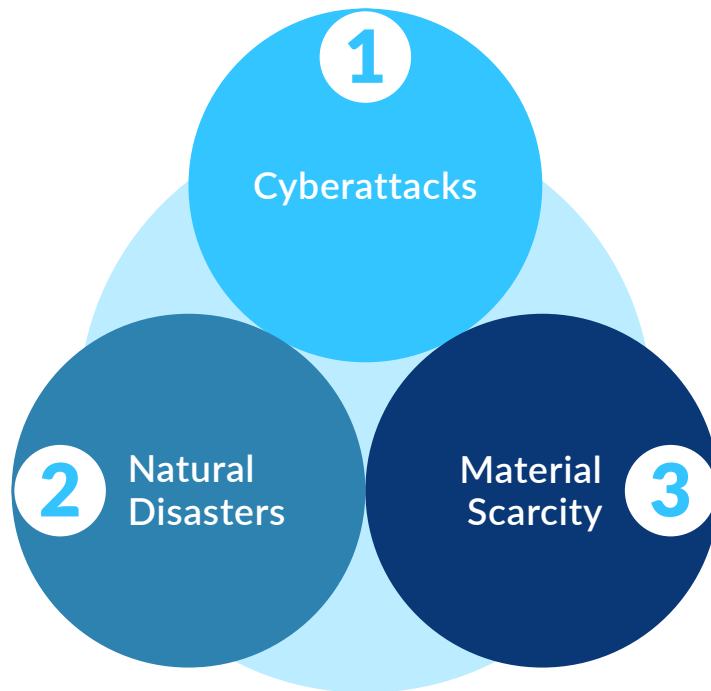


The background of the page is a dark blue graphic featuring a world map. Overlaid on the map is a network of thin, light blue lines connecting various points, representing a global supply chain or data network. The map is rendered in a lighter shade of blue, and the network lines are scattered across the continents.

What Risks to Consider When Developing Your Supply Chain Risk Management Strategy

Managing the supply chain continues to be extremely complex. Understanding supply chain risks and developing a comprehensive strategy now requires going beyond traditional risk management approaches. Setting up a third-party risk management program that includes assessing, monitoring, and managing the risk from your vendors to improve the efficiencies and ensure better risk outcomes for your organization in your supply chain management program. To develop an effective strategy, you must understand your supply chain risks and how to mitigate those risks.

There are three key supply chain risks to consider as you develop your strategy.



By 2025, supply chain management will be a key success driver for more than 50% of organizations

Gartner: How Supply Chain Leaders Can Prepare for the Next Big Disruption (June 8, 2022)

1

Cyberattacks

Cyber risk management has become a major consideration globally for companies of all sizes. Think about catastrophic events, like the SolarWinds breach and the Log4J vulnerability. Severe cybersecurity breaches have impacted supply chains around the world and taken a toll on entire groups of service providers. It is critical to have a comprehensive plan in place that addresses ways to respond when a large numbers of key service providers are involved in cyberattacks.

To combat and minimize the impact of cyberattacks, it is essential to develop a comprehensive, efficient, and effective third-party cyber risk management strategy. Building strong relationships with your vendors and understanding their operations, as well as evaluating whether their existing cyber risk management strategies meet your standards, are crucial steps in this process.

