Columbus® | Once you know how...
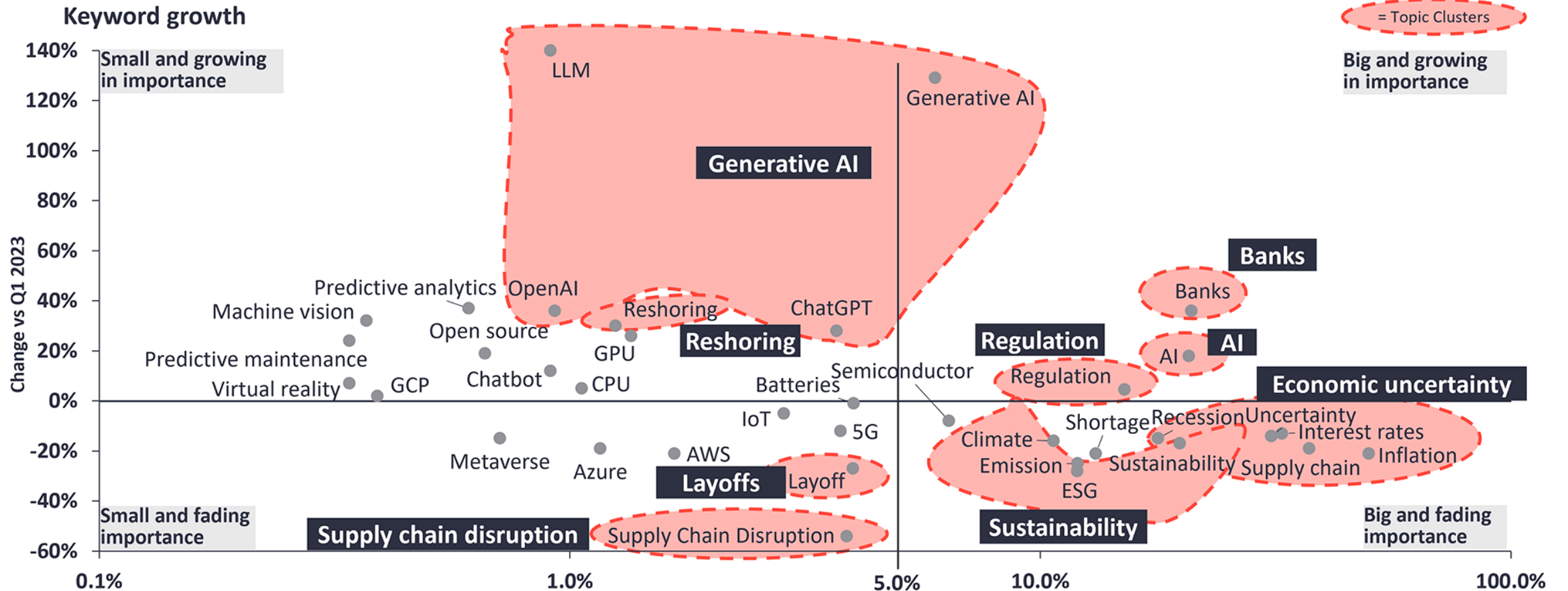
Improve your Supply Chain visibility with intelligent vendor management

Agenda

- Challenges and opportunities

- Customer stories

- Intelligent and adaptable vendor management

- The catalyst offer

- About Columbus

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What CEOs talked about on Q2/2023

Keyword growth

- Small and growing in importance
- Big and growing in importance
- Small and fading importance
- Big and fading importance

= Topic Clusters

Change vs Q1 2023

Keyword importance values (x-axis): 0.1%, 1.0%, 5.0%, 10.0%, 100.0%
Change vs Q1 2023 values (y-axis): 140%, 120%, 100%, 80%, 60%, 40%, 20%, 0%, -20%, -40%, -60%

