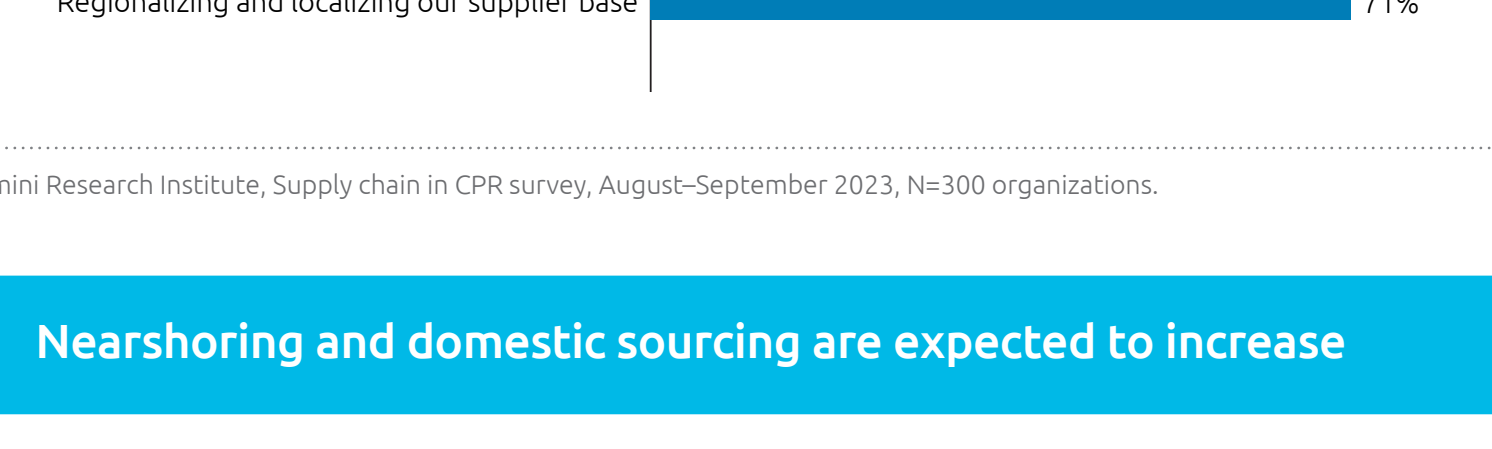


# The diversification and regionalization of supply chains

Almost eight out of ten organizations today are investing in diversifying their supplier base

% OF ORGANIZATIONS WHO SAID, "WE ARE ACTIVELY INVESTING IN..."

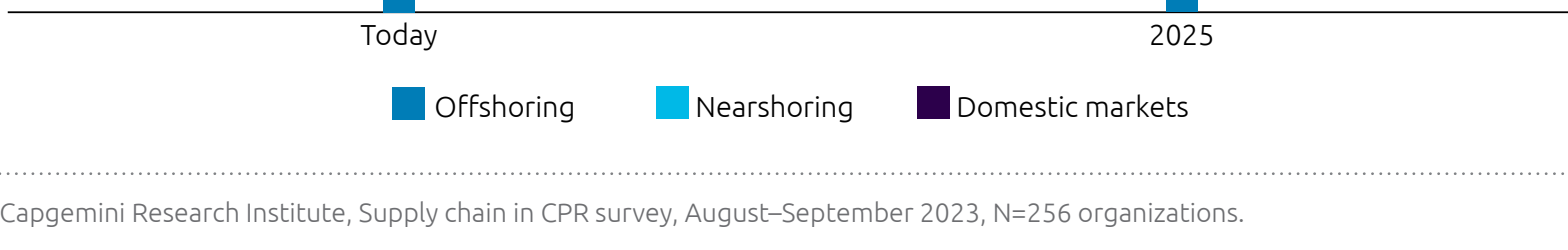


Source: Capgemini Research Institute, Supply chain in CPR survey, August–September 2023, N=300 organizations.

