

MANAGING RISK IN PROCUREMENT

Businesses are taking a more comprehensive and predictive approach towards Risk Management.

RISK MANAGEMENT: THE CHANGING PARADIGM



TRADITIONAL APPROACH

- Focus on Financial and Operational Risk
- Risk is treated as an outcome
- Assess only immediate (Tier 1) suppliers
- Focus on immediate supply



CONTEMPORARY APPROACH

- Focus on Enterprise level risk
- Risk is treated as an opportunity
- Assess suppliers up to feedstock level
- Foreseen as a long-term strategy
- Moving towards consolidated category risk

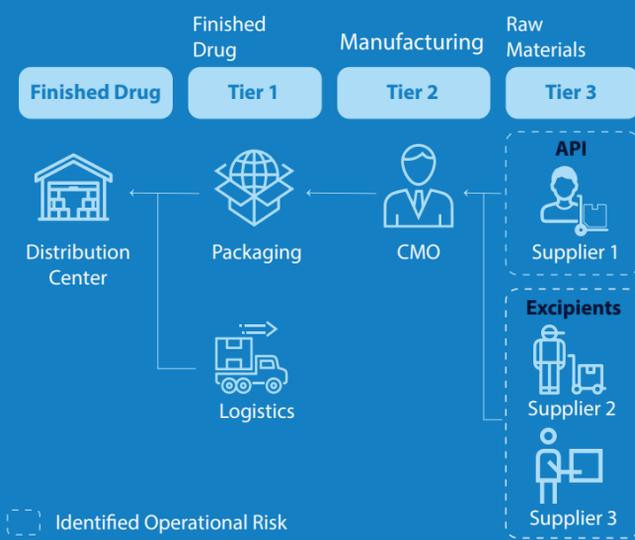
LEVERAGING TECHNOLOGY AS A KEY DIFFERENTIATOR



- Enhanced data capturing
- Secure data management
- Better retrieval time
- Advanced tools for data analytics
- Integrates Enterprise Resource Planning with Enterprise Resource
- Enables better decision making capabilities
- Risk detection
- Cognitive intelligence
- Visibility across the value chain
- Advanced Risk Analytics
- Blockchain

TECHNOLOGY TO ENABLE MULTI-TIER RISK ANALYSIS

Only 25% of the companies know their end-to-end supply chain and assess it for risks as per a survey conducted by Global Supply Chain Institute. For Example: Value-chain of a pharmaceutical drug, where supplier 1 is identified as an operational risk, owing to a system failure, impacting production of the drug.



HOW TECHNOLOGY CAN ENABLE CATEGORY MANAGERS?



- Proactive notification on system failures
- Automated computation of required volumes of Active Pharmaceutical Ingredient (API)
- Market intelligence on alternate suppliers with capabilities to handle volumes
- Automatically pull out prices of API in the absence of a supplier
- Identify changes in the regulations of APIs and assess its impact
- Proactive notification to other parties in the value chain
- Active incident reporting to monitor supplier performance or contract renewals

THE NEXT MOVE

The industry is moving towards collective risk management, bringing all stakeholders to a single point. Providing organizations an opportunity to better calibrate their risk management instruments allowing them to be proactive and stay ahead of the competition. With focused focus and investment in risk management, blockchain technology has emerged as a potent solution which could strengthen the weak links in the supply chain.