Data points and labels:
- LLM (~140%)
- Generative AI (~130%)
- Predictive analytics
- OpenAI
- Machine vision
- Open source
- Reshoring
- ChatGPT
- GPU
- Predictive maintenance
- Virtual reality
- GCP
- Chatbot
- CPU
- Batteries
- Semiconductor
- Banks
- Regulation
- AI
- Economic uncertainty
- IoT
- 5G
- Shortage
- Recession
- Uncertainty
- Interest rates
- Inflation
- Metaverse
- Azure
- AWS
- Layoff
- Climate
- Emission
- Sustainability
- Supply chain
- ESG
- Supply Chain Disruption

Topic cluster labels:
- Generative AI
- Reshoring
- Layoffs
- Supply chain disruption
- Regulation
- Banks
- AI
- Sustainability

Note: The analysis is based on ~8,000 earnings calls from ~4,000 global companies listed in the U.S. in Q2 2023 and Q1 2023. The mentions of the selected keywords in each call were counted in each quarter. We welcome republishing of images but ask for source citation with a link to the original post and company website.

Keyword importance

(Share of companies that mentioned the keyword in Q2 2023 at least once)

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Increase flexibility across the value chain
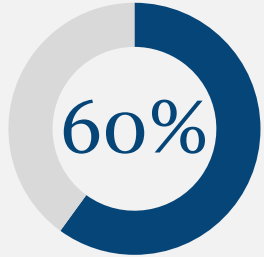
60% of organizations reported at least one supply chain **disruption** say that these disruptions were caused by **supplier-related issues** [1]
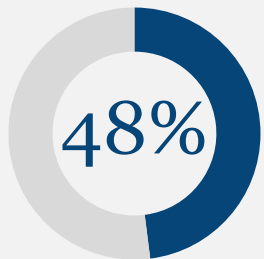
48% of companies experienced **quality issues with their suppliers**, leading to product defects, rework, and increased customer returns [2]
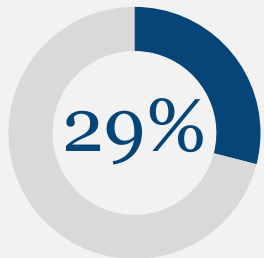
29% of companies had experienced a **significant compliance failure with suppliers**, resulting in financial penalties, legal disputes, and reputational damage [3]

Companies with **high levels of supplier collaboration** achieved, on average:

15% higher revenue growth
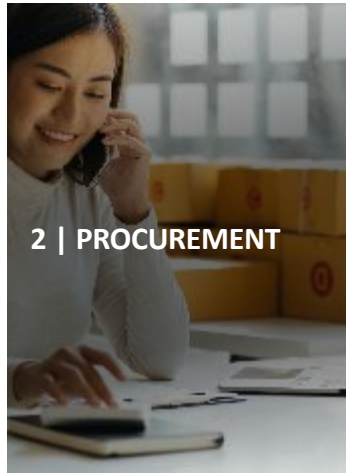
20% lower supply chain costs

50% lower inventory levels [4]

# Vendor management is a crucial part of resilient supply chains

1 | PLANNING

Companies can adjust their demand forecasts and production plans accordingly to prevent shortages or excess inventory. **Now with Copilot**

2 | PROCUREMENT

Source raw material from suppliers in the fastest and most cost-effective manner set up new suppliers quickly to ensure business continuity. **Now with Copilot**
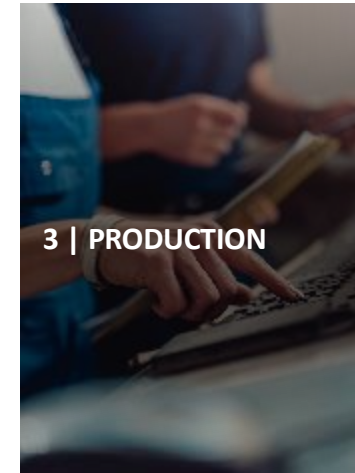
3 | PRODUCTION