Nearshoring and domestic sourcing are expected to increase

Procurement from offshore locations is likely to fall by 7% in the next two years

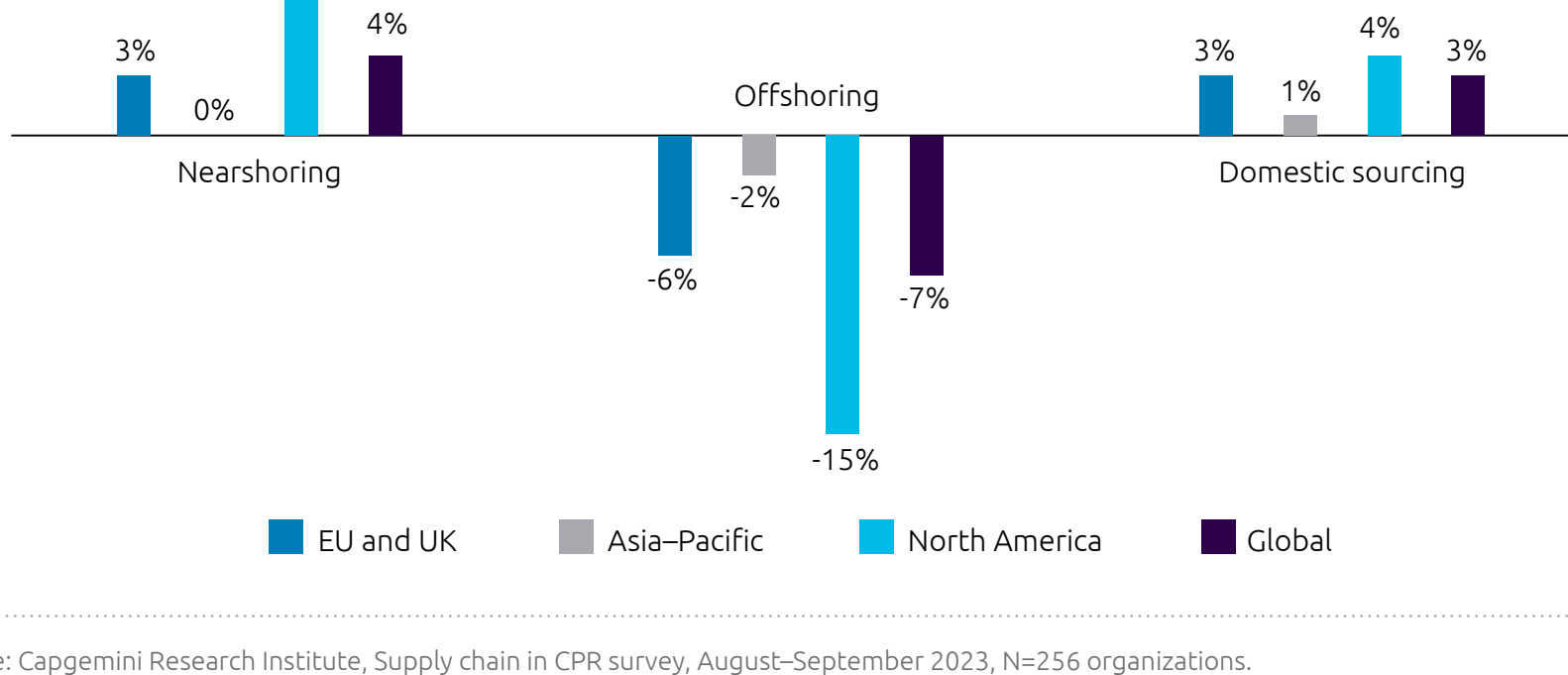
DISTRIBUTION OF PROCUREMENT, IN TERMS OF DOLLAR VALUE



Source: Capgemini Research Institute, Supply chain in CPR survey, August–September 2023, N=256 organizations.

North America is expected to reduce offshoring by 15% while increasing nearshoring by 9%

EXPECTED % CHANGE IN PROCUREMENT LOCATION (BY DOLLAR VALUE), 2025 COMPARED TO 2023



Source: Capgemini Research Institute, Supply chain in CPR survey, August–September 2023, N=256 organizations.

