The trend they talk about: Price inflation

- The majority of companies expects to face supply risk in the short term as well as in the long term.
- But companies also see opportunities!

The trend they do not talk about: Price decreases

- In 2020, 42% of the studied commodity prices changed by more than 10%:
  - Up: 272
  - Down: 358
- Why do suppliers only talk about price and cost increases?
- As a company/customer, you need to understand, analyze and predict the expenses of your suppliers.
Core Roots Of The Price Inflation

**Lower Supply**
- Production was scaled back during COVID pandemic and has not yet completely recovered
- Bad resource management

**Higher Demand**
- Population growth
- Growing middle class
- Global economic recovery
- Materials required for green technology (e.g. copper)
- Stockpiling

**Sustainability Related**
- Emission taxes (e.g. energy taxes)
- Shift to more ecologic production methods

**Strong Price Inflation In Transport**
- Oil price increase
- Shipping container shortage for Asia to Europe

**Trade War & Additional Tax Warriors**
- Scarcity of raw materials
- Sustainable sourcing expectations
- Rise of Supply Chain nationalism
The majority of companies **neglect to respond**. And those that do respond, mostly limit themselves to individual initiatives and traditional responses.

This is not sufficient! Companies need to do a **cross-department thinking** exercise to develop one comprehensive strategy.

**Ultimate Goal:**
Minimized impact by building a resilient supply chain

**Be proactive!**
(Third Party) Risk Management
- Managing suppliers relations
- Maintain 360° view of potential risk events
- Monitor risk environment continuously
- Supplier evaluations

Procurement Transformation
- Introduce sustainable procurement
- Implementation of the new strategy
- Implementation of technology solutions – e-procurement

Legal Advice
- Contract setup
- Special clauses
- General support in case of event

Experience & Knowledge
- Help come up with innovative solutions
- Apply our broad experience