Minimize disruptions caused by supplier issues/ lack of components by quickly assessing the impact and adjusting formulas through change management to ensure production lines are running every day
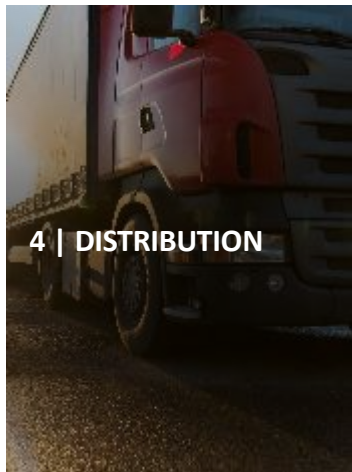
4 | DISTRIBUTION

Ensure real-time cross channel inventory visibility to ensure that you are stocking your DCs globally with the right mix and right quantity / reduce inventory levels
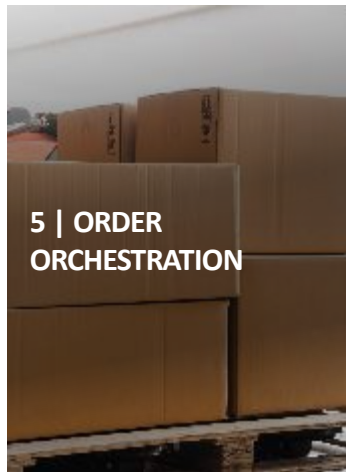
5 | ORDER ORCHESTRATION

Optimize shipment sizes, reduce freight expenses, and enhance overall logistics coordination by coordinating with suppliers and aligning order quantities and delivery schedules. **Now with Copilot**
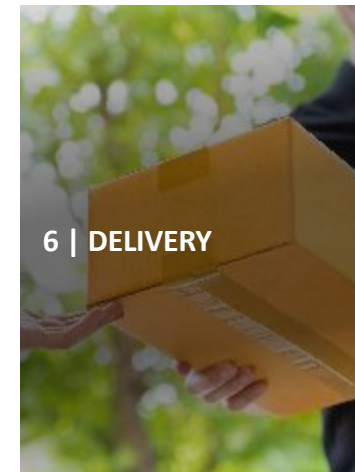
6 | DELIVERY

Assess the reliability of suppliers in meeting delivery schedules by monitoring and managing supplier performance metrics, such as on-time delivery and order fill rate

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Opportunities for your business

Analyze spend to optimize supplier base and sourcing
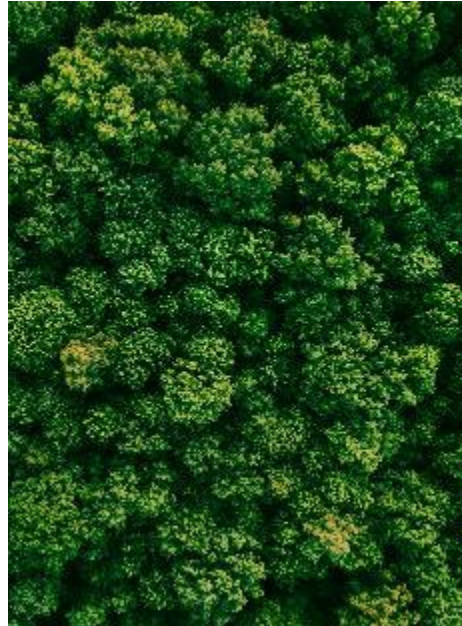
Prioritize eco-friendly and ethical sourcing of materials

Diversify supplier base to avoid an overdependency on certain geographies

Predict upcoming issues in the supply chain before they occur with Copilot support

Onboard innovative inventory management strategies

Benefits

Enhanced overall supply chain resilience due to easier detection of underperforming vendors, addressing issues promptly, and fostering continuous improvement.

Better decision-making due to accuracy and data integrity. Automation reduces the risk of errors, duplications, and data inconsistencies.

Improved performance and customer satisfaction through decreased costs, lead time and product reliability.

Compliance with legal, environmental, and ethical standards due to tracking and managing supplier certifications, contracts, and documentation.

Streamlined communication and collaboration thanks to real-time collaboration capabilities, quicker issue resolution, timely responses to inquiries.

