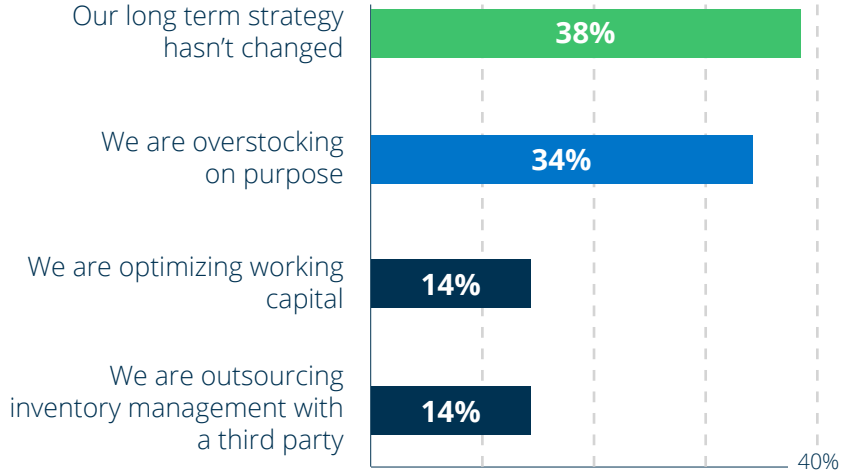
What are your priorities in the next 12 months?



The #1 priority amongst respondents over the next 12 months is **reducing supply risk for their materials.**

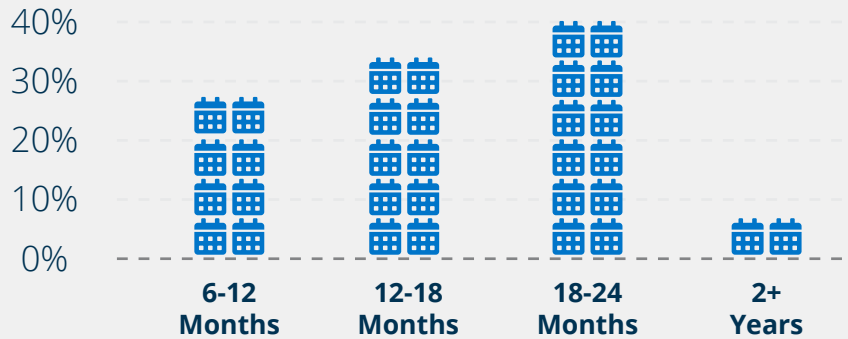
Key Findings

Given the global disruptions we have experienced, how have your materials management strategies changed to prevent unplanned downtime?



*While only **5%** of supply chain professionals are confident in their ability to meet SLAs in light of global disruptions, **38%** have not changed their long term strategy to be more responsive to the changing ecosystem.*

