

GUIDE

dun & bradstreet

BEST PRACTICE GUIDE FOR PUBLIC  
SECTOR PROCUREMENT TEAMS

# Effective Supplier Risk Management





# Contents

1	The transformation of risk management	3
2	Mastering complexity: How to manage multiple supply chain risks?	5
3	Key steps towards a data-based approach to enhancing supply chain resilience	8
4	Discover your supplier network beyond Tier-1	13
5	Proactive strategies to avoid supply chain disruption	16
6	The data points that make your supply chain work for you	18
7	Top three supply chain trends for CPOs	22



# The transformation of risk management

The 2020s will be remembered as a decade of crises: The pandemic, the Ukraine war, the semiconductor shortage, evolving trade restrictions and ongoing shipping disruptions continue to offer significant challenges for supply chains globally. At the same time supply chains continue to grow in complexity.

In this setting, supply chain risk has come into sharper focus for public sector procurement leaders. The latest version of Dun & Bradstreet's Global Supply Chain Continuity Index shows that despite a more positive economic outlook generally, business sentiment continues to decline globally when it comes to supply chains<sup>1</sup>.

## THESE TRENDS ARE BEING DRIVEN BY MULTIPLE FACTORS, INCLUDING:

### Geopolitical tensions:

The outbreak of conflicts in Europe and the Middle East and simmering disputes between China and the US have pushed geopolitical risk up the agenda. The Global Supply Chain Continuity Index from Dun & Bradstreet found one in seven firms believe supply chain disruptions stemming from recent events have impacted their operations and performance<sup>2</sup>.

### Economic uncertainty:

Inflation, labour shortages and tepid consumer demand are all clouding the global outlook.

### Climate and extreme weather events:

Insurance industry data shows natural catastrophes are becoming more frequent, causing US\$280 billion in economic losses last year<sup>3</sup>. Events like flooding and hurricanes can pose direct threats to production lines and trade networks.

### Cyber risks:

As digitalisation and automation gain momentum, supply chains become more vulnerable to cyberattacks and disruption. For example, new research from Dun & Bradstreet among compliance professionals across Europe found that 43% of manufacturing and utilities firms see cyber risk as one of the biggest compliance threats to their business in the next twelve months.

With all these challenges converging, a new approach to risk management is needed. CPOs are acknowledging more targeted, technology-enabled approaches to risk management are essential and there is more focus on risk management with the Procurement Act coming into force in February 2025. So, today it is key to look at the entire supply chain to understand and manage the dependency of global factors on the value chain. New tools in supplier management are needed to manage risk beyond Tier-1.



This best practice guide sets out what's needed to build a data-driven risk management approach, and demonstrates how manufacturers can use technology, automation and data to mitigate threats to business continuity and reputation.

It walks procurement professionals through a multi-stage process that includes:

- Mastering complexity: How to manage multiple supply chain risks?
- Key steps towards a data-based approach to enhancing supply chain resilience
- Discover your supplier network beyond Tier-1
- Proactive strategies to avoid supply chain disruption
- The data points that make your supply chain work for you
- Top three supply chain trends for CPOs

<sup>1,2</sup> [https://www.dnb.co.uk/content/dam/english/dnb-data-insight/Global\\_Business\\_Optimism\\_Insights\\_Q2\\_2024.pdf](https://www.dnb.co.uk/content/dam/english/dnb-data-insight/Global_Business_Optimism_Insights_Q2_2024.pdf)

<sup>3</sup> <https://www.swissre.com/press-release/New-record-of-142-natural-catastrophes-accumulates-to-USD-108-billion-insured-losses-in-2023-finds-Swiss-Re-Institute/a2512914-6d3a-492e-a190-aac37feca15b>

# Mastering complexity: How to manage multiple supply chain risks?

The range of supply chain risks is so broad, and subject to so much uncertainty, that no manufacturer or procurement team can hope to manage them all. Risk management therefore begins with a careful assessment of those risks that are most prominent in the company's portfolio, and how these should be prioritised. Attention must focus on critical inputs without which the public sector cannot continue to serve.

Failure to get this right can weaken the economy. For example, although the average annual cost of supply chain disruptions has declined, reviewing private sector analysis from the pandemic-era peak, it still exceeds US\$80 million per company<sup>4</sup>.

<sup>4</sup> <https://www.reuters.com/markets/costs-supply-chain-disruptions-drop-by-over-50-headwinds-remain-survey-2023-08-09/>

<sup>5</sup> <https://www.aon.com/en/insights/articles/managing-reputational-risks-in-global-supply-chains>

<sup>6</sup> <https://www.transporeon.com/en/community/blog/the-red-sea-crisis-and-its-impacts-on-supply-chain>

## TYPES OF SUPPLY CHAIN RISK

### Operational risk:

Every delay in delivery time, low quality of goods or unsatisfying delivery quantity has a direct impact on the production lines and then delivery of goods and services to the public sector. These dependencies are not only related to the immediate suppliers, but to the performance of an entire value chain. These kind of supply chain incidents and disruptions often result in high additional costs and loss of revenue and customer satisfaction, this could be seen by the PPE issues during the pandemic.

### Financial risks:

Insolvencies, defaults on financial obligations or contractual violations are potential financial risks, which can have a negative impact on the stability of your supply chain. When a vendor (or a vendor's vendor) goes out of business, the public sector must find a suitable replacement rapidly. Depending on the complexity of the product being sourced, this can be extremely difficult. That's why it is key to monitor these risks on a regular basis.

### Reputational risk:

Any legal violations or malfeasance by vendors throughout your supply chain could eventually have reputational as well as financial repercussions. Yet studies have shown that this area is where both companies and the public sector are relatively underprepared for this aspect of supply chain risk<sup>5</sup>. This makes it important to monitor suppliers' practices and behaviours.

### Structural risk:

It is important to understand how suppliers are connected. In some cases apparently independent suppliers belong to each other as subsidiaries of the same corporate. It is key to avoid this type of cluster risks.

### Geographic risk:

Natural disasters, infrastructure issues, humanitarian disasters and other outside forces are often unpredictable – and can bring cross-border commerce and supply chains to a rapid and unexpected halt. The attacks on shipping in January 2024 in the Red Sea, which resulted in a 300 percent

spike in shipping costs, are just one case in point<sup>6</sup>. Suppliers may in turn rely upon other vendors for raw materials, meaning any interruptions to their businesses may have a ripple effect.

### Geopolitical and ESG risk:

Laws and agreements governing supply chain practices are numerous, and they change constantly. They include everything from ESG, sanctions, to know-your-customer (KYC) and anti-corruption requirements, anti-bribery, labour regulations and prohibitions on human trafficking.