KPIs

1 On-time Delivery

2 Quality Performance

3 Lead Time

4 Cost Savings

5 Supplier Performance

6 Supplier Diversity

7 Contract Compliance

8 Supplier Relationship

9 Cost of Goods Sold (COGS)

10 Gross Margin

11 Return on Investment (ROI)

12 Customer Satisfaction

15 Time-to-Market

14 Inventory Turnover

17 Working Capital

16 Brand Reputation

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Vendor management and ESG

Supplier Selection: evaluating potential suppliers based on their ESG performance, such as their environmental impact, social responsibility practices, and governance standards

Supplier Code of Conduct: An effective way to integrate ESG into vendor management is by implementing a supplier code of conduct. This code outlines the organization's expectations regarding ESG criteria and requires suppliers to comply with these standards

Supplier Performance Monitoring: ESG-focused procurement involves ongoing monitoring of supplier performance. This includes assessing suppliers' ESG performance periodically to ensure they continue to meet the agreed-upon standards

Risk Management: Implementing robust risk management processes, including due diligence assessments and ongoing monitoring, helps mitigate ESG-related risks in the supply chain

Reporting and Transparency: disclosing information on supplier performance, ESG criteria used for supplier selection, progress made in improving ESG practices, and any initiatives taken to address ESG challenges

TIP

What gets measured gets managed.
As the ESG role and expectations evolve, the metrics must evolve too!

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Poor data quality and lack of integration are still top challenges

What do you see as the main barriers to the effective application of digital technology in procurement? (Select and rank top three)

Quality of data
| 22.91% | 16.72% | 10.84% |

Poor integration across applications
| 13% | 16.41% | 16.10% |

Lack of budget/founding
| 15.17% | 13.31% | 12.07% |

Unclear ROI and difficult justification process
| 12.38% | 11.46% | 6.81% |

Lack of internal IT resources/support
| 9.60% | 8.98% | 10.22% |

Difficulty with aging technology (e.g., ERP)
| 6.81% | 11.15% | 11.15% |

Change management with stakeholders
| 7.43% | 9.91% | 10.53% |

Availability of data
| 8.67% | 4.64% | 4.33% |

Availability of skiled labor
| 4.02% | 6.81% |

Rank 1   Rank 2   Rank 3

Challenges

Integration and Compatibility

Implementing a vendor management system often involves integrating it with existing enterprise systems such as ERP or procurement software.

Data Management and Accuracy

Ensuring data accuracy, completeness, and consistency can be challenging, especially when dealing with multiple data sources or manual data entry processes.

Resistance to change

Implementing new technology can be disruptive to existing processes and workflows, and some employees may be resistant to change or may require significant training to adapt to new tools.

System Complexity and Training

Vendor management systems can be complex, requiring technical expertise for setup, configuration, and ongoing maintenance.

Vendor Compliance and Integration

Vendor management systems often involve interaction with external suppliers who may have their own technology systems and processes.

The Winning Formula

Digital Technology + **Business Transformation** = **New Value**

To achieve new value, you must concurrently deploy the right digital technologies and be strong in many of the disciplines that lead to successful business transformation.

An overview of Value-First approach by Columbus

Strategy & Envisioning
Building a clear, bold and compelling vision for new value and gaining strategic alignment and buy-in on the priorities

Value-First Leadership
Leading a business value creation culture and providing governance for the organization's value management discipline. Business-driven and integrating value management into the other change and transformation disciplines

Envision & Identify

Value-First Leadership

Plan & Engage

Optimize & Re-envision

Transform & Measure

Value Analysis & Solutions
Unpacking the value and designing the solution to produce it

Value Proposition & Roadmap
Planning the roadmap and pace of the change and building the business case and coalition for its delivery

Identify Further Value & Optimize
Establishing opportunities for further improvement and value evolution

Realize & Appraise Value
Tracking and measuring benefits and taking any remedial action for realizing and consolidating the value

Manage Value Through Change
Maintaining a focus on value in every change by managing the benefits plan's delivery

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The approach in more depth – The Value First Framework

Value-First Leadership | Leading a business value creation culture and providing governance for the value management discipline in the organization

