



[INSIGHT]

# PROCUREMENT

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## Be Prepared, Post-Pandemic

The events of 2020 pulled back the curtain on procurement and supply chains. Despite lessons learned, are organizations and procurement teams any better equipped to handle another ‘black swan’ event?

The pandemic strained supply chains around the globe, but also sparked a change. It gave procurement a seat at the table.

The good news now is that companies have a better defensive posture when it comes to disruption; they understand the importance of risk mitigation strategies and resiliency in the supply chain. But people forget, and old habits die hard.

It’s the push and pull of procurement. The back and forth between cost management and resiliency. During the pandemic, resiliency was king. Having flexibility to secure inventory meant everything. Now, operating in our new normal with high inflation, procurement teams are settling back into traditional cost management mode. But where does that leave them when the next disruption strikes?

Many procurement teams are trying to find a balance—a hybrid approach of achieving profitability and flexibility that integrates material cost savings, inventory buffers, and on-time deliveries with revenue protection, risk mitigation, and sourcing strategy.

Procurement organizations have been told for decades that their top priority is cost savings, followed by inventory reduction. With this mindset, procurement teams typically pay attention to the top 20% of suppliers that make up 80% of the spend and work closely with those suppliers to track cost and negotiate savings.

But this strategy is risky because every part and raw material, irrespective of spend, is required to produce and ship the product. If procurement teams have visibility only into 20% of their suppliers, 80% of suppliers are left to chance.

### STAYING RESILIENT

The next disruption is around the corner and the company that is first to secure supply wins every time. This means knowing who your suppliers are in the lower tiers, where parts are manufactured, and even where your sourcing materials come from. A resilient supply chain at the sub-tier part-site level operates at the lowest possible cost.

So how do companies build resiliency while balancing profitability? The answer

lies in AI. Autonomous AI mapping, combined with supplier-validated data, allows organizations to map their entire supplier network down to the part-site level. This lets practitioners collaborate directly with sub-tier suppliers, see which alternate sites are available, and where to gain a head start when disruption strikes. Companies that have not invested in supply chain mapping will always scramble for parts during disruption.

Another useful AI tool is 24/7 monitoring for any potentially disruptive events. Risk monitoring services can scour billions of news and social media feeds across hundreds of countries and languages, and then issue alerts allowing organizations to begin mitigation measures within minutes.

Without an AI-based system, dealing with this vast amount of data would be impossible. The use of this innovative technology to map and monitor supply chains gives companies actionable data about which parts and products will be disrupted and which suppliers have backup sites. Without it, procurement teams will be flying blind, every time.

By staying proactive, investing in resilience-building solutions, and embracing innovative technologies, procurement teams can position themselves to not only weather future storms but thrive in a disruptive, interconnected global marketplace. ■