New research from Dun & Bradstreet finds that cyber security concerns and regulatory change (especially around ESG and Sanctions) are some of the biggest compliance issues facing the EU. Based on this research among compliance professionals across Europe, 68% of compliance decision makers in the manufacturing and utilities sector for instance feel that regulatory demand on their teams has significantly increased in the last twelve months.

### Industry risk:

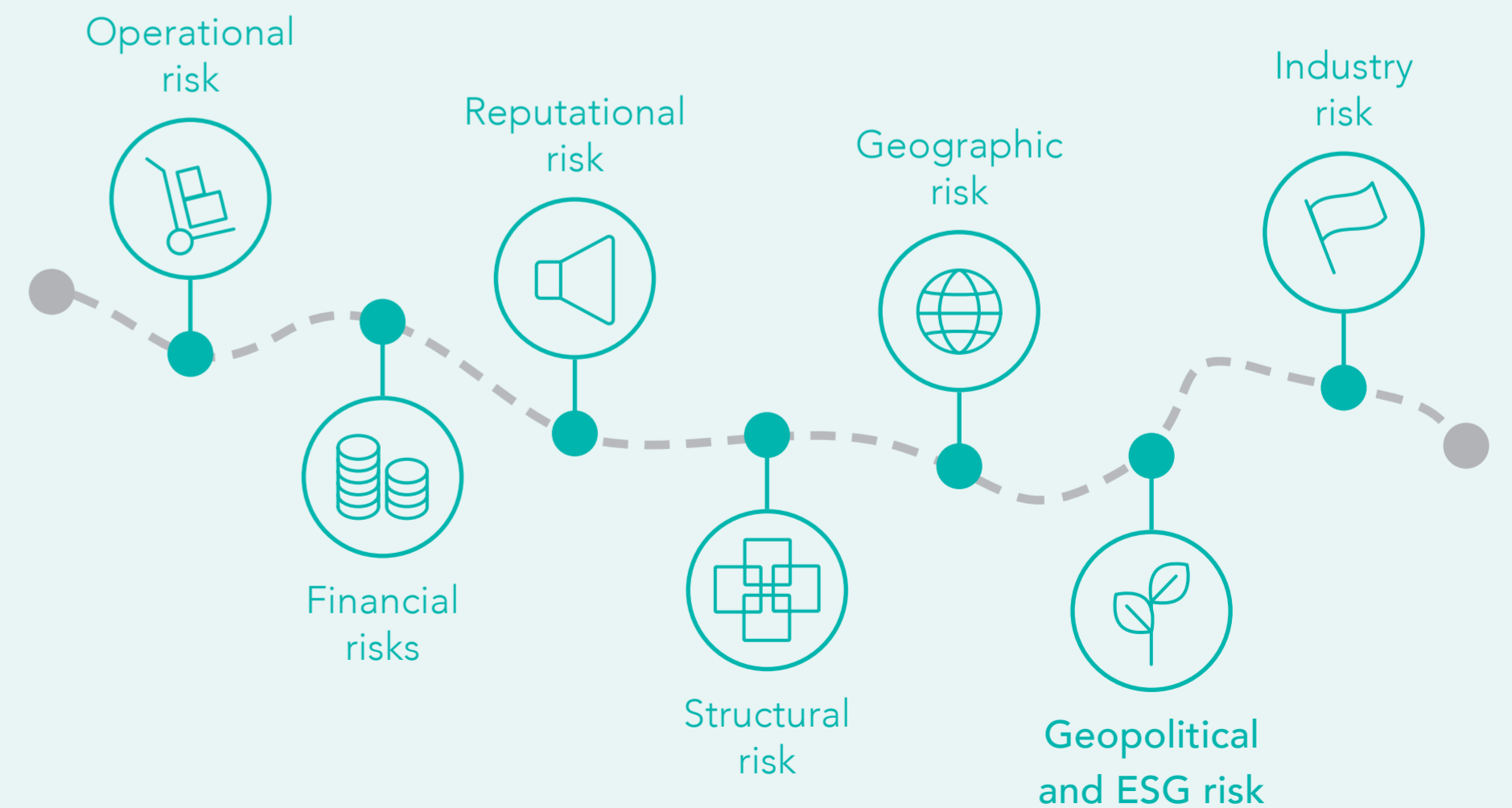
New technologies, Industry 4.0 or digitalization are creating uncertainty in demand and capacity management. This uncertainty affects the ability to manage production and resources effectively. Additionally, the prices of raw materials and goods fluctuate more than usual, which can lead to more challenges for businesses that operate worldwide.



To sum up, procurement professionals must be aware that the risks posed by suppliers may not always be direct or immediately apparent. The failure of an upstream vendor may put pressure on one of your direct suppliers. Likewise, political unrest in a far-flung locale to which you have no immediate exposure can quickly become relevant to the day-to-day operations of your company. Even the 'safest' supply chain will contain a multitude of vulnerabilities and can be challenged by the unexpected.

In this setting the role of risk management in the public sector purchasing environment has changed. It is more complex than ever before. To manage multiple supply chain risks simultaneously, there is a need to follow a risk-based and data-based approach. Accessible, suitable and relevant data points from internal and external sources are key to take smart decisions.

#### A BROAD SPECTRUM OF RISKS



# Key steps towards a risk- and data-based approach to enhancing supply chain resilience

Developing processes and systems capable of managing a wide spectrum of supply chain risks requires concerted effort. These three key steps will put procurement teams firmly on the right path.



# 1. AUDIT AND CLEAN UP SUPPLIER MASTER DATA

Only the most accurate, up-to-date data allows businesses to make intelligent, evidence-based decisions. Cultivating this data requires continuous monitoring and awareness of who your suppliers are, where they are, who and where their suppliers are, how these relationships may be changing, and a sense of the alternatives available.

When implementing a risk- and data-based approach, you should aim to establish an environment in which master data is clean, integrated and traceable – whether that means starting from scratch to build up a pool of relevant data or, as will be the case for most organisations, cleaning up and categorising what is already on hand. You can then progress to making informed risk- and data-based assessments.



## What does that mean in detail?

Distinct identification of your suppliers, completion of the associated master data, ensuring that the data is up-to-date – in all systems and applications that are relevant for the procurement team and the supplier management.

- Use external reference data to ensure high data quality and independent checking and verification of a supplier.
- Implementation of a unique and comprehensive key for company identification in order to link existing data silos and flexibly integrate external supplier data. This also facilitates the identification of multiple master data records or duplicates, which already significantly improves the transparency of the supplier portfolio.

Expansion of the master data to include additional data attributes like:

- Group interrelationships, to help to better understand the relationships between your individual suppliers. On the one hand, they enable an aggregated view of procurement. On the other, the localisation of risk clusters.
- Turnover figures, employees, industry affiliation. They can provide the basis for segmenting the supplier portfolio and benchmarks independent of your own perspectives on the portfolio.

Consistency of master data quality through optimised maintenance processes.