Envision & Identify → **Plan & Engage** → **Transform & Measure** → **Optimize & Re-envision**

Strategy and Envision	Value Analysis and Solutions	Value Proposition and Roadmap	Manage Value Through Change	Realize and Appraise Value	Identify Further Value and Optimize
Building a clear, bold and compelling vision for new value, and gaining strategic alignment and buy-in on the priorities	Unpacking the value and designing the solution to how it can be delivered	Planning the roadmap and pace of the change, and building the business case and coalition for how it will be delivered	Maintaining a focus on value in every change by managing the delivery of the benefits plan	Tracking and measuring benefits and taking any remedial action for realizing and consolidating the value	Establishing opportunities for further improvement and the evaluation of the value
Key stakeholder engagement and envisioning workshops	Value and gap analysis and solutioning	Delivery cost/benefit planning, road map and business case	Establish value owners Manage value dependencies and deliver changes	Realise benefits and value Identify unexpected benefits	Key stakeholder engagement and envisioning workshops
Business assessment Workshops Prioritised opportunities Report & playback	Value assessment Gap and Solution analysis Value dependency map Solution roadmaps	Value proposition Delivery capabilities Roadmap Benefits plan & business case	Value and change dependency maps Benefit realization plans	Benefit realization plans Benefits tracker Value dashboard	Workshops Opportunities list Report and playback
Business Focus	**Business & Technology Focus**	**Business, Technology & Planning Focus**	**Business, Technology & Change Focus**	**Business, Technology & Change Focus**	**Business, Technology & Change Focus**

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How we'll get there

Strategy and Envision	Value Analysis and Solutions	Value Proposition and Roadmap
Building a clear, bold and compelling vision for new value, and gaining strategic alignment and buy-in on the priorities	Unpacking the value and designing the solution to how it can be delivered	Planning the roadmap and pace of the change, and building the business case and coalition for how it will be delivered
Key stakeholder engagement and envisioning workshops	Value and gap analysis and solutioning	Delivery cost/benefit planning, road map and business case
Business assessment Workshops Prioritised opportunities Report & playback	Value assessment Gap and Solution analysis Value dependency map Solution roadmaps	Value proposition Delivery capabilities Roadmap Benefits plan & business case
Business Focus	**Business & Technology Focus**	**Business, Technology & Planning Focus**

Bringing this all together
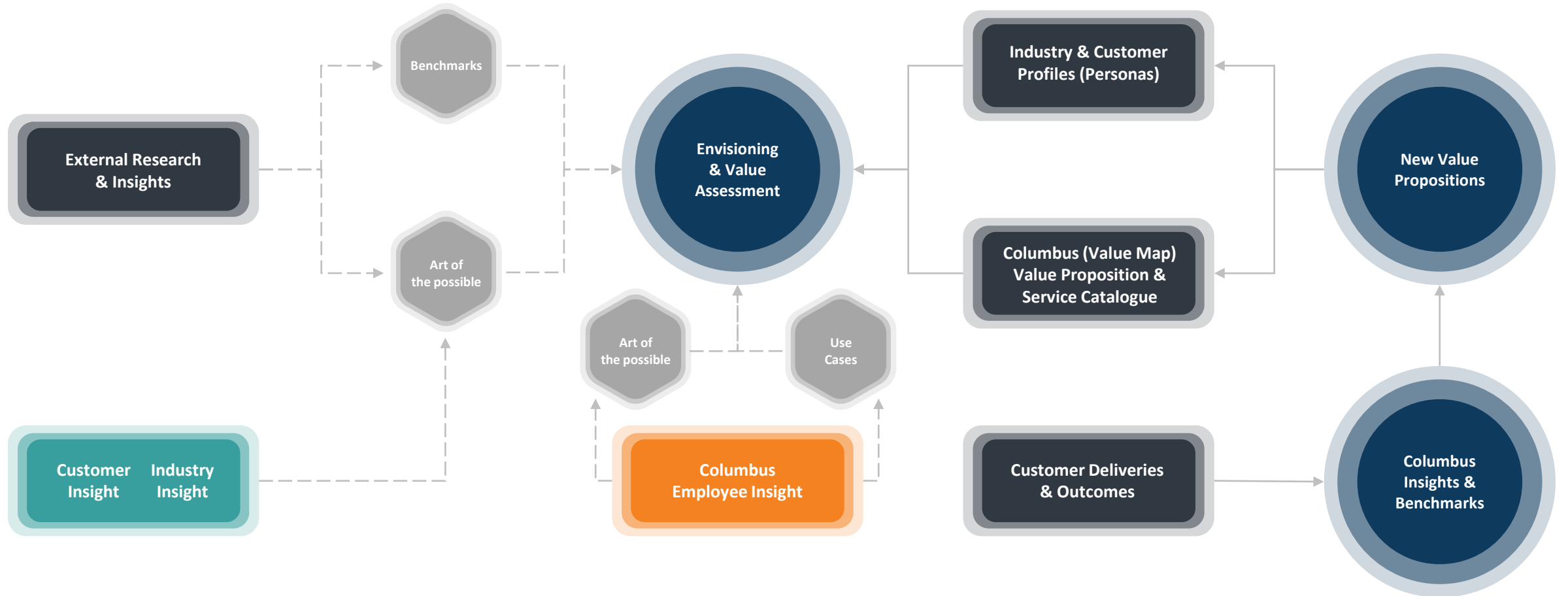
Three packages to fit your business needs