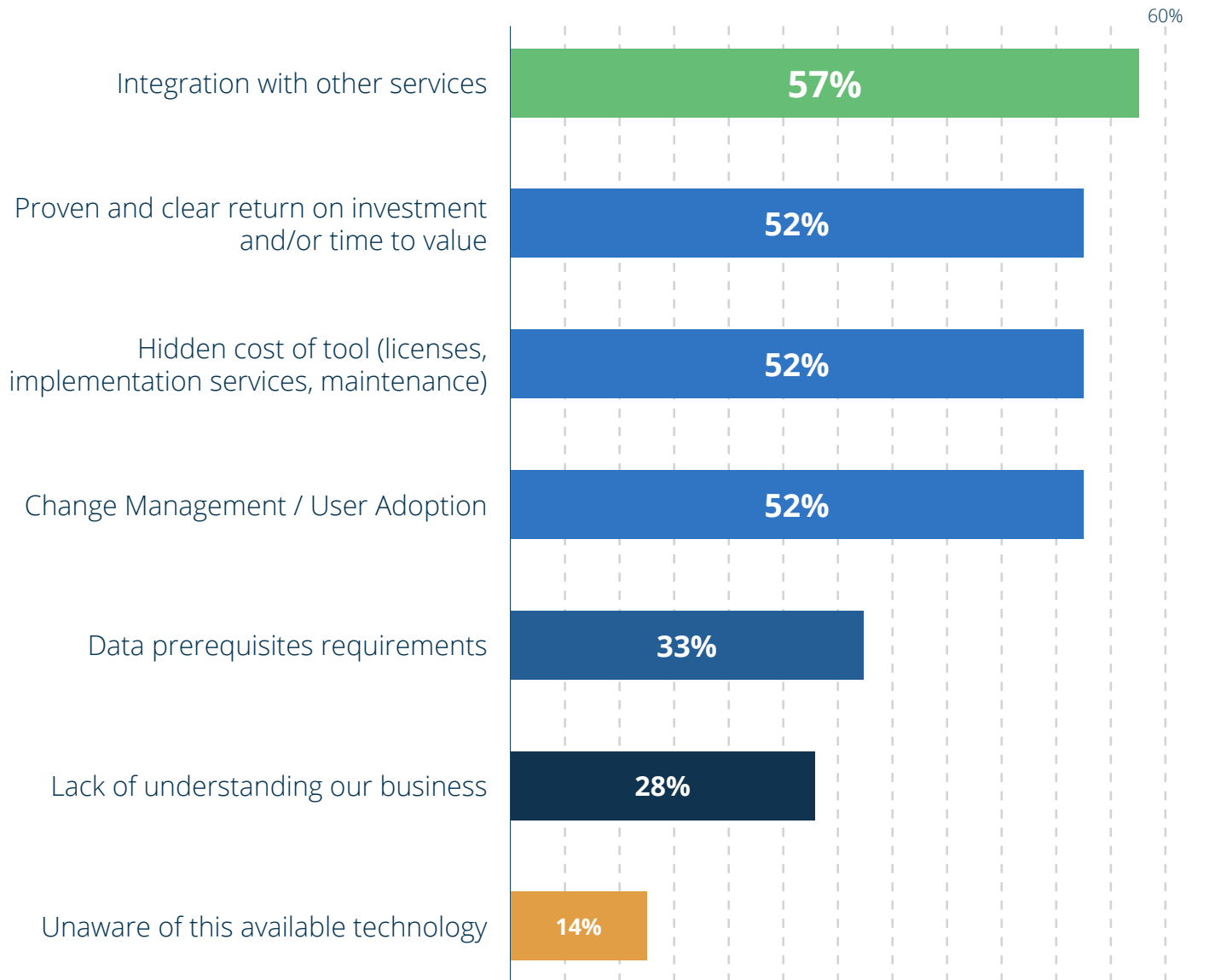
How long do you perceive it would take to implement an enterprise-wide materials management platform with a third party?



Only 24% are aware that an enterprise-wide materials management solution can be implemented in less than 6 months.

Key Findings

What concerns would you have partnering with a solution provider for materials management?



Over 50% believe a lack of change management and user adoption is the primary concern when partnering with a materials management solution provider.

Summary of Findings

The key findings below highlight that many companies are taking actions contrary to their dual goals of agility and cost control, and have lack of clarity on a sustainable path forward.

1

38% of companies' materials management strategies haven't changed since the beginning of the pandemic, while 33% are intentionally inflating their inventories to protect against further disruptions.

2

Respondents listed a reduction of total cost to serve, optimization of working capital, and a reduction in supply risk to be their top three priorities over the next 12 months.

3

Poor data quality, siloed in disparate and excessive legacy systems are by far the most prevalent causes cited for poor materials management and planning.

4

Most respondents have no set strategy for optimizing materials and state they rely on first-hand expertise of field personnel, Excel, or their ERP system to manage this process. Only 19% have attempted to develop an in-house tool, and only 5% have invested in a purpose-built materials management solution.

5

When asked about hurdles to a digitally transformed approach to materials management, 76% pointed to disparate silos of materials data and lack of knowledge, and over 75% of respondents believe an AI-driven Materials Management solution would take 12-24 months to implement.

Conclusion

The ongoing disruption has shown us how important it is for companies to continue their initiatives around large scale digital improvement. It has also taught us the vulnerability of supply chains, and the importance of early adoption of new technology.

Regardless of these disruptions, pressures to reduce costs and minimize operational risk should leave no choice but to consider purpose-built solutions. AI and ML are driving forces in the future of supply chain and leading digital transformations across the industry. Organizations don't have to be tied down with 2+ year data cleanses, messy data, or lack of resources, for emerging solution providers now offer faster, simpler paths to supply chain improvement.

Early adopters of these solutions will gain an advantage over their competitors and create sustainable improvements for lasting success.

Verusen is a leading Materials Intelligence provider focused on helping global manufacturers streamline their supply and materials management strategy. Verusen utilizes advanced data science and artificial intelligence to harmonize disparate material data across multiple enterprise systems to provide complex supply chains with material truth for supply and inventory planning and procurement intelligence.

This helps organizations reduce risk, optimize working capital, and ensure production uptime to meet customer needs. The result is a foundation that organizations can trust to fuel digital transformation and support supply chain maturity initiatives. Headquartered in Atlanta, Verusen has been named one of Georgia's Top 10 Innovative Technology Companies.

Verusen has helped companies manage:



3M
Separate SKUs



\$2B
Inventory



\$53M
Client Verified Savings



\$184M
Additional Potential Savings



[Take a Tour](#)

[Learn how you can achieve materials visibility across your supply network](#)