- A data quality check must be implemented when creating new master data in supplier onboarding, using external reference data. Existing supplier master data must be continuously updated, ideally in a combination of ad-hoc notifications from the suppliers themselves and external reference data sources.



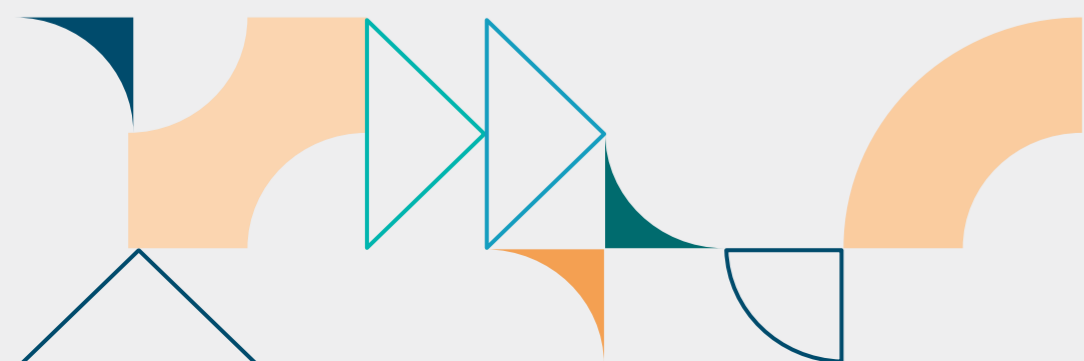
## 2. COMBINE YOUR RISK-BASED APPROACH WITH A DATA-BASED APPROACH TO CREATE EFFICIENCY

The second step toward implementing a risk-based approach is carefully assessing different types of risk and identifying those that are most pertinent to your department. CPO's should define the probability of occurrence and the expected impact for each supplier. One recommendation is to start with a matrix that is as simple and transparent as possible. Key questions you should ask include:

- Which supplier relationships are most critical to the success of the department and deliverables, and which suppliers are affected?
- Which risk factors have an impact?
- How high is their probability of occurrence?

Based on this matrix, the data-based approach can now be designed. The following steps play an important role in this context:

- Determining what information is required and available to assess the respective risks (considering internal and external sources).
- Assessment of the quality of the information, e.g. timeliness, completeness, consistency, coverage of the portfolio, reliability
- Availability of information and access options.
- Frequency of data collection and transmission of changes to the data – including real-time information.



## The scalability of data utilisation

It continues to play a major role in the long-term and future-proof development of data-based risk management. It makes it possible to start with simple, quickly implementable solutions without restrictions and then gradually expand and roll out the scope of risk management. At the same time, scalability makes it possible to utilise different data for different supplier risks (from the risk-based approach) in line with the respective requirements – in other words, to introduce a data economy.

### Important aspects of scalability include:

**Modularity** – the ability to select or combine data to assess different risks that are relevant for the respective supplier group.

**Variance in data depth** – use of simple indicators and KPIs for the automatic assessment of companies with a low risk potential (result of the risk-based approach) through to comprehensive due diligence for complex and strategic decisions.

**Variable depth of integration** – a system/application-integrated solution is of course always the best method for analysing and managing risks largely automatically – but is rarely the start of the journey. Browser-based solutions that allow both ad-hoc information and portfolio analyses, ideally combined with selected internal supplier information, are helpful here.

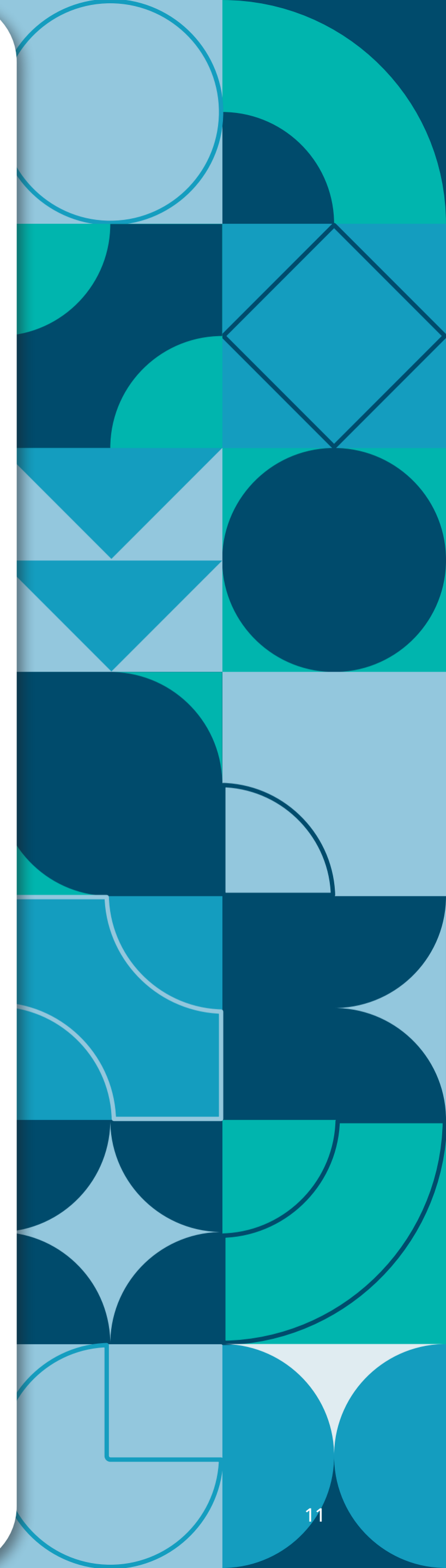
**Data consistency** – the implementation of modern risk management is a process. Initially, solutions focus on the most urgent risks and most important suppliers with a low level of integration. As the process progresses, the requirements become more complex and are rolled out across more and more procurement processes and integrated solutions. It is therefore important that the data used is as consistent as possible in order to avoid any breaks in the risk assessment.

## Early warning system and benchmark

The data-based approach is complemented by the establishment of an early warning system, which increases the degree of automation of the application, reduces the effort required for manual checks and focuses on relevant risks and events. Individual data elements (triggers) for which significant threshold values are defined can be used for the early warning system.

In addition, it makes sense to monitor changes and analyse trends in order to generate early warnings.

Finally, the introduction of benchmarks within a peer group or between different peer groups makes it possible to control and optimise risk management in a continuous improvement process that closes the control loop and is reflected in the further development of risk and data-based approaches.