## Why cost efficiencies are back on the agenda

Macro-economic uncertainty and supply chain volatility increased costs and reduced margins

PERCENTAGE OF RESPONDENTS AGREEING THAT THE FOLLOWING IS A CHALLENGE TO THEIR ORGANIZATION



Source: Capgemini Research Institute, Supply chain in CPR survey, August–September 2023, N=300 organizations.

Supply chains are renewing their focus on cost optimization

Cost efficiency is highest on the agenda for the next 1 to 1.5 years

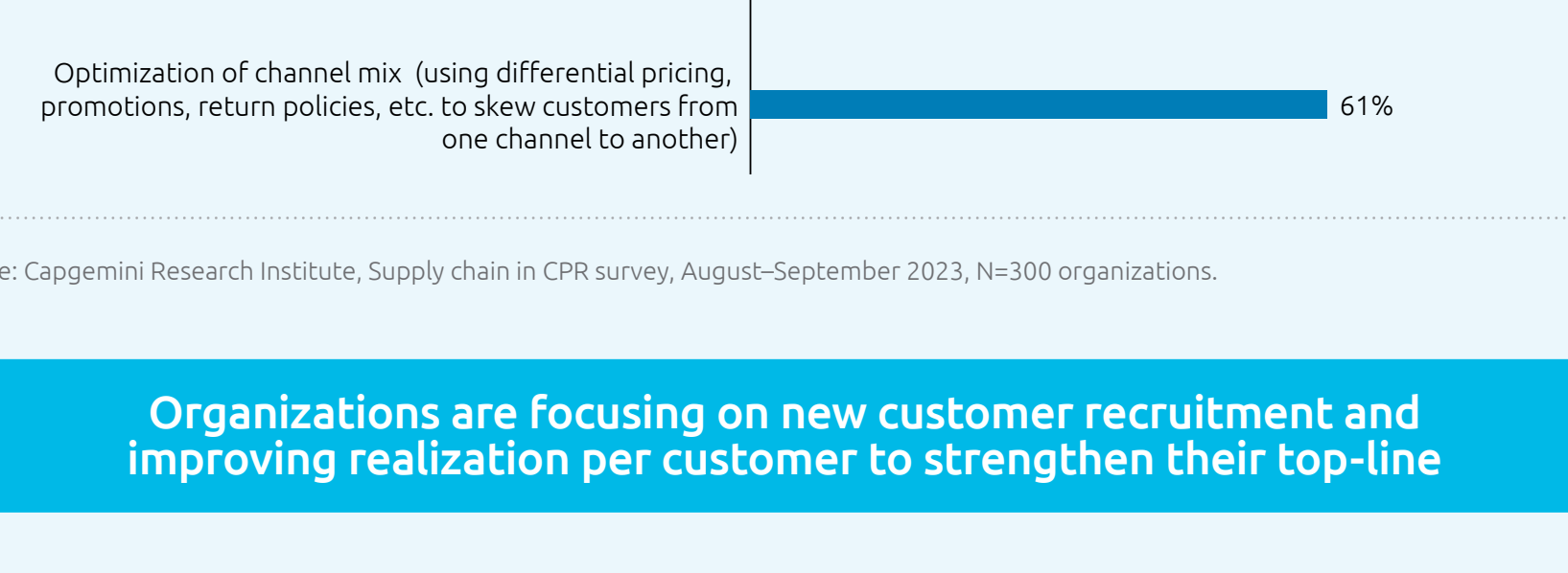
WHICH OF THE FOLLOWING SUPPLY CHAIN AREAS ARE YOU LIKELY TO INCREASE FOCUS ON IN THE NEXT 12–18 MONTHS?



Source: Capgemini Research Institute, Supply chain in CPR survey, August–September 2023, N=300 organizations.

