"Global Supply Chain Management: Shifting Corporate Sourcing Strategies"
Thought Leadership Roundtable on Digital Strategies
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The economic tumult of the last two years has brought additional fragility to the many interdependencies in the managing of global supply chains. For example, financial uncertainties have made credit to finance inventory tighter, yet at the same time, supplier viability, international tensions and security concerns make delivery schedules less predictable and dependable. Though information technology has greatly improved global communication flows enabling the ability to collaborate with partners/suppliers and improving visibility into shipments, changing cost structures and shifting regulatory regimes demand new levels of sourcing agility. In some situations, the case for global sourcing contracts dependent on relatively few suppliers doesn't seem as convincing as it may have five years ago.

Given this backdrop, the roundtable discussion would focus on preparing for the emerging set of global sourcing challenges, with special focus on risks inherent in current low-cost country human resources, services, material, and product sourcing. This would include discussions on the <u>issues in and mitigation of</u> sourcing sustainability (information and regulatory issues of product content/packaging/take back), rapidly changing cost-structures (labor, materials, energy, transportation), shifting regulatory regimes (environmental, etc.), issues in information sharing and integration with contract partners, emerging product genealogy needs (product tainting concerns), and the cultural considerations in the management of all this. We will examine such questions as:

1. What are the overall trends in global supply chain issues and management? How do they impact sourcing considerations for a global corporation?

2. Should sourcing strategies be reconsidered? If so, what are the primary drivers?
   a. Is risk now as big a factor in sourcing decisions as the traditional key factors of cost, quality and service? If so, what are the most important types of risks to be considered?
   b. Is the drive for lowest possible cost (with highest efficiency) in sourcing over? Have "just-in-time" and "lean" been replaced by "max flexibility" or "least risk"?

3. How different are direct product or component sourcing decisions from indirect sourcing decisions (services, administrative supplies, hardware, software, IT services, etc.)?

4. What factors has the financial instability of the last 12-18 months introduced? Are there effective ways to hedge against the risks this has introduced?

5. How is the thinking about low-cost country sourcing changing? What is the impact of further migration from China to SE Asia, from anywhere to Africa, etc.?

6. How do you better manage partners/suppliers/vendors in this changed environment? What are the best practices and how situation dependent are they? What's the key to getting real compliance—more auditing more training, better contracts, better relationships? Are there significant differences in these best practices in product/component vs. services sourcing?

7. How do information security and IP protection factor in, especially given the dependence on electronic communication to manage?

8. Are corporations being driven out of certain geographic markets due to sourcing issues? Would a more regional approach to sourcing help address this and other issues?