## 3. DEFINE YOUR RISK APPETITE

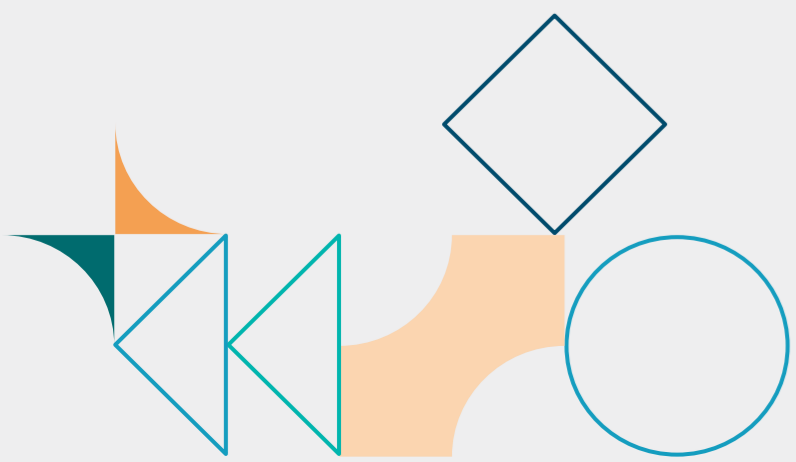
The next stage of the process is establishing your risk appetite – the level of risk for your department, or by supply segment is willing to accept or tolerate in the context of its third-party relationships.

Risk appetite is typically determined through a combination of factors, including:

- The department/segment's goals and objectives
- Willingness to take on risk to achieve those objectives
- Capacity to absorb losses
- Applicable regulatory requirements
- Expectations from stakeholders, citizens, customers and employees

Risk appetite is not a one-size-fits-all characteristic – it has to be tailored and proportionate to individual needs. Proportionality is largely influenced by the type of product/service being procured, as well the stakeholders involved and the extent to which risks may impact them.

Different industries are subject to different risk factors and regulations that will be more or less material to their risk tolerance. Pharmaceutical manufacturers, for example, typically deal with a wider range of regulatory risks and more severe potential consequences than makers of consumer goods, and may therefore maintain a lower risk tolerance threshold in their day-to-day operations. This should be factored into the supplier portfolio risk rating process.





# Understand Your Supplier Network Beyond Tier-1

Often supply disruptions aren't caused by a company's Tier-1 suppliers; they originate deeper in the supply chain, in what's termed 'Tier-N' territory. Unfortunately, visibility into these levels is often very limited. Research by Deloitte, for example, has found only 28% of chief procurement officers (CPOs) perform multi-tier supply chain illumination – and that a mere 2% feel they have high visibility beyond Tier-1 suppliers<sup>7</sup>. This is all the more critical, when you consider that almost half of all localised supply chain disruptions have their cause at Tier-2 or deeper in the supply chain, according to the latest 2023 study from the BCI<sup>8</sup>.

Creating transparency beyond Tier-1 is a major challenge faced by CPOs of global businesses, as well as public sector departments. To some extent this is due to suppliers being reluctant to give their customers an insight into their supply chain. This is often a key source of their competitiveness and performance in a wide variety of dimensions. Only in very narrow areas do regulatory requirements or existing standards provide a basis for the transmission of such information.

## WHICH DATA IS BEST SUITED TO IDENTIFY YOUR SUPPLIER NETWORK BEYOND TIER-1?

### 1. Publicly available data

The first approach is the probabilistic approach. In this case publicly available data, for example, from the internet, is crawled and analysed, ideally with AI, in order to uncover possible business connections. The main disadvantage is the source – it is very difficult to estimate when this data was updated and how accurate it is.

### 2. Trade data

Another approach is to use trade data. The advantage is that in this case they depict actual commodity relationships. The disadvantage is that they rarely provide concrete information about the exchanged goods and usually a counterpart of the relationship is identified but anonymous.

### 3. Shipping Data

Shipping data, for example on maritime transport, is reliable as it depicts real flows of goods, it has a high level of data depth based on bills of lading, and it offers global coverage of significant flows of goods.

Shipping data must always be cleansed and supplemented before it is used. Even if the data is structured, it originates from a variety of sources (e.g. bill of lading) that are handled differently by the data originators (humans or machines) and generated in varying quality. Even during the analysis, it is always necessary to take a close look at relevant characteristics of data elements, including errors, in order to avoid misinterpretations.

For the counterparties of the freight (e.g. shipper, consignee, forwarder, notifying party, etc.) master data management must be carried out in the same way as for suppliers in order to uniquely identify these companies and link them to your own supplier master data via a common unique identifier and to be able to enrich additional features (risk, compliance, group affiliation, etc.).

The shipper and consignee („supplier“ and „customer“) are not always the manufacturing companies themselves but can also be logistics service providers – depending on the intended use of the data, it makes sense to filter this out.



<sup>7</sup> <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/consulting/us-2023-global-chief-procurement-officer-survey.pdf>

<sup>8</sup> <https://www.thebci.org/resource/bci-supply-chain-resilience-report-2023.html>

## Shipping data – how this information supports you

### A deep insight into the global nature of supply networks

A look beyond Tier-1 shows – for example – that every manufacturing company is dependent on global supply chains. Despite all efforts to organise their own supplier portfolio with local or near-shore suppliers wherever possible, diversity generally increases at the Tier-2 level. Only at the Tier-3 level do significant offshore characteristics appear. This offers new opportunities to manage these value chains and minimise risks.

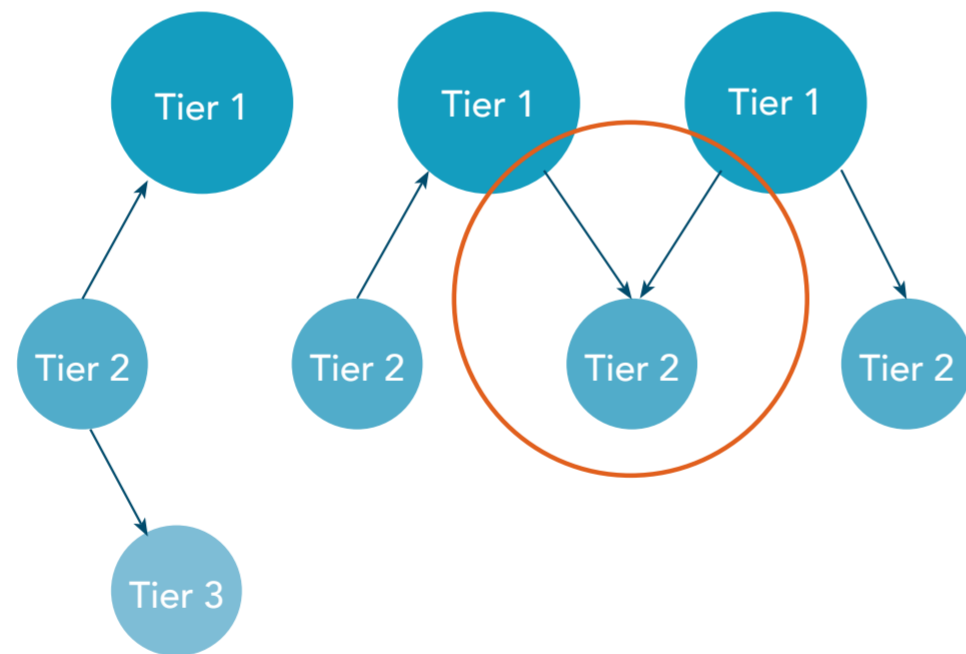
### Identifying the „nodes“ in the network – suppliers with great influence

Anyone who has ever analysed the group affiliation of company suppliers will have noticed that many of them are linked by their affiliation to the same group. On the one hand, this is an opportunity to bundle purchasing volumes and harmonise processes. On the other hand, it is a potential risk if the important „second source“ belongs

to the same corporate group as the preferred supplier. This applies to the lower tier levels – it quickly becomes clear that many Tier-1 suppliers use the same upstream supplier, and the same applies to Tier-2 and Tier-3. They form the „nodes“ in the network. If they fail, further areas of procurement can be disrupted.

