# Supplier Risk Management Webinar (Know Your Supplier)

# Consumer and Industrial Products & Services (CIPS) market

CIPS edition - 23 November 2021





# Rules/tips for the webinar

You can ask your questions via the chat function

**Engagement** Continuous interaction thrives this webinar

**Distractions** Please put other work / activities aside

MaterialWill become available after the webinar

**Contacting** Contact details will be shown in the end





# Agenda PwC & Salesforce CIPS webinar

Time	Activity
0. 08:30 – 08:35	Drop in, word of welcome and discuss agenda – Marcel Prinsenberg
1. 08:35 – 08:45	Key Know Your Supplier (KYS) challenges in the market - Marcel Prinsenberg
2. 08:45 – 09:00	Use case: CIPS industry expert on Know Your Supplier (KYS) – Hubert Verweij
3. 09:00 – 09:10	How PwC can add value with Know Your Supplier (KYS) - Xander de Jong
4. 09:10 – 09:25	PwC's Know Your Supplier (KYS) model on the Salesforce platform - Jasper Kakes & Robin Bhowmick
5. 09:25 - 09:30	Closing, questions (Q&A) and contact details - All participants



# Key Know Your Supplier (KYS) challenges in the market

Marcel Prinsenberg PwC

# Why is Know Your Supplier relevant (in the CIPS market)?



33% of the Dutch CEO's have indicated digitalization of risk management as their top priority



**31%** of the Dutch CEO's have indicated collaborating with supply chain partners to collectively manage risks as their top priority

**50%** of Dutch executives have cited lack of mature Third Party Risk Programme as a source of Third Party Fraud



**21%** of Dutch executives have cited no due diligence or monitoring programme at all as a source of Third Party Fraud





Platform economics: rising interactions with suppliers Interactions with suppliers are essential for every company



Rapidly changing supplier and trade regulations Borderless supplier marketplaces by globalisation and digitalisation

	<u></u>

Increased responsibility for financial and social well-being

Suppliers can cause significant financial and reputational damage to companies



**Rising costs to cover global requirements** 

Manual processes causes continuously increasing costs and affecting the effectiveness of the organization



# **Reality check:** Is it possible at all to manage all the supplier risks your company is facing? And how are you now dealing with these risks?

Organizations that are in the dark about their supplier network may bare risks that could impact their supply, reputation and cause compliance issues



Some examples that may form risks within the CIPS supply chain network







Platform / ecosystem



# Challenges that organizations in the CIPS market are facing and our view:

Organizations only partly have a view on their suppliers' risks and their impact on business and therefore do not achieve building and maintaining a resilient supplier ecosystem.

#### Challenges related to CIPS market supplier risks

- Supply chains become longer and more complex due to globalization and outsourcing
- Truly understand supplier ecosystem and the (hundred) thousand suppliers
- The high variety of risks makes a full assessment virtually impossible; domains are needed
- **Rapidly changing** supplier ecosystems require transparency beyond tier-1 (and tier-n).
- Risk types should be treated differently as there is a difference in **predictability**.

### Our view

Take preventive action in the boardroom while protecting your corporate strategy

- Eliminate silos by aligning supplier risk strategy with corporate strategy
- Increase consistency in mitigating actions and decisions
- Reduce errors through AI powered and data-driven decisions

### The benefits for businesses:



Enhanced process efficiency



Confidence for decisionmaking



Full supplier network transparency



# Use case: CIPS expert on Know Your Supplier (KYS)

Hubert Verweij PwC



Product quality & safety

Consumers and customers expect that the products they are buying meet quality standards and are safe during usage.



Price & currency fluctuations Strong fluctuations are directly felt by customers and consumers if additional costs can be charged to them



#### Material scarcity and volatility

Supply disruptions due to nature or human failure directly impact a seamless goods flow potential leading to inventory shortages.



#### **Sustainable practices**

Sustainability is not an order winner anymore. Good practices and visibility in the tier-n supplier network are now widely expected.



#### Intellectual property

Ongoing innovation and fast time-to-market make companies win or lose, but to what extent are you protected is or is open innovation the norm



PwC

#### Data protection & security

Besides fines if you encounter a breach, your competitive advantage is jeopardized when strategic information become available to the market









With typically more than 20.000 suppliers and limited resources, organizations in the CIPS industry need to be very conscious how they spend their time and resources.

