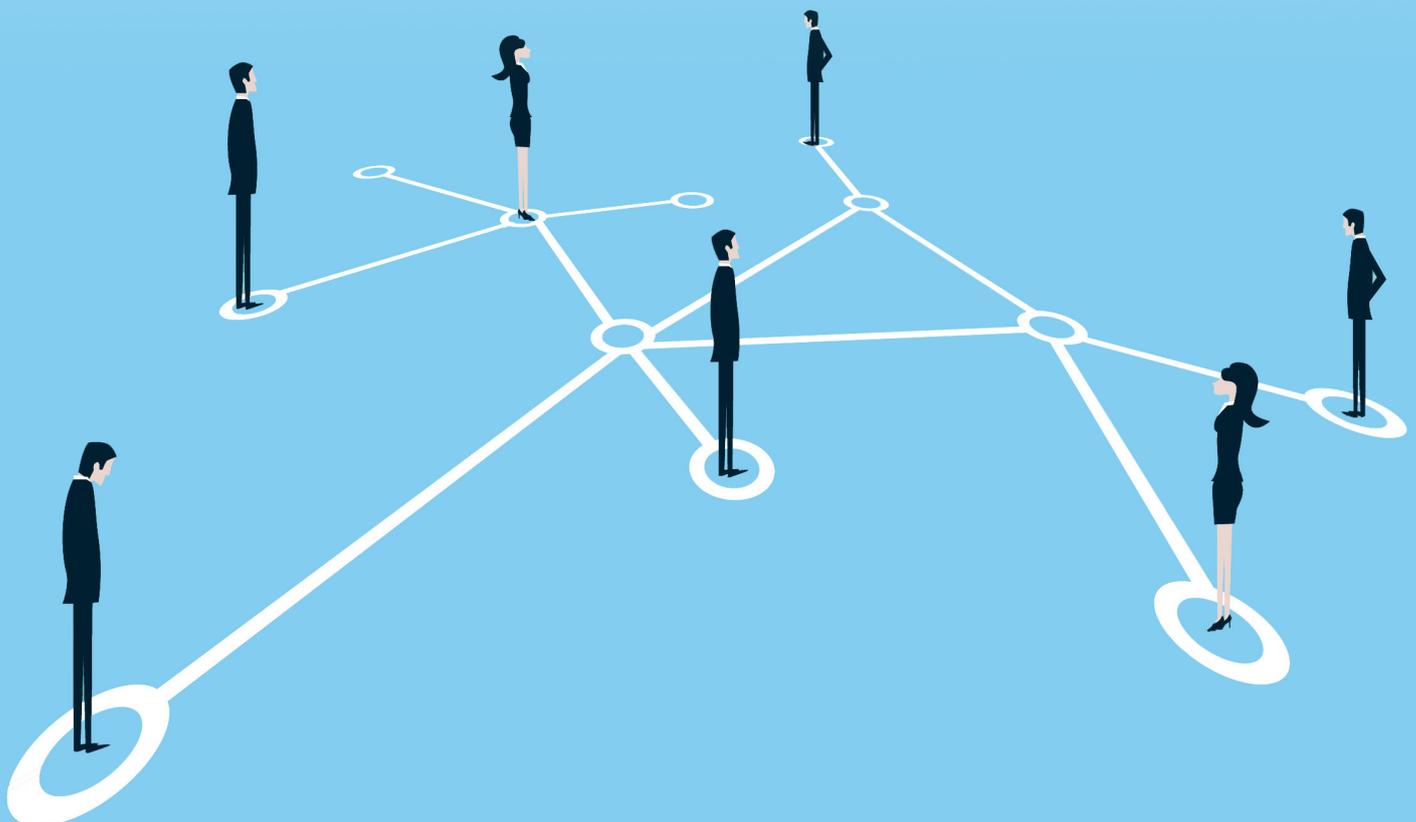




INTEGRITY
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Insight Paper

Bringing Simplicity to Complex Supply Chain Management



Many leading organizations are making the shift to a more scalable, agile approach to supplier information collection and evaluation. They manage sustainability and compliance by automatically analyzing the supply base as a whole – before there is specific demand for an individual supplier’s products and services. If an opportunity – or a crisis – arises, these agile organizations are able to react swiftly because the company’s decision-makers are not starting from square one.

Most trends have a way of coming full cycle, and the management of supply chain sustainability and compliance is no exception. The need to address complex and mounting regulations in a far-flung network of suppliers usually makes supply chain managers respond by implementing correspondingly complex questionnaires and assessment frameworks.