Starter

Strategy and Envisioning

- Envisioning workshops
- Playback to client, with recommendations
- ROM Value, High-level solution, capabilities required, recommendations and suggested next steps

Standard

Starter + Value Analysis and Solutions

- Envisioning workshops
- Technology, Data and Integration workshops
- 2 x Playbacks to client, with recommendations
- Value analysis with ROI where solution costed, bid level solution, capabilities required, recommendations and suggested next steps

Advanced

Standard + Transformation Roadmap

- Envisioning workshops
- Technology, Data and Integration workshops
- Planning and cost workshops
- Several Playbacks to client, with recommendations
- Solution and delivery Roadmap, ROI, Value Levers, solution, capabilities required, recommendations and suggested next steps

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Why choose Columbus

Holistic business transformation approach

A realistic and pragmatic strategies

Adaptive approach – we run multiple projects simultaneously

We know industry benchmarks and challenges and understand your processes

We cover all business-critical processes, eliminating the need for multiple partners

Safe pair of hands for your entire transformation journey

Cloud ERP
to optimize Supply Chain & Finance

Power Platform
to accelerate Innovation with Low Code

Customer Experience
to improve customer experience and
engagement strategy

Data & AI
To provide actionable insights for data-
driven decision making

Digital Commerce
Create customer-centric e-commerce
strategy to boost revenue

Security
Protect your business-critical assets

Change management built-in

Seamless transition into operations

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Summary of Practicalities

PARTICIPANTS

OTHER DETAILS

Representative
from IT department

Geography: globally

Representatives from the
procurement department and all
other stakeholders involved into
vendor management

Delivery model: online/offline,
1 full day

Top management
representative

Price: Starting at $ 11 500
*can be Microsoft funded

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Our mission

We deliver customer success

30
Years of in-depth industry, technology, and process experience

5000+
Enterprise & Large SMB customers worldwide in various industries

9,000
Business-critical application implementations

- Columbus is a global digital advisor and IT consulting company

- Part of NASDAQ Copenhagen stock exchange since 1998

- Largest Microsoft Dynamics (ERP) partner in Northern Europe

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Realize the full potential of your business

Scalable partnership

Local presence empowered by global experience and resources

Increased value

Digital advisory, industry knowledge and best-in-class ERP platform

Pillars of success

1

2

3

4

Business growth

Full range of business-critical services

Guaranteed efficiency

Best practice Methodology for life in the cloud

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Local presence empowered by global experience & resources

Sweden
Norway
Denmark
Poland
United Kingdom
United States
Germany
Czech Republic
Chile
India