### What makes suppliers critical?

- ✓ Impact on current & future revenues
- $\checkmark$  Impact on current & future costs
- ✓ Expected length & continuity in relationship
- $\checkmark$  Access to critical supplier capabilities
- $\checkmark$  Dependency on supplier
- ✓ Relationship complexity
- $\checkmark$  Attractiveness own organization to supplier
- $\checkmark$  Strategic, organizational & cultural fit



-Segmentation is driven by business priorities so business is closely engaged-

# Effective supplier collaboration

- Focus on broader value impact of suppliers
- Putting suppliers as specialists in the driver's seat
- Step in when the suppliers lack the required resources and capabilities
- Multiple mitigation actions that go beyond dual sourcing only
- Multidisciplinary team and activity
- Deploy emerging technology

# Supplier collaboration is the measure to proactively identify, prevent and mitigate risks in your supply chain.

### Different treatment strategies based on supplier segment and performance...



#### Operate

Actual performance meets expectations. There are no specific opportunities, risks or problems to collaborate on besides business as usual activities.

#### Improve

Performance is structurally lagging expectations and the other party is expected to take action and show improvement. Situation is not disruptive to operations yet.

#### Develop

Lack of performance lead to risk exposure leads and disruptive situation where the buying organization directly intervenes and support the supplier. Support can also be opportunity driven.

#### Innovate

Both organizations see an opportunity to innovate a product, process, technology and/or business model. These opportunities require significant resources and investments.

#### Replace

Structural lack of performance made the organizations decide to terminate collaboration and close-out (or not extend) the existing contract.



...As collaboration platform between your organization and suppliers



# How PwC can add value with Know Your Supplier

Xander de Jong PwC

# PwC's 'Know Your Supplier' framework to serve as your foundation

PwC's Supplier Risk Management Framework: A holistic framework that tackles all elements that are relevant for a reliable and effective supplier risk management approach, enabling organizations to manage risks associated with suppliers over their lifecycle.



# Building on the KYS framework results, your supplier risk is assessed

To truly have a good insight in and understanding of the risks your suppliers may bring with them, a clear view on all risk domains must be combined with a thorough and well deployed risk management framework



# Supplier risk management should be incorporated in the procurement cycle; each step of the cycle has distinct risk mitigating activities

- Determine category risk profile in the CIPS market Define category strategy and also take risk profile into account Determine risk monitoring strategy per category profile Integrate supplier risk in the ERM approach and in the CIPS market supply chain / **Business** procurement strategy (e.g. near/offshore) Category Risk as integral part of sourcing strategy (single Determine relevant CIPS market risk Strategy Strategy vs multiple sourcing) domains and the company's risk appetite Risk based supplier qualification/vetting Determine risk profile and business criticality for supplier that was awarded the contract Monitor and report on supplier risk and value Reporting Sourcing Contract / implement (initial) mitigation actions at risk Adapt monitoring strategy for specific suppliers (if required and divergent from category) **Supplier Risk** Management (CIPS market) Supplier Purchase Determine and implement risk response Prevent maverick and off-contract buying to Pay Management strategies Halt purchase orders or payments for Monitor and assess supplier risk suppliers running severe (continuity) risks Make action/improvement plans with suppliers and monitor progress Contract Act on issues/disruptions Management
  - Monitor contract performance and contract compliance
  - Monitor validity of certificates, licenses, permits, etc.

# Various data sources will have to be combined with additional intelligence to monitor and report supplier performance and risk - *example dashboards*









# PwC Know Your Supplier (KYS) model on the Salesforce platform

Jasper Kakes *PwC*  Robin Bhowmick Salesforce

# Our Point of View on Supplier Management

Supplier Management is all about choosing the right suppliers and optimizing collaboration with suppliers to sustain contracted savings, manage risks, unlock new value through innovation and become a customer of choice for the most important suppliers.



RAQSCI: Regulations, Assurance of supply, Quality, Service, Costs and Innovation

VIPER: Volume, Information, Profitability, Efficiency and Reliability

salesforce



Trail Blazer

blazen

Trail

# How does Salesforce Enable this?

# Procurement Systems Still Run on Legacy Technology

Disparate and non-collaborative systems impede working fast



# CRM and SRM - Two Sides of the Same Coin

Why Traditional SRM Practices Need to be Challenged

# **SRM on Salesforce**

#### **Master Data and Analytics**

Spend Mgmt & Analytics (SMA) Supplier Information Mgmt (SIM) Supply Base Analytics (SBA)

#### **Transactional Procurement**

Source to Contract (S2C) Procure to Pay (P2P)

#### Legal and Risks

Supplier Due Diligence (SDD) Vendor Risk Mgmt (VRM) Contract Lifecycle Mgmt (CLM)

#### **Procurement Performance**

Savings Tracking and Reporting (STR)

#### **Supplier Management**

Vendor Performance Mgmt (VPM) Supplier Relationship Mgmt (SRM)