#### Example:

If the Tier-2 supplier (see orange circle) is not able to deliver goods because, for example, the Suez Canal is blocked and they only have this single delivery route, then the supply chain becomes interrupted. This Tier-2 supplier can no longer supply two of the Tier-1 suppliers. This is why it is so important to rely on different suppliers from different locations, especially in Tier-2 and Tier-3.



### Localise weak supply chains in the network with high risk potential

Even for the risk management of the entire supply network, the combined risk- and data-based approach is recommended. It brings the focus on the relevant supply chains, their monitoring and risk mitigation.

A helpful approach is an analysis of the delivered goods, their amount and value and the frequency of delivery based on the shipment data. As a second step, an enrichment with different kinds of risk data from various external sources will help to find the right focus for the ongoing risk management.

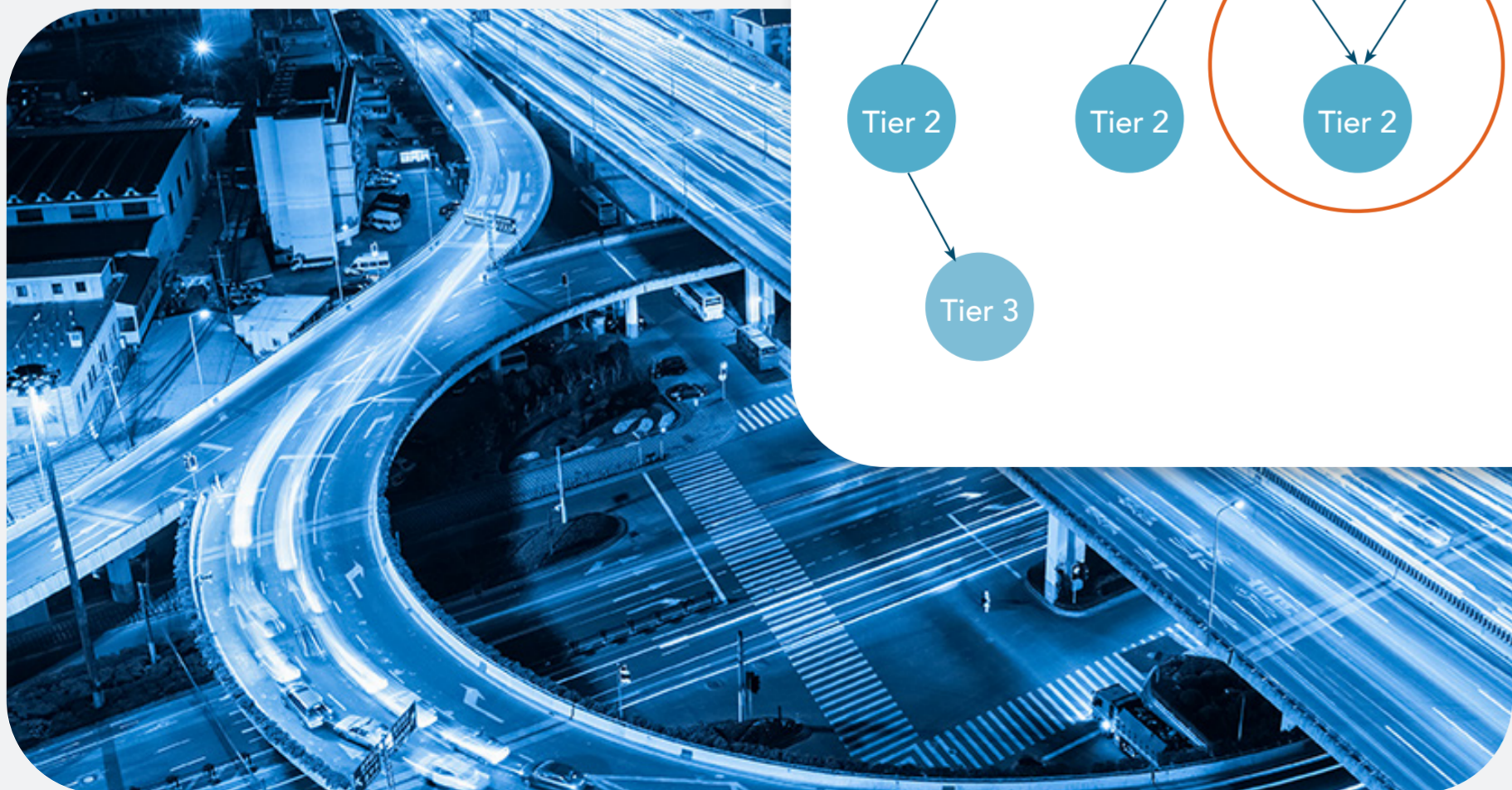
### Transparency about delivery routes, their dynamics and current delivery delays

Shipping data not only contains information on the counterparties of the freight, but also on the freight route and freight times. This gives you the opportunity to recognise critical delivery routes, record changes to delivery routes (and their impact on delivery times) and even identify current disruptions in relevant delivery routes that could have an impact on your own supply at an early stage.

### New opportunities for sourcing – identifying alternative suppliers

Another important piece of information in the shipping data is information about the freight itself – which can be analysed via the HS code (Harmonised System Code) used, free text for the freight description, quantity and value details. They enable fluctuations in delivery frequency and delivery quantity to be recognised and evaluated in risk management.

In addition, this data can also provide essential information for proactive risk management by sourcing new alternative suppliers.



## Proactive strategies to avoid supply chain disruption

Once the basic elements of a risk- and data-based approach are in place, it's important that CPOs take concrete and proactive measures to mitigate risk throughout its supply network. These six guidelines serve as a framework for that process, helping to plan ahead and face supply chain challenges with confidence.



1

### Expand the view of the supplier landscape

The supply market is constantly evolving in line with external and internal events, whether a company losing the battle for market share with its competitors, or the outbreak of a conflict making it suddenly impossible to ship from a country or region. As circumstances change frequently, it's important that supplier data is monitored and updated continuously to reflect changes across the landscape that might disrupt your supply chain.