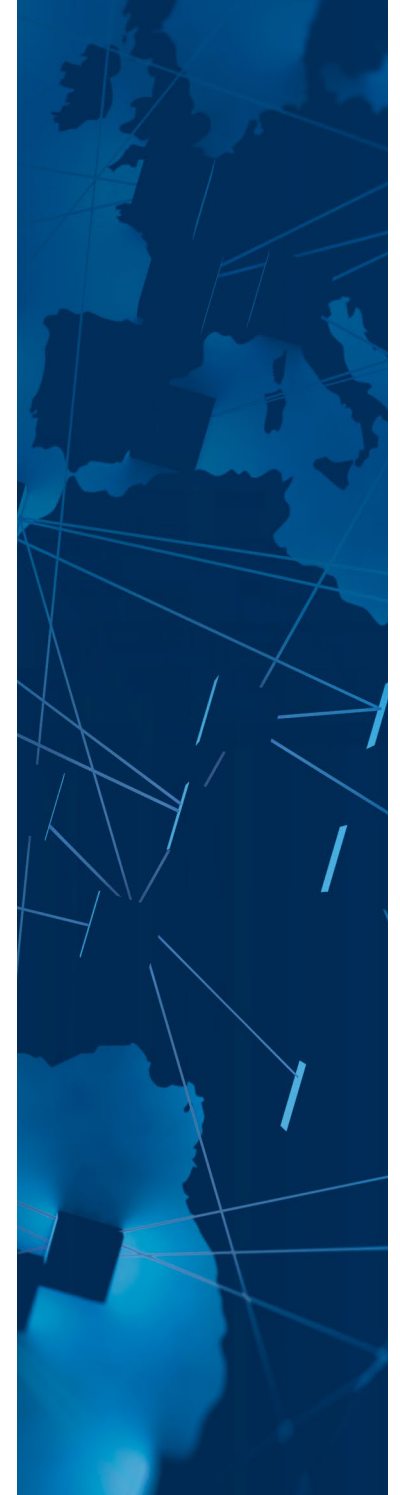
2

Natural Disasters

Natural disasters pose a significant supply chain risk that can impact multiple suppliers in a given region. These events can have a global impact and disrupt the essential components necessary to conduct business. To effectively manage this risk, it is crucial to approach it from a supply chain perspective rather than focusing solely on individual companies.

Having backup suppliers or contingency plans in place is essential, particularly when utilizing manufacturers in a specific region that may be vulnerable to natural disasters. By preparing for such scenarios, you enhance your ability to mitigate the potential disruption to your supply chain.

Developing a comprehensive strategy to prepare for natural disasters is paramount in minimizing their impact on your business. It is not only important to understand the location of critical vendors and third parties but also the concentrations that may exist within a specific region. This understanding will enable you to make informed decisions and take proactive measures to safeguard your supply chain against natural disaster-related disruptions.



