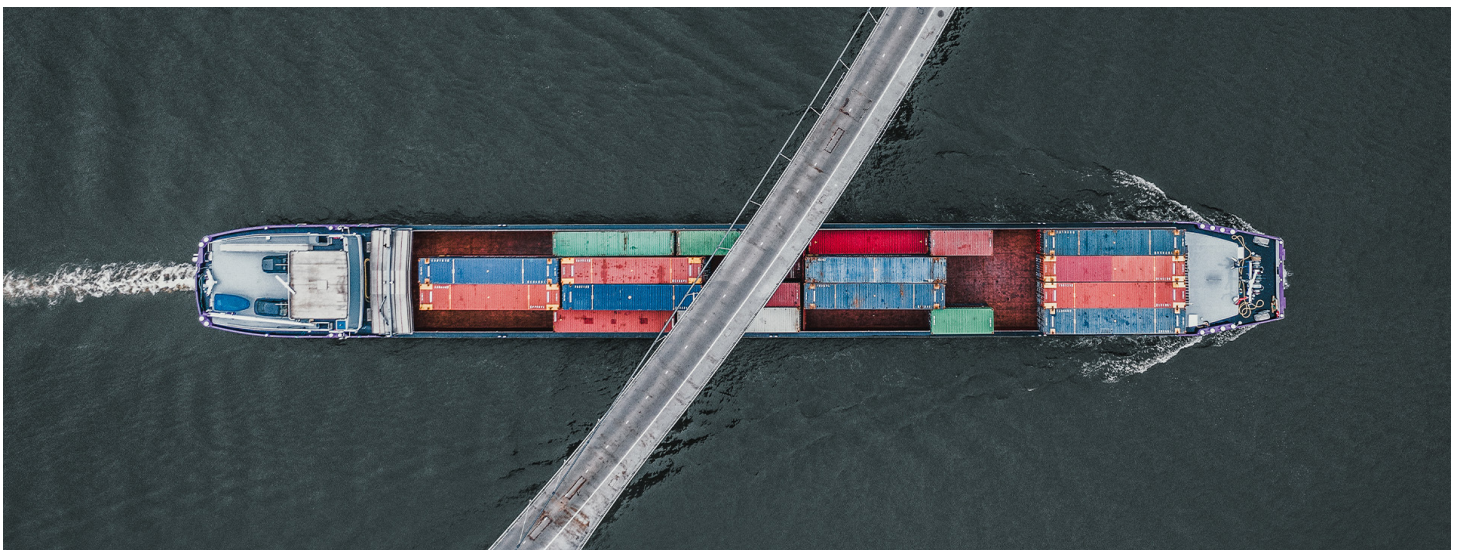


More than Half of Chief Supply Chain Officers Surveyed Would Sacrifice Profit for Sustainability

Leaders determined to make supply chains more sustainable and resilient; turning to data and new technologies to achieve it

More than half (53%) of surveyed CSCOs say their digital supply chain transformation will be the most significant area of competitive advantage in the next three years

Nearly three-fourths (74%) of surveyed CSCOs say hybrid cloud integration is crucial to accelerating and enabling the digital transformation of supply chains



NEW YORK and ARMONK, N.Y., April 28, 2022 /PRNewswire/ -- According to the results of a new study from IBM (NYSE: IBM) and Celonis on supply chain resiliency, Chief Supply Chain Officers (CSCOs) recognize the critical role that hybrid cloud, AI, process mining and execution management play in helping them overcome the disruptions they've faced over the last two years. In fact, 72% of CSCOs surveyed expect their processes and workflows to be automated over the next three to five years—and 69% plan to accelerate cloud adoption to enhance real-time data access.

The study, [The resilient digital supply chain: How intelligent workflows balance efficiency and sustainability](#), conducted by the IBM Institute for Business Value (IBV) in cooperation with Celonis and Oxford Economics, surveyed almost 500 CSCOs across 10 industries including banking, consumer products, manufacturing and automotive. The study findings indicate that organizations are searching for ways to modernize their supply chains by embracing data and hybrid cloud strategies as well as prioritizing sustainability.

"The Confluence of post-COVID-19 challenges, inflation and supply issues, security, and sustainability has led to the most complex operating environment in modern business. This has forced organizations to rethink and rebuild their supply chains to be more agile, efficient, and sustainable," said Jonathan Wright, Managing Partner, Finance and Supply Chain Transformation, IBM Consulting. "Technology and data-fueled automation and intelligence are key to not only evaluating current workflows and inefficiencies, but in identifying new

opportunities as well."

The survey of CSCOs reinforced this:

The top challenges CSCOs are facing

- 80% of CSCOs said that demand volatility is a top challenge, while 77% mentioned the increased cost of transportation and logistics.
- Cost aside, 76% cited the availability of transportation and logistics as a top challenge.
- These challenges lead to missed opportunities: 71% said lower inventory for raw materials and finished goods has led to stock-outs and lost sales. And 60% have had to expedite products for customers, leading to higher transportation costs.