10 countries

9 languages

1600 employees globally
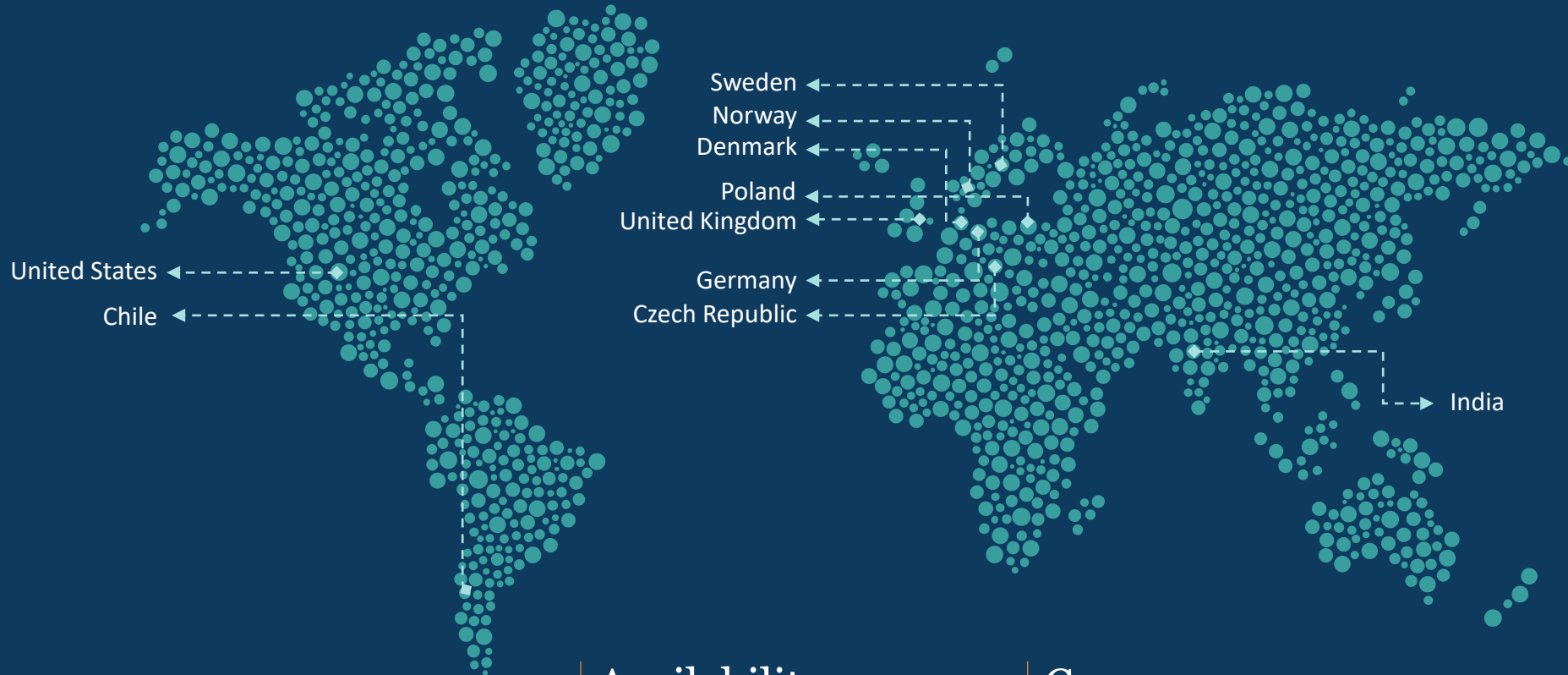
24/7 support

Availability
multiple time zones

Coverage
global resources

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Manufacturing

Optimize time to market and transform your business towards servitization

- Design Engineering, ECM
- Generic products, Configuration
- Product Life Cycle management

- Statistical Demand Forecasting
- MES & Resource management, MR/AR
- Global S&OP, Load balancing

- Enterprise Asset Management
- Asset Service Management
- Preventive & Predictive maintenance

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