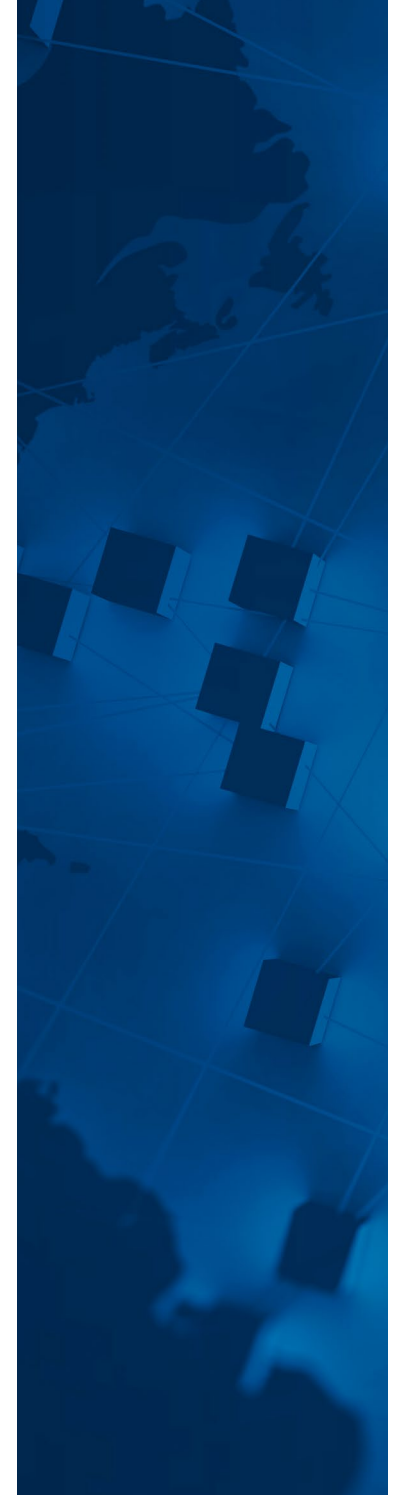
3

Material Scarcity

The rising consumer demand can pose challenges for organizations when they are unable to meet the increased demand, resulting in intense competition for limited supplies of goods and services. This situation often leads to empty shelves and warehouses, which can be disconcerting. While just-in-time manufacturing has its advantages in terms of efficiency and cost control, it can also hinder the resiliency of the supply chain. Therefore, organizations must explore alternative strategies beyond just-in-time manufacturing.

To address the issue of material scarcity effectively, leveraging technology for up-to-date inventory management is crucial. By utilizing advanced inventory management systems, companies can track their inventory levels in real-time, ensuring better planning and allocation of resources. Additionally, it is essential for companies to analyze data to proactively identify potential disruptions and develop strategies to address and resolve them.

By embracing technology and data-driven approaches, organizations can enhance their ability to navigate material scarcity challenges and maintain a more resilient and adaptable supply chain.



Supply Chain Disruptions: Understanding and Mitigating Risks

Supply chain disruptions have become increasingly prevalent on a global scale. Various factors, such as cyberattacks, natural disasters, material scarcity, and third-party dependencies, can all contribute to disruptions in the supply chain. As organizations navigate this challenging landscape, it is crucial to evaluate supply chain dependencies, including those from third-party providers, and identify regional dependencies to gain a comprehensive understanding of the associated risks.

By conducting a thorough assessment of supply chain dependencies, including third-party relationships, organizations can identify potential vulnerabilities and develop proactive strategies to mitigate risks. Understanding the level of risk allows organizations to implement appropriate measures and safeguards to protect their supply chains from unforeseen events.

In the face of supply chain disruptions, it is essential to have contingency plans in place. By anticipating potential risks and their impact on the supply chain, organizations can develop resilient strategies that minimize disruptions and ensure continuity of operations. This may involve diversifying suppliers, establishing backup plans with third-party providers, or implementing alternative sourcing strategies to mitigate the effects of disruptions.

Furthermore, continuous monitoring and evaluation of the supply chain, including third-party performance, can help organizations stay informed and prepared. Regularly assessing and reassessing the risk landscape enables timely adjustments and proactive responses to mitigate potential disruptions.

By acknowledging the increasing prevalence of supply chain disruptions and taking proactive measures to assess and mitigate risks, including those associated with third-party dependencies, organizations can strengthen the resilience of their supply chains and minimize the negative impact of unforeseen events. Building a robust and adaptable supply chain is crucial in navigating the complex and dynamic global business environment. Together, by embracing a proactive and risk-aware approach, organizations can foster supply chain resilience and maintain operational stability even in the face of disruptions.



How We Can Help

Archer Third Party Governance presents an accurate and complete picture of third-party risk and provides capabilities to manage and monitor your third party relationships and engagements' performance.

Archer Third Party Security Risk Monitoring enables you to assess third- party security risks quickly and more accurately with continuous, automated visibility into your vendors' IT landscape.

Archer Engage for Vendors facilitates collaboration between business stakeholders, risk managers and external vendors throughout the governance lifecycle.

Discover More

Archer is a leading provider of integrated risk management (IRM) solutions that enable customers to improve strategic decision-making and operational resilience with a modern technology platform that supports qualitative and quantitative analysis driven by both business and IT impacts. As true pioneers in GRC software, Archer remains solely dedicated to helping customers manage risk and compliance domains, from traditional operational risk to emerging issues such as ESG. With over 20 years in the risk management industry, the Archer customer base represents one of the largest pure risk management communities globally, with more than 1,200 customers including more than 50% of the Fortune 500.



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