# **Customer 360**

#### **Master Data and Analytics**

Revenue Mgmt & Analytics (RMA) Customer Info Mgmt (CIM) Client Base Analytics (CBA)

Transactional Sales Digital Commerce

#### Legal and Risks

Enterprise Risk Mgmt (ERM) Contract Lifecycle Mgmt (CLM)

#### **Sales Performance**

Sales Force Automation (SFA) Sales Performance Mgmt (SPM)

#### **Customer Management**

Customer Communications Mgmt (CCM) Social CRM (SCRM) Customer Service and Engagement (CSE)

# Navigate the New Normal with Customer 360

Build secure and scalable apps from anywhere





Trusted, reliable platform Fast time to value Flexible configuration & updates Smart apps with analytics & Al

# Salesforce Platform

World's #1 platform, powering the Customer 360





# Salesforce Platform is a Set of Building Blocks





# Salesforce is Built with Platform





# SRM on Salesforce Pillars













### **Advanced Permissions**

Granular access control ensuring appropriate data isolation and role configuration.

# **SOC2 Certified**

Published certifications and Penetration/Vulnerability tests available in our <u>Compliance Portal.</u>

## **Sustainability Measurement**

Integration with Sustainability Cloud next to Strategic Sustainable Goals



# Ease







## Templates for Surveys and Dashboards

Out of the box templates for 20 different use cases. Standardized feeds for Suppliers, Risks, Improvement Plans etc..

# Single view of Supplier

Overview at a glance to make fast decisions with visual KPIs and integrated Action Plans for Improvement.

# Declarative Approvals, Flows and Automation

On-boarding, Feedback Templates, Process Flows and Nurturing Processes.



# Integrations







### **Contract Management**

Collaboration and Action around existing contracts and activities with deep links to contract management legacy systems or integrated

## **Third Party Connectors**

Connect data from any system faster. Empower IT and Business to create connected experiences with faster time to market

# External Data Sources & Industry Metrics

Dun & Bradstreet, CompanyInfo, EMS Tools eg Celonis

# Intelligence









# Data Quality and De-Duplication

Duplicate Management and Data Merge/Cleaning

# **Machine Learning and Al**

Discover patterns in the behaviour of your suppliers to maximise In Full Metrics and other key KPIs around your business

# Smart Decisions that guide Next Best Action

Machine learning and scoring models that drive next best actions with Suppliers in your business

# SRM on Salesforce Pillars



# SRM Accelerator Modules



Module Design across packages for smaller starting scope & 'bite-size' implementations

# Supplier Relationship Management (SRM)

A cloud-based integrated solution powered by Salesforce, PwC's SRM facilitates collaboration and increases relationship visibility between suppliers and buyers by providing intuitive self-service in a central location.

#### Key features

- 360<sup>o</sup> view of suppliers on a single platform
- Real-time collaboration between internal and external stakeholders
- Consolidated supplier data in one centralized location
- Fast installation and minimal code for faster results and ROI
- Einstein Analytics
- Anywhere anytime mobile access
- Built-in workflows that accelerate cycle time
- Cost-effective solution to drive profitable growth



### Transforming the way procurement and suppliers engage

#### Problem

Organizations are challenged with delivering improved efficiency across the procurement process, along with scalability to align with the needs of a growing company. They also need a centralized repository, allowing suppliers and buyers easy and quick access to important information so they can manage all interactions and transactions more effectively and transparently.

#### Perspective

Providing a 360-degree view of the procurement and supplier engagement lifecycle at all levels, SRM is a cloud-based, integrated solution powered by Salesforce technology that accelerates time-tovalue and facilitates collaboration, engagement and automation.

#### Payoff

- Procurement Engagement—allows buyers and suppliers to perform functions across the procurement cycle
- Supplier Engagement—gives suppliers access to manage their profiles and offerings all while leveraging Chatter
- Mobility—buyers & suppliers can access the solution via any device
- Reporting—view and proactively manage a 360 relationship internally and externally



# Closing, questions (Q&A) and contact details

All PwC & Salesforce



Three quick benefits for your business when adopting our Know Your Supplier approach:



Enhanced process efficiency

- > Centrally coordinated
- Segmented suppliers
- Scheduled reviews

- Confidence for decision-making
- > Quantified supplier risks
- > Predictive analytics
- > High quality data



Supplier network transparency

- > Three-tier scope
- Real-time monitoring
- Preventive alerts

Feel free to try our 'Know Your Supplier' maturity assessment on our <u>PwC NL website</u>



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# Thank you

Know More about PwC SalesForce Model

Take the SRM maturity assessment survey built by PwC





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Connect with us and learn more about how we can help you transform the way you work with your suppliers by scanning the QR codes above

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