Organizations are turning to process improvements and automation to cut costs

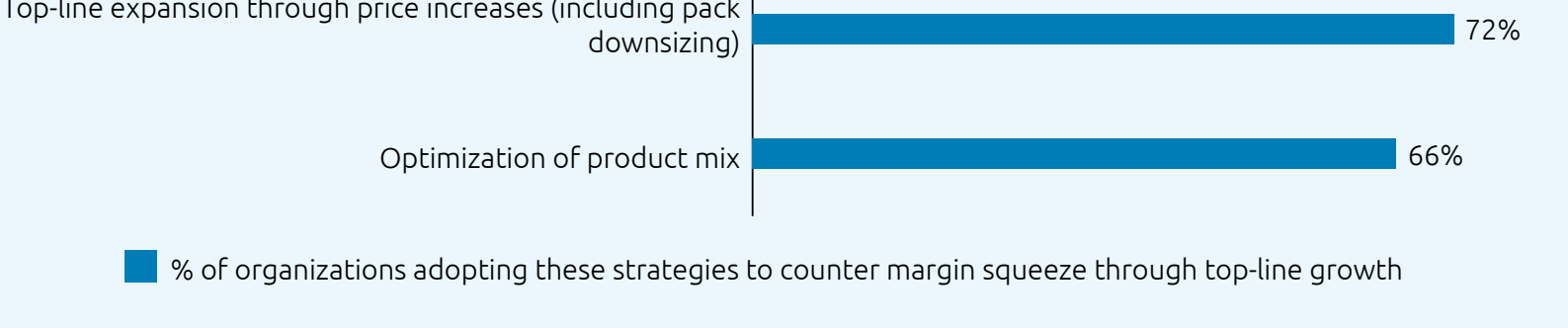
% OF ORGANIZATIONS WHO HAVE IMPLEMENTED THESE STRATEGIES



Source: Capgemini Research Institute, Supply chain in CPR survey, August–September 2023, N=300 organizations.

Organizations are focusing on new customer recruitment and improving realization per customer to strengthen their top-line

STRATEGIES BEING IMPLEMENTED BY ORGANIZATIONS TO IMPROVE THEIR TOP-LINE INCLUDE

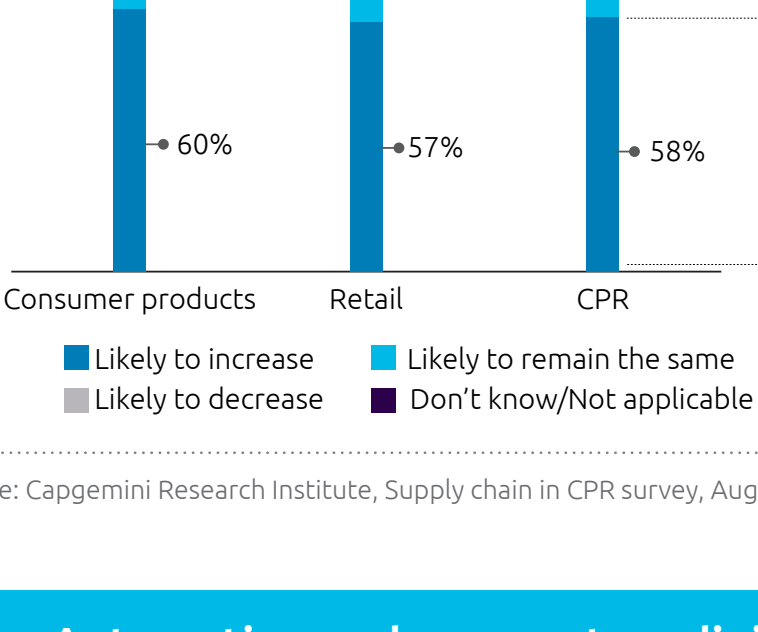


Source: Capgemini Research Institute, Supply chain in CPR survey, August–September 2023, N=300 organizations.