The problem with this approach, well intentioned though it may be, is that the time required for suppliers to provide all of the information plus the time required for the buy-side company to evaluate it equals a prohibitively large investment of time and resources before a decision can be made. Even if the company makes it that far, it will be nearly impossible to keep information up to date as conditions and requirements change. As a result, the decision-making process is delayed without being improved and companies are doing less rather than more to advance sustainability and compliance.

In recognition of this reality, many of the leading organizations we speak with are making the shift to a more scalable, agile approach to supplier information collection and evaluation. By combining technology and human talent in the right balance, it is possible to swiftly and effectively determine and oversee sustainability and compliance levels in the supply base.

Scalability

All processes have associated costs – for the company running them and for the suppliers trying to work inside of them. The more complex the process, the higher the cost, and that makes it very difficult to achieve any kind of ROI. The best way to simplify the complex process of ensuring sustainability and compliance is by automatically analyzing the supply base as a whole – before there is specific demand for an individual supplier’s products and services. This allows companies to achieve broad visibility with minimal manual effort – making more meaningful progress and increasing the number of qualified options on the table.

Agility

Scalability creates a greater number of available options so that they can be exercised to strategic effect in quick response to changing conditions. Organizations that are able to position themselves in this way tend to take the same approach to agility. Rather than driving an agile mindset at the project or functional level, these companies do so organization-wide. This creates the expectation that if an opportunity – or a crisis – arises, they will react swiftly because the company’s decision-makers are not starting from square one.

Taking a scalable, agile approach to managing sustainability and compliance in the supply chain requires companies to ask a few simple questions of themselves:

- Is it worth asking every little detail about sustainability and compliance if that limits us to evaluating only a few suppliers?
- What do the next generation of employees need from our organization if they are to innovate and disrupt markets on our behalf?
- Where does our company sit on the decision-making continuum between needing absolute certainty before we can act and seizing unexpected opportunities that are supported by trusted information?

A company can achieve a better result by applying a common (and automated) standard to all suppliers instead of doing an exhaustive study of a small group of suppliers. In many ways, segmenting the supply base increases risks, as entire segments of supply partners receive no sustainability or compliance evaluation at all.

Most companies focus on few strategically important suppliers when it comes to sustainability and compliance assessments, leaving risks in the mid-tail, indirect spend and sub-tiers undetected. However, risk often lies within those categories.

Picture an ice berg: The tip is the small group of your key suppliers – it's visible from the perspective of the boat, making it easier to assess the risk and navigate around. Beneath the surface is the big mass of mid-tail, indirect spend and sub-tiers – you can't see it from the boat and therefore it poses far greater risk. If you don't have technology to gain visibility into the risk hiding down there, your boat might have collided by the time you detect it.

**VISIBILITY INTO
KEY STRATEGIC
SUPPLIERS**

5%

95%

**NO VISIBILITY INTO
MID-TAIL, INDIRECT
SPEND & SUB-TIERS**



About Nick Heine

Nick Heine is co-founder of IntegrityNext and Head of Sustainability & Compliance.

Nick Heine has worked in the software business for 19 years, 14 of which he spent in various areas of strategic purchasing and the supply chain. An expert in supplier management, risk management and compliance, he has held various roles at Xcitech, Emptoris and IBM. He was responsible for worldwide sales of Watson Supply Chain Solutions at IBM before founding Integrity Next GmbH in 2016 with Martin Berr-Sorkin and Simon Jaehnig.

About IntegrityNext

IntegrityNext enables companies to monitor 100% of their suppliers for sustainability and compliance in order to meet the regulatory requirements and reduce risk. The IntegrityNext platform automatically obtains the required supplier self-assessments and certificates while monitoring social media for malpractice and reputational risks. Among others, IntegrityNext covers Environmental Protection, Human Rights & Labor, Health & Safety, Diversity, Anti-Bribery & Anti-Corruption, Supply Chain Responsibility, Data Protection, Cyber Security, Quality Management, Financial Information, Blacklist & Sanctions, Conflict Minerals, REACH and RoHS. Companies in over 130 countries are using the IntegrityNext platform, including industry-leading companies such as Clariant, Fujitsu, Miele, OSRAM and Siemens.

Integrity Next GmbH
Salvatorplatz 3
80333 München

simon.jaehnig@integritynext.com
+49 89 21540-5250
www.integritynext.com