Moving closer to real-time monitoring of supply chain data also helps the company develop a fuller understanding of current events and how these are likely to affect supply networks and operations. It's even possible to identify patterns that can signal the emergence of vulnerabilities or disruptions before they pose a serious threat.

2

### Update and refine your supplier criteria

Mature procurement teams no longer select suppliers based solely on prices, which say little about a supplier's reputational risk or its resilience to shocks. The range of criteria typically applied to suppliers has expanded to include factors such as performance history, geographic location, financial stability, and management team and industry reputation, creating a more holistic picture of the risks they present. Also, for the public sector in particular, social value now plays a much bigger role in the supplier selection criteria.

Having access to comprehensive and current supplier data – and ensuring that data is continuously enriched to incorporate additional measures of value – makes this level of assessment possible. Even when a roster of quality suppliers has been established, it's sound practice to strike and maintain relationships with alternative suppliers who can be rapidly engaged if your preferred options suddenly aren't in a position to fulfill your needs.

3

### Make supplier risk mitigation more proactive

Procurement teams can play a major part in future-proofing the business by providing credible intelligence on suppliers to support proactive planning.

Data-driven technology can illuminate supply network trends, track changing risk levels in close to real time, and identify areas of risk that warrant closer inspection. By sharing these insights with the wider team, the procurement function can equip senior leaders to make the right decisions before disruptions occur and provide insights into the future state of the supply chain.

4

### Elevate sourcing scalability through ESG

CPOs are increasingly aware of the importance of ESG data on suppliers, as this provides a more rounded view of the ability of partners to grow and meet evolving compliance and sustainability requirements. In fact, Deloitte's CPO survey ranked ESG second only to operational efficiency on the list of top procurement team priorities.

Some procurement teams are going beyond checking for baseline ESG compliance and are using ESG data in a variety of ways to ensure that supply chains scale sustainably, such as identifying growth opportunities and pursuing deeper engagements with suppliers to help drive innovation or promote their environmental efficiency. Robust ESG data helps sourcing teams not only 'do more with less,' but also to positively influence the complete value chain.

5

### Build negotiating leverage with better data management

For all the focus on ESG goals, procurement performance is still defined by its ability to create cost savings. Procurement data management best practices, such as clustering vendor master data, help the company identify and seize opportunities for efficiency at enterprise scale, by highlighting possible areas for consolidation or instances of duplication that could be eliminated. The enhanced visibility into company hierarchies, linkages, and ownership networks that comes with better risk intelligence can also strengthen sourcing's negotiating position with current and potential suppliers.

# The data points that make your supply chain work for you

As this guide has illustrated, mitigating various layers of supply chain risk and maintaining visibility over suppliers ultimately comes down to having the right data resources. Quality data enables you to oversee all factors shaping the supply chain and to make informed decisions accordingly, ensuring viability, uniformity, consistency and accountability within supply networks over time. This makes for a more resilient process in terms of the ability to manage the unexpected, and also its capacity to recognise and capture supply chain opportunities.

There are six data points that can be considered essential when establishing an effective supplier risk management program that addresses vulnerabilities and contributes to overall value.





### 1. Unique identifiers

Companies across the globe can be uniquely identified via the D-U-N-S® number from Dun & Bradstreet.

D-U-N-S® numbers can be used to uncover information on corporate affiliations of business partners, ownership structures, a sector in general and much more. Having a unique identifier helps you visualise the organisational structures of your suppliers and the risks these may pose, while maintaining an overview of how companies within corporate groups interact.

D-U-N-S® numbers also make it easier to accurately identify key individuals within the organisation, such as CEOs, executive board members, ultimate beneficial owners, or directors, and source pertinent information such as revenue or number of employees that can form the basis for supplier analysis.

### 2. Indicators of financial stability - these are highlighted as part of the Procurement Act – EFS (Economic and Financial Standing)

A supplier's buying power and financial health can change quickly. When its buying power is strong, you may be in a position to negotiate a more favorable price for the goods you are sourcing. When buying power wanes, with the supplier unable to command the best possible terms, you may end up spending more than necessary. In either scenario, profitability can be impacted positively or negatively, so knowing as much as possible about a supplier's financial standing at any given time is a must.

Financial reports based on data from Dun & Bradstreet provide timely, unbiased insights into how well a company is doing financially. They may contain information about late or delinquent payments, legal judgements, liens, balance sheets and leadership changes that could raise questions about a supplier's ongoing viability and point to the need to source alternatives.

The D&B Risk Rating and the D&B Failure Score evaluate the current financial stability of a supplier and predict the likelihood of supplier's failure within the next twelve months. The continuous monitoring of these indicators plus the D&B PAYDEX® Score, reflecting the ongoing payment behavior of a supplier, are a solid fundament for supplier evaluation and early warning system.

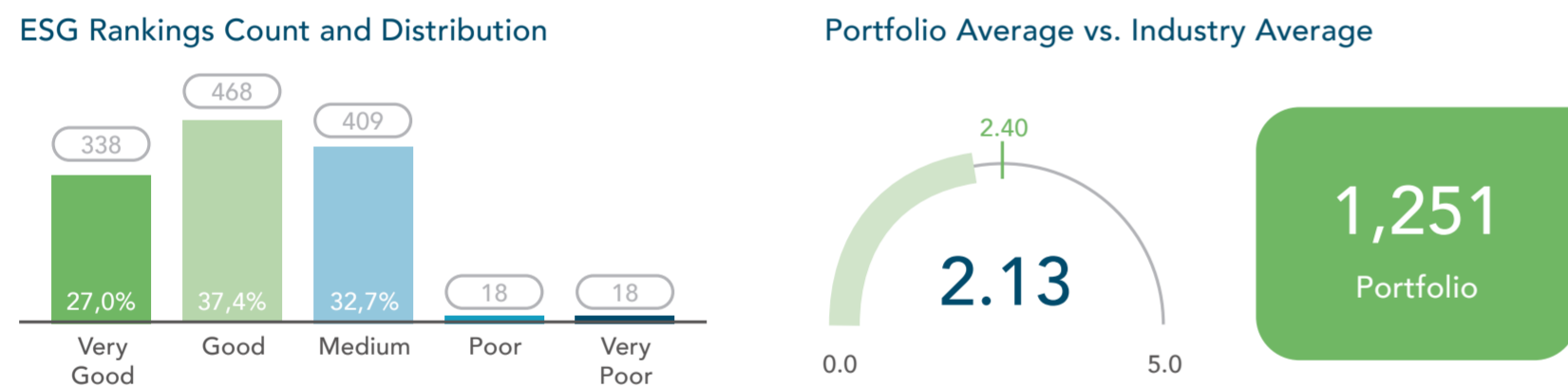


### 3. Accurate readings of sustainability performance

With the emergence of richer data – plus an increased understanding of modern environmental and social pressures – ESG has gone mainstream as a means for organisations to manage supply chain risks and measure their impacts. At the same time ‘greenwashing’, when companies are found to have overstated or even falsified their ESG credentials, has risen as a business risk.