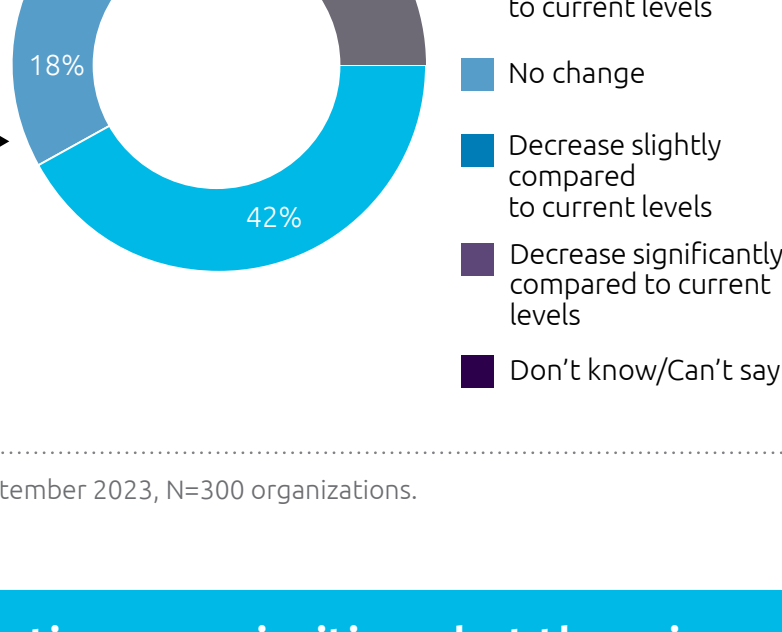
## The renewed role of digitalization to realize cost and revenue objectives

58% of organizations are likely to increase their investments in supply chain in the next 12–18 months

IN THE NEXT 12–18 MONTHS, IS YOUR ORGANIZATION PLANNING TO INCREASE/DECREASE INVESTMENTS IN SUPPLY CHAIN?



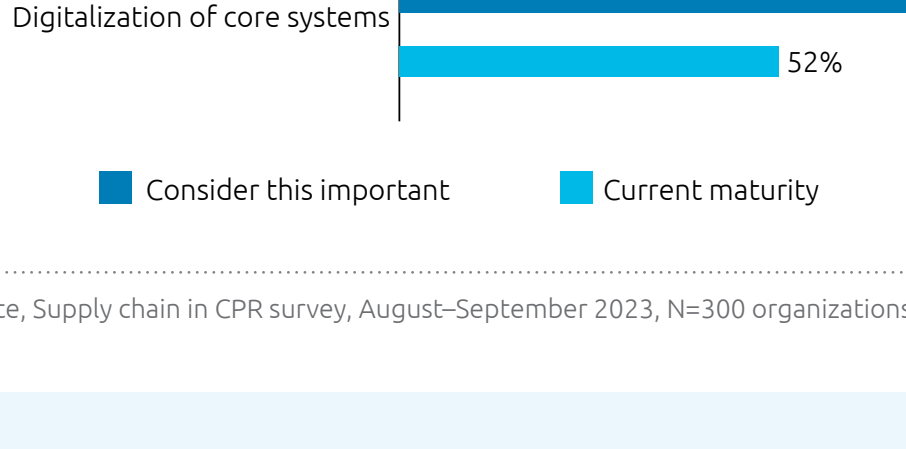
FOCUS ON SUPPLY CHAIN DIGITALIZATION IN THE NEXT 12–18 MONTHS



Source: Capgemini Research Institute, Supply chain in CPR survey, August–September 2023, N=300 organizations.

Automation and core system digitalization are priorities – but there is a long way to go