Hybrid cloud, execution management, AI and automation can help CSCOs seize opportunities

CSCOs are pursuing aggressive data-backed strategies to build smarter, more agile supply chains that can help improve resilience and sustainability. In fact:

- Almost nine-in-ten (87%) CSCOs are implementing execution management and 77% are implementing process and task mining to modernize their operations.
- By 2025, 83% of CSCOs plan to introduce AI-enabled real-time inventory management.
- 74% of CSCOs say hybrid cloud integration is crucial to accelerating and enabling the digital transformation of supply chains.
- 81% are looking to AI-enabled processes and workflows for real-time demand sensing.
- Some 72% expect most of their processes and workflows to be automated in the next three to five years, while 27% expect their workflows to be AI-enabled in the same timeframe – increasing to 33% by 2030.

Putting sustainability over profit

66% of surveyed CSCOs said sustainability is a core element of overall business value. More than half (51%) of CSCOs surveyed said they would be willing to sacrifice profit—on average 5% to improve sustainability outcomes—equating to \$22bn for US Fortune 500 companies in one year.

To that end, CSCOs identify several specific actions they plan to take over the next three years in pursuit of circular economy goals:

- 47% are initiating full lifecycle design of their materials and products to expand re-use of materials and reduce waste.
- 44% plan to improve energy efficiency of their products and services.
- 35% plan to develop new products and services based on renewable energy componentry, and 30% expect to engineer new zero-waste products and services.

The top three expected benefits of sustainability initiatives were: complying with environmental regulation,

reducing reputational risk, and driving new innovation areas. These gains cannot be realized without a meticulous process of monitoring a distinct set of sustainability targets. Some 55% of CSCOs said in the next three years they expect to incorporate real-time monitoring and reporting on environmental and social sustainability. In fact, the SEC recently proposed a [rule change](#) that would require public companies to disclose climate change risks to their business, which, if passed, could accelerate the need for operational climate change data.

"Eliminating inefficiencies from core supply chain processes represents an enormous opportunity for reducing carbon emissions at scale," said Janina Nakladal, Global Director of Sustainability at Celonis. "Chief Supply Chain Officers know they need to adapt, and in many cases are, but they often don't have the insight they need to truly understand where changes need to be made—and lack the toolset to drive the change. Our research shows that currently-available technology—process mining and hybrid clouds—can give CSCOs this insight to wholly transform their supply chains."

The study revealed that CSCOs can take actionable steps to develop and operate data-informed and sustainable supply chains. These steps include:

- **Explore new business models that amplify resiliency** – deploy AI and machine learning to allow better pattern recognition, workflow optimization and solution gathering. Also rely on an open, secure, hybrid cloud model to smooth and speed extended intelligent workflows.
- **Invest consistently in the near- and long-term potential of automation** – develop robust AI and automation capabilities to speed insights and decision making. Leverage co-creation, co-execution and cooperation to accelerate idea development.
- **Make sustainability one of your most important business priorities** – operationalize a full set of ESG initiatives and mine data across your supply chain processes.

Methodology

The IBM Institute for Business Value, in collaboration with Celonis and Oxford Economics, surveyed 500 Chief Supply Chain Officers across industries to gain an in-depth understanding of how recent disruptions in global supply chains are affecting their short-term tactics, longer-term strategies, and performance. 10 industries are represented: banking, consumer products, healthcare, electronics, telecommunications, insurance, industrial products, manufacturing, automotive, and life sciences, each comprising 5%-15% of our total sample.

About IBM Institute for Business Value

For two decades, the IBM Institute for Business Value has served as the thought leadership think tank for IBM. What inspires us is producing research-backed, technology-informed strategic insights that help leaders make smarter business decisions. From our unique position at the intersection of business, technology, and society, we survey, interview, and engage with thousands of executives, consumers, and experts each year, synthesizing their perspectives into credible, inspiring, and actionable insights. To stay connected and informed, sign up to receive IBV's email newsletter at ibm.com/ibv. You can also follow @IBMIBV on Twitter or find us on LinkedIn at <https://ibm.co/ibv-linkedin>

About IBM

IBM's extensive portfolio of AI software can help organizations take a 360-degree approach to operationalize sustainability efforts across their business – such as extending the life of physical assets, creating more efficient and resilient supply chains, understanding the impact of climate on business operations, or analyzing and reporting on ESG data and initiatives. These solutions are underpinned by environmental insights, operational data, and AI – transforming data into insights that drive smarter, more sustainable decisions every day. To learn more about these solutions including IBM Environmental Intelligence Suite, IBM Maximo Application Suite, IBM Supply Chain Intelligence Suite, and Envizi, visit ibm.com/sustainability

About Celonis

Celonis reveals and fixes inefficiencies businesses can't see, enabling them to perform at levels they never thought possible. Powered by its market-leading process mining core, the Celonis Execution Management System provides a full set of platform capabilities for business executives and users to eliminate billions in corporate inefficiencies, provide better customer experience and reduce carbon emissions. Celonis has thousands of implementations with global customers and is headquartered in Munich, Germany and New York City, USA with more than 20 offices worldwide.

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