The ESG Ranking from Dun & Bradstreet helps establish whether a company is potentially facing financial losses due to negative performance across ESG dimensions. For example, if a company’s carbon footprint is significantly larger than the sector average, you may well opt for other suppliers with better carbon footprints in future, presenting a possible existential threat to the existing supplier.

#### Example Company’s Supplier Portfolio: ESG Rankings and Averages



#### Example:

As an example of how an ESG Ranking data set can be applied, we used the tool to assess the supplier portfolio of a financial services company, with a reading of 0 representing the lowest risk and 5 the highest. This organisation has 1,251 suppliers in its portfolio, with an overall ESG ranking of 2.13, beating the industry average of 2.40. Most of its suppliers are high performing, but 36 have “poor” or “very poor” rankings, suggesting a need for further investigation and possible replacement – a process that could strengthen the supply chain.



To learn more, download the e-book:  
A Practical Guide to ESG Data and Tools



### 4. Insights from compliance screening

Dun & Bradstreet’s compliance screening tools check companies across the globe against multiple databases to flag any negative reporting, activity or associations – including sanctions, money laundering, fraud, human trafficking or terrorist financing – for further investigation.

These checks represent an essential early warning system if one of your suppliers is potentially involved in financial crime, or facing sanctions or other legal penalties.

Once a supplier has been identified as high risk, further details can be probed to determine the next course of action, such as:

- Name
- Contact person (name and e-mail address)
- Parent company (where applicable)
- Type of product/service (For direct suppliers) Order volume in the last fiscal year
- Business premises or production site(s)
- Number of employees
- Presence of an employee representative body



## 5. Shipping intelligence

With open markets enabling materials and production to be sourced across the globe, companies now rely on thousands of third parties to help them generate revenues – and the vast majority of production inputs are transported by sea freight. According to the OECD, ships transport roughly 90% of world trade.

Identifying and monitoring product and material flows on the maritime network is therefore critical to mitigating the risk of global supply chain disruptions and enabling supply chain optimisation. D&B Shipping Insights provides procurement professionals with a comprehensive source of advanced, up-to-date shipping data and traceability of the movement and sale of goods. This enhanced visibility helps prevent operational disruption and identify opportunities that can reduce costs or contribute to revenues.

### Did You Know?

D&B Shipping Insights are updated daily to provide you with a competitive edge, and connected with Dun & Bradstreet D-U-N-S® Numbers to ensure data integrity and standardisation.

## 6. Climate risk readings

Studies indicate only a minority of companies are assessing their supply chains for climate change risks, despite these risks growing in stature. D&B Climate Risk Insights enable procurement teams to zero in on this subset of risk, with Climate Exposure Index scores that combine climate data gathered from geospatial satellite imagery with financial, corporate, business risk, property and building information. Together these provide an accurate indication of the likelihood of climate-related disruption at different stages of the supply chain, as well as the probability of recovery.

## Top three supply chain trends for CPOs

Risk management in purchasing is at a fundamental turning point. Trade wars, political conflicts and instability in key regions across the globe are all having a profound impact on the stability of supply chains.

Discover what trends are already emerging for supply chain management and get tips on how to best respond to these.



## TREND 1: SUPPLY CHAIN RESILIENCE

The crises of recent years have underlined the importance of fast response times in supply chain management. A company that learns of delivery failures too late simply won't be able to take the necessary action in time. In the worst case, they may even face economic consequences. It is therefore all the more important for companies to strengthen the resilience of their own supply chains in order to prevent issues at an early stage.

„I'm convinced that resilient supply chains are a key competitive factor for companies. Those who manage to guarantee supply reliability in this uncertain world have a major competitive advantage and will become sought-after business partners," comments Seifert.