IMPORTANCE VS. CURRENT MATURITY

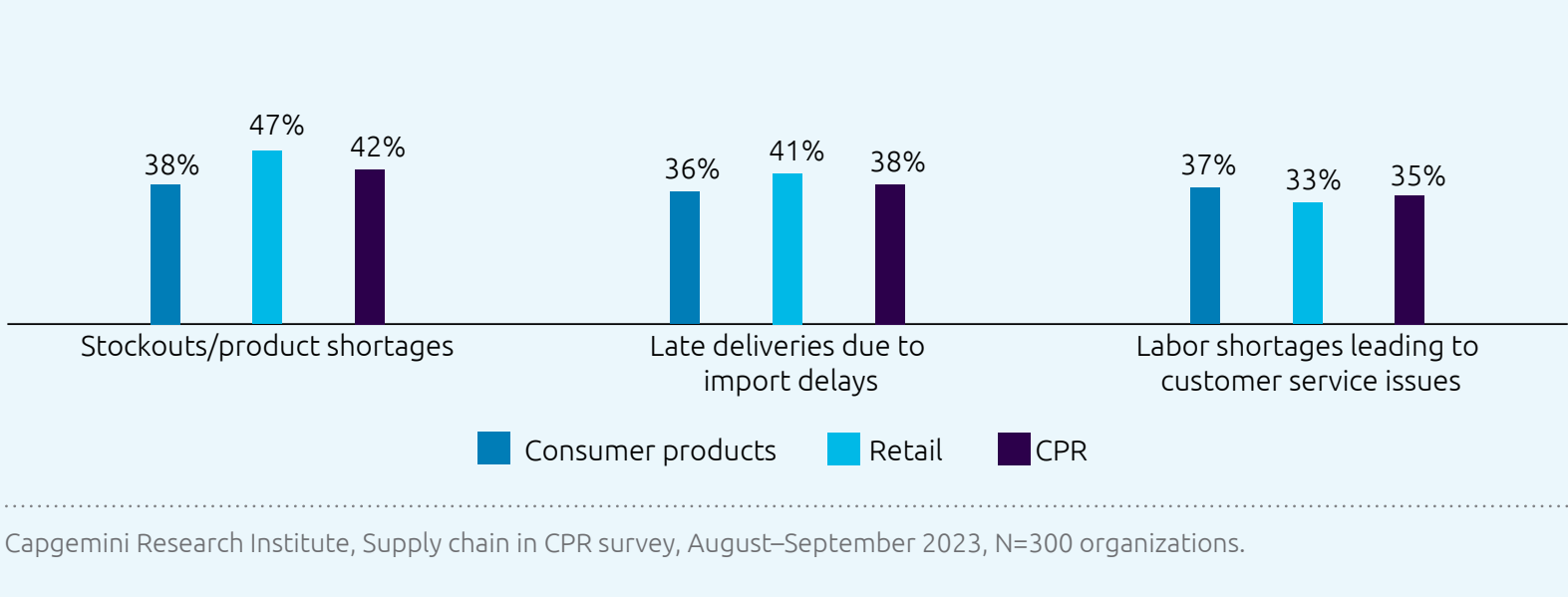


Source: Capgemini Research Institute, Supply chain in CPR survey, August–September 2023, N=300 organizations.

## Almost one in two retail organizations anticipate stockouts during the 2023 holiday season

Stockouts/product shortages, late deliveries due to import delays and labor shortages leading to customer service issues are the top issues expected in 2023 holiday season

