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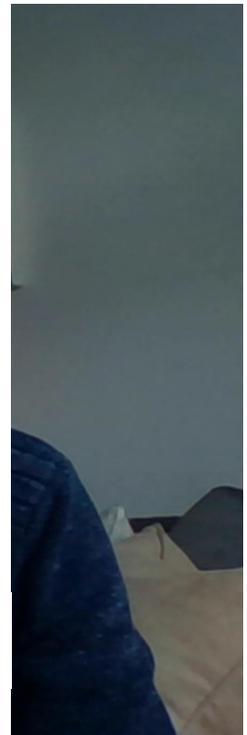
COVID-19 and shattered supply chains

As the world works to manage the current COVID-19 outbreak, the focus is rightly on communities treating those infected, companies protecting employees worldwide, and collectively containing the virus to limit global health impact.

It's clear that economic and societal costs will be huge. The pandemic has revealed the vulnerabilities and fragilities in global supply chains across most, if not all, sectors and industries. Today, organizations are in reaction mode, focused strictly on maintaining supply and meeting customer needs, often through hands-on rigor and hard work.

However, at some point, leaders must analyze the current pain points to better prepare for tomorrow. To avoid perpetual reaction to future "black swan" situations, leaders need to evaluate how they can proactively get ready for future unpredictable, yet inevitable, disruptions.

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No one can predict the future

While no one can foresee what's in store for tomorrow, we can work today on building a "smarter" global supply chain. Organizations can leverage artificial intelligence (AI) and other technologies – such as automation, blockchain, IoT, 5G, and edge computing – to help turn the unanticipated into the envisioned.

Supply chain resiliency starts with organizations evaluating how they can proactively turn the unanticipated into the envisioned.

Current market volatility has highlighted the significant role supply chains play in the overall success and valuation of global corporations. Today's supply chains are incredibly complex, with myriad partners spread across multiple geographies as part of an unprecedented, intertwined global trade ecosystem. Consider the severe acute respiratory syndrome (SARS) epidemic, for example: in 2003 during the SARS outbreak, China accounted for just 2 percent of global GDP. Now consider the COVID-19 pandemic: today, China's share of global GDP has increased to almost 20 percent. As recent history has demonstrated, the potential global repercussions of a slowdown in China's economy have increased exponentially.

The supply chain challenge

Understanding supply chain risks requires gaining visibility into tier 2 and tier 3 suppliers that, despite their relatively small size, can quickly and significantly disrupt production. The knock-on impacts of China's shutdowns early in 2020 sparked strong interest in geographical diversification of supply chains. Recent reports show that over **90 percent of the Fortune 1000** companies have tier 2 suppliers in the regions of China most affected in the initial phase of the global COVID-19 pandemic. Any impediment to interaction and engagement with these suppliers makes risks hard to manage.

At the same time, there's been a heightened premium on accelerating or driving greater agility into supply chains to better manage rapidly evolving situations. Perhaps the most resilient course of all may be teaming up with supply chain partners to establish a coordinated crisis-support system. In such situations, partners will likely rise or fall together, and sharing information, ideas, and response strategies in that climate becomes highly valuable.

Tenacious supply chain professionals are and will continue working through immediate challenges. But, moving forward, how can organizations better manage, foresee, and limit the severity of disruptions? The answer involves building the capabilities necessary to respond to future events with both pace and certainty. Read the full report to learn more.

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