

GLOBAL SUPPLY CHAINS UNDERGOING MASSIVE DIGITAL TRANSFORMATION

- **New GEP-commissioned Harvard Business Review Analytic Services survey finds that just 8% of companies have achieved digital maturity across supply chain operations to mitigate disruptions**

Clark, N.J., Sept. 22, 2021 — GEP, a leading provider of procurement and supply chain strategy, software, and managed services to Fortune 500 and Global 2000 enterprises worldwide, today unveiled its “State of Global Supply Chain” commissioned survey of global business leaders conducted by Harvard Business Review Analytic Services, which found the importance of supply chains — and the particularly urgent need to transform them — has dramatically escalated.

The report reveals:

- While 90% of executives say supply chains are a strategic resource that helps ensure their company’s profitability and survival, **just 8% have achieved digital maturity** across six key components of supply chain operations: warehousing and logistics, procurement, inventory management, supply planning, demand planning and management, and supplier risk management.
- As a result, companies are moving quickly to digitally transform their supply chains, with nearly **70% accelerating their supply chain modernization** — with a greater emphasis on collaboration tools and real-time demand forecasting analytics to foresee and mitigate future disruptions.

- Just **28% rate themselves as “leaders”** and as having achieved a high level of digital maturity across key supply chain operational areas.
- **Half “lack the capabilities** to track end-to-end performance across the supply chain.”
- The **“lack of real-time data** about end-to-end performance of the supply chain” is the **biggest barrier** to most companies.
- Only **one fifth can “quantify ROI** for its investment in supply chain transformation.”

“Many global companies spent the last thirty-plus years outsourcing everything from back-office functions like IT to the last mile delivery to customers, and as a result, they don’t have sufficient control and are at a material competitive disadvantage,” said David Doran, vice president, consulting, GEP. “I am not saying to disregard outsourcing — in fact, the disruption to the world’s supply chains is going to get worse, so companies need to accelerate their investment to build resilience, flexibility, visibility and control over their complex, multitier, interdependent global supply chains. But they need to do it right.”

The Path Forward

In response to supply shortages, cyberattacks, skyrocketing logistical costs, volatility and inflation, companies are rapidly transforming their supply chains expressly to reduce business risk and improve resilience:

- Achieving agility and business reliance is a top supply chain priority for three-quarters of respondents, along with reducing risks and costs.

- Two-thirds of organizations cite automating operations as a top procurement priority.
- More than half expect supply chain transformation funding to increase this year.
- Analytics, demand sensing, AI and robotic/automation are seeing the biggest funding increases.
- Supply chain “leaders” invest significantly more in employee training and soft skills to accelerate their transformation than “followers” and “laggards.”

ABOUT HARVARD BUSINESS REVIEW ANALYTIC SERVICES AND SURVEY METHODOLOGY

HBR Analytic Services is an independent commercial research unit within HBR, conducting research and comparative analysis. Surveys are conducted with the HBR Advisory Council, HBR's global research panel. Interviews are conducted with senior business executives and subject matter experts from within and beyond the HBR author community. A total of 276 respondents, drawn from the HBR global audience (magazine/newsletter readers, customers, HBR.org users), responded to an email invitation and completed the online survey. The survey audience is global (NA 39%, EMEA 35%, APAC 23% and LATAM 4%), skewing to large 1,000+ employee organizations (98%) as well as executive- and senior-level management (62%). There are a broad number of industries represented, led by manufacturing (22%), technology (19%), health care/pharmaceutical (17%), and energy/utilities (13%). In addition, multiple functional areas are represented from operations/production (20%), general/executive management (18%), IT (14%), logistics/ procurement (9%), and finance/risk (8%).

ABOUT GEP

GEP delivers transformative supply chain solutions that help global enterprises become more agile and resilient, operate more efficiently and effectively, gain competitive advantage, boost profitability and increase shareholder value.

Fresh thinking, innovative products, unrivaled domain expertise, and smart, passionate people — this is how GEP SOFTWARE™, GEP STRATEGY™ and GEP MANAGED SERVICES™ together deliver supply chain solutions of unprecedented scale, power and effectiveness. Our customers are the world's best companies, including hundreds of Fortune 500 and Global 2000 industry leaders who rely on GEP to meet ambitious strategic, financial and operational goals.

A leader in multiple Gartner Magic Quadrants, GEP's cloud-native software and digital business platforms consistently win awards and recognition from industry analysts, research firms and media outlets, including Gartner, Forrester, IDC and Spend Matters. GEP is also regularly ranked a top supply chain consulting and strategy firm, and a leading managed services provider by ALM, Everest Group, NelsonHall, IDC, ISG and HFS Research, among others.

Headquartered in Clark, New Jersey, GEP has offices and operations centers across Europe, Asia, Africa and the Americas. To learn more, visit www.gep.com.

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