TOP THREE ISSUES ORGANIZATIONS EXPECT TO ENCOUNTER DURING HOLIDAY SHOPPING DAYS

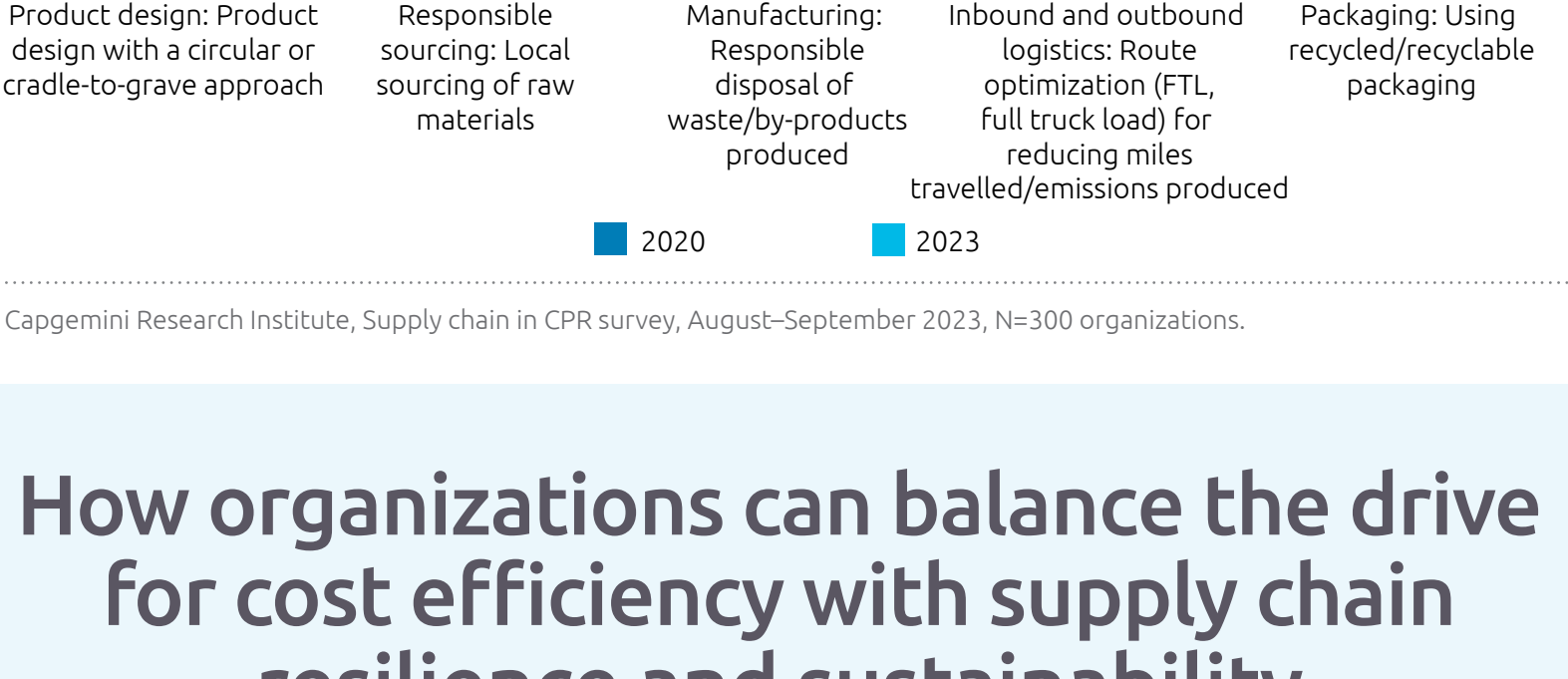


Source: Capgemini Research Institute, Supply chain in CPR survey, August–September 2023, N=300 organizations.

## How sustainability is playing out in the supply chain

Less than half have deployed large-scale sustainability initiatives across the value chain

ADOPTION OF SUPPLY CHAIN SUSTAINABILITY INITIATIVES IN THE FOLLOWING AREAS – USE CASES DEPLOYED AND SCALED



Source: Capgemini Research Institute, Supply chain in CPR survey, August–September 2023, N=300 organizations.

## How organizations can balance the drive for cost efficiency with supply chain resilience and sustainability

To drive profitable growth, organizations need to balance cost efficiencies with resilience and sustainability and we suggest a few key areas to consider.

- Develop end-to-end traceability of the supply chain
  - Reduce scope 2 emissions by monitoring electricity utilization, using renewable energy and recycled water
  - Link supply chain sustainability efforts with cost reduction
  - Increase recycling of used components to minimize usage of new raw materials
- Use data and analytics to improve planning, fulfillment, and customer experience
  - Improve collaboration within and outside by building visibility and transparency across the supply chain
  - Reduce time and money spent on non-core products and processes
  - Elevate the sourcing function to make it more strategic
- Optimize inventory using demand sensing and data sharing
  - Localize supply network for holiday season to be more agile
  - Consider alternative fulfillment options like micro-fulfillment centers

Source: Capgemini Research Institute analysis.

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