

Avoid disruption in supply chain thanks to international business information



The supply chain is a system of activities in handling, distributing, and processing goods in order to move resources from a vendor to a consumer. As supply chain is very critical in a business process, it's very important to avoid any kind of disruption in production, causing damages from both economic side, with a loss in revenues, and from reputational point of view.

This is the reason why identifying in advance potential risks could affect a supplier is an important asset in sustaining companies' development. Mapping potential risk is the first step in defining an effective plan to handle and mitigate threats.



Classifying risks is the first step, and major risks can be classified as follows, even if they can change over time.

1- Supplier's financial condition and strengths

Knowing in advance the partner profile from a financial point of view, combined to corporate structure, negative information, financial crime and cyber attack exposure is crucial to decide if a relationship can be successfully established. This is an ongoing process, in fact understanding if changes are affecting a current supplier is also important to determine new strategies and actions.

Poor financial conditions can generate late deliveries, poor quality due to issues in buying raw materials, affecting the overall supply chain and economic results.

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Buyers can proceed in different ways to evaluate and deal with a supplier

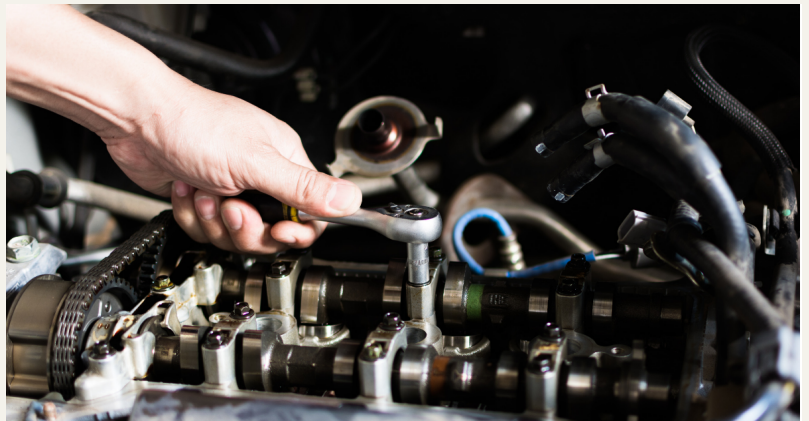
- i. Not only financial conditions must be analyzed. Knowing company structure and ownership, discover if negative legal events are affecting overall evaluation, management, exposure to financial crimes and cyber attack, are critical elements able to give a more exhaustive picture of the supplier.
- ii. Evaluation must continue for all the duration of the relationship to be alerted if something is changing.

2- Cyber Attack

The threat of a supply chain attack is significant in modern organizations. Globalization, decentralization and outsourcing of supply chain activities has created increased potential for damage to all linked entities in the case of a cyber-attack. Sharing information digitally with suppliers is a vital process but it is this digital connection that can leave businesses exposed to cyber-risk. The effects of a cyber-attack on a supply chain can be immense and grow quickly and summarized:

- i. Major disruption of manufacturing processes,
- ii. Lost revenues,
- iii. Market share reduction competitive advantage decrease
- iv. Loss of sensitive customer information.

This can generate a low level of brand credibility and reputation leaving a company unable to meet requests coming from customers, so customers move to new suppliers able to guarantee provisions. In addition, for customers already using these suppliers it can mean the slow down of their processes with severe internal and external impacts too.



3- Deal with suppliers

Buyers in order to develop continuous and profitable relationship are required also to follow two simple rules but could positively affect results.

- i. Avoid dependence of high value supplier
- ii. Pay bills on time as supplier will raise quality for their better customers

4- Labor Risk

As people are part of a supply chain, it's necessary to manage risk also from labor point of view from different perspectives.

- i. Workplace safety — It's the first step to follow for the supply chain development
- ii. Third-party risk — Suppliers are an extension of a company, so bad working conditions, use of child or discrimination by suppliers can in any case cause reputational damages,
- iii. Regulatory shifts — Most important legal concerns are wages and hour issues, employee classification.
- iv. Talent concerns — The rise of automation is also the need for skilled labor it means focus of training and development

5- Natural disaster

Natural disaster can't be avoided, but there are some things to follow to have supply chain intact and businesses keep running.

- i. Renew business as quick as possible starting from an inventory assessment
- ii. Have a plan to ensure equipment safe and operational
- iii. Define recovery time objectives and how to achieve them

6- Political Environment

Global world is in a constant state of change and political environment can affect different companies in different countries. It can be divided into different categories:

- i. Domestic regulatory means definitions of rules that can involve companies and their production flow
- ii. International policy is mainly linked to import and export rules, protectionism or liberalism approach of different countries
- iii. Major event changing current political scenario that could affect differently companies



In this complex scenario of supply chain and focusing on evaluate in advance suppliers' financial strengths and cyberrisk, SkyMinder, the CRIF platform for International Business Information, is acting as a hub where risks related to a supplier are evaluated across the world. All countries and jurisdictions are available, regardless data friction level, complexity in obtain information, political and economic conditions. This is possible thanks to an ecosystem created by SkyMinder in which all countries members of CRIF group are integrated with the best local B2B information providers worldwide. It means to have a direct link with the territory, have a clear and in depth knowledge of the issues related to data potentially to face. Highest quality standard is guaranteed, combining to official sources, negative data or company structure also value added information like and credit limit.

Starting from Credit Reports combined to Monitoring Services, is possible to have a clear view of a supplier, from financial point of view, corporate structure and shareholders with ownership, negative data with an overall evaluation. Then, be alerted if something related to company has changes. An additional aspects more and more crucial, is also the possibility to know if a company is involved in Financial Crimes and if potentially exposed to Cyber attack risk analysis. In a very complex world, risk affecting a supplier must be analyzed from different perspectives and it's necessary to identify right information providers with a global approach.

Using SkyMinder is possible to obtain information on supplier all over the world and be able to take the best business decisions driven to company growth.

By SkyMinder Marketing Team, June 24th 2019