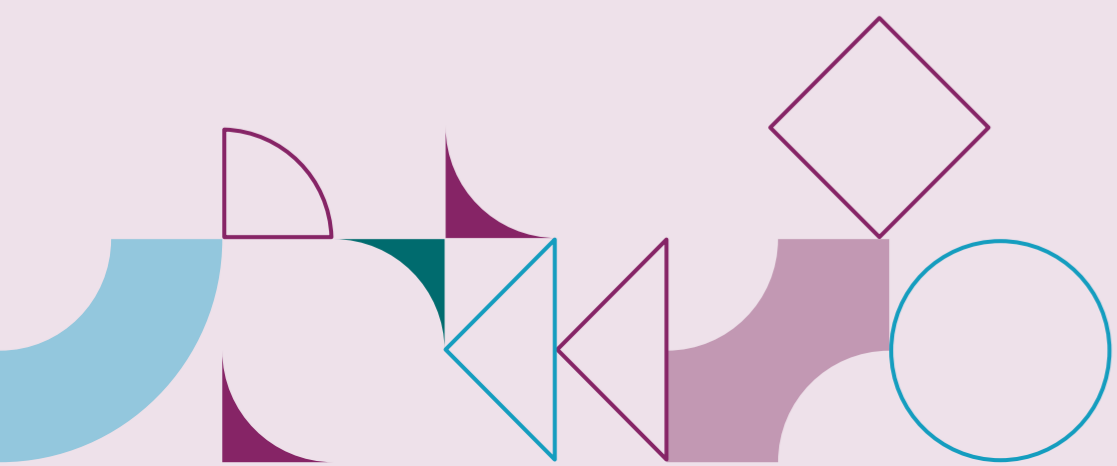
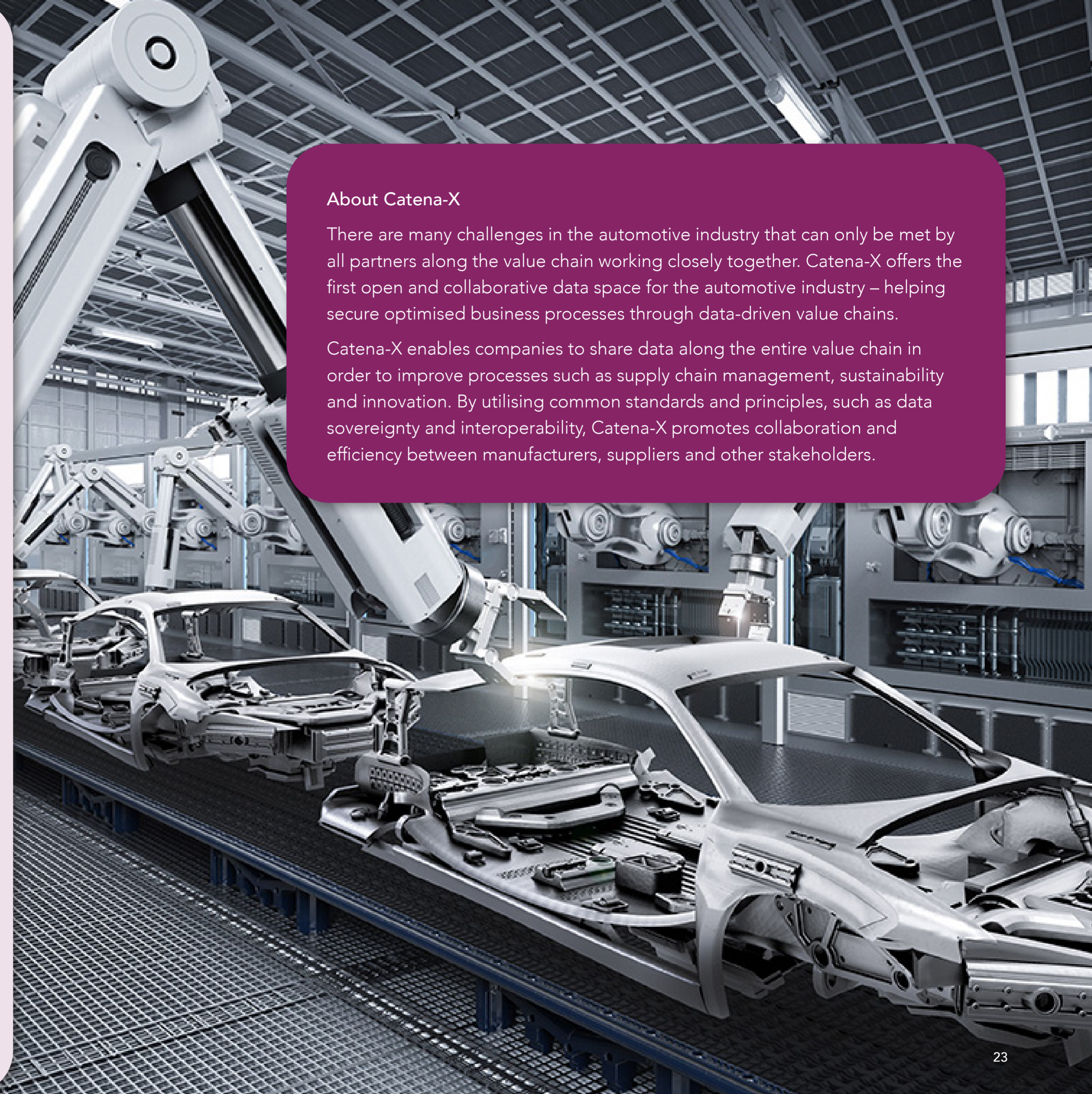
„We're now seeing new data ecosystems such as Catena-X become established, particularly in the manufacturing industry. These are based on common standards, data sovereignty and interoperability.

They enable an efficient exchange of information along the entire value chain," explains Seifert. "Collaboration is the only effective way for companies to meet their overall goals when it comes to sustainability, the circular economy or reduction in carbon footprint. Demand and capacity management, coupled with quality assurance, create greater transparency here. This not only improves competitiveness and efficiency, but also boosts the resilience of the entire value chain."

### About Catena-X

There are many challenges in the automotive industry that can only be met by all partners along the value chain working closely together. Catena-X offers the first open and collaborative data space for the automotive industry – helping secure optimised business processes through data-driven value chains.

Catena-X enables companies to share data along the entire value chain in order to improve processes such as supply chain management, sustainability and innovation. By utilising common standards and principles, such as data sovereignty and interoperability, Catena-X promotes collaboration and efficiency between manufacturers, suppliers and other stakeholders.



## TREND 2: INCREASING COMPLEXITY OF SUPPLIER MANAGEMENT

Stricter regulatory requirements, new sanctions and ambitious climate goals present novel challenges for purchasing teams in supply chain management worldwide.

„Purchasing departments today no longer focus just on price and quantity. They also have to deal with a host of other information. Who are my suppliers from tier 1 to tier n? Which trade routes do they use? How sustainable are they? What is their carbon footprint? All of these factors serve to massively increase the complexity of supplier management. Purchasing departments must take these factors into account and make the necessary preparations to handle the associated complexity,“ explains Schmidt



## TREND 3: STRATEGIC SOURCING FOR INNOVATION MANAGEMENT

Today, purchasing departments have a greater influence on the future viability and competitiveness of companies through strategic sourcing. Targeted selection and management of suppliers have become more important than ever before. This approach helps ensure that there are no supply bottlenecks and that the company's profitability is maintained. Identifying new suppliers with advanced technologies, materials, products, and services is also key. These suppliers help strengthen a company's capacity for innovation

in the medium to long term – leading to satisfied customers and ultimately to business growth.

However, this not only requires collaboration across silos within companies, but also a deeper and more comprehensive understanding of procurement markets and trends, as well as the protagonists and debutants. Processing a wide range of extensive information is the top priority here.



## Key role of modern information management

In summary, we can say that purchasing departments will have no choice but to rethink their approach. Establishing a modern information management system is central to this.

„Purchasing teams must act as a knowledge carrier and work efficiently with data and information. This is the only way to master the complexity of supply chains worldwide,“ explains Schmidt. Among other things, this requires market information and a company’s own information on suppliers. Yet data alone is not enough. The decisive factor will be how the purchasing department works with this information to derive recommended actions and manage processes. It’s also important to note that the use of AI will play an increasingly significant role.

GenAI systems can process large volumes of data and analyse complex variables, enabling them to continuously expand their capabilities over time. The potential applications of GenAI are diverse and range from master data management to strategic analyses for risk management and supplier selection.

„In order to use GenAI effectively, it’s important for companies to understand their full responsibility towards the handling of data. The European legislation on the use of AI is an important guideline here,“ comments Seifert. In addition to assessing the consequences of using AI, this also includes analysing the sources of information as reliable, trustworthy and up-to-date reference data is critical.

D&B.AI Labs is a cloud-enabled innovation centre for creating prototypes of generative AI and large language models (LLMs) that are tailored to specific business requirements.



**David Mitton**

**UK Head of Government**

David leads the UK Government Team at Dun & Bradstreet encapsulating a client first mantra which stems from working on nationally important projects with a variety of public sector bodies over the last 30 years. His experience includes roll out of a reference data solution with the Home Office, enabling all UK&I Policing systems to more readily share actionable data.

More recently, David has been working with multiple, large central government departments to provide global supply chain risk intelligence for the supply of goods and services, trade and health benefit.

David has spoken at global conferences with audiences of over 5,000 on the importance of data sharing and mapping to improve intelligence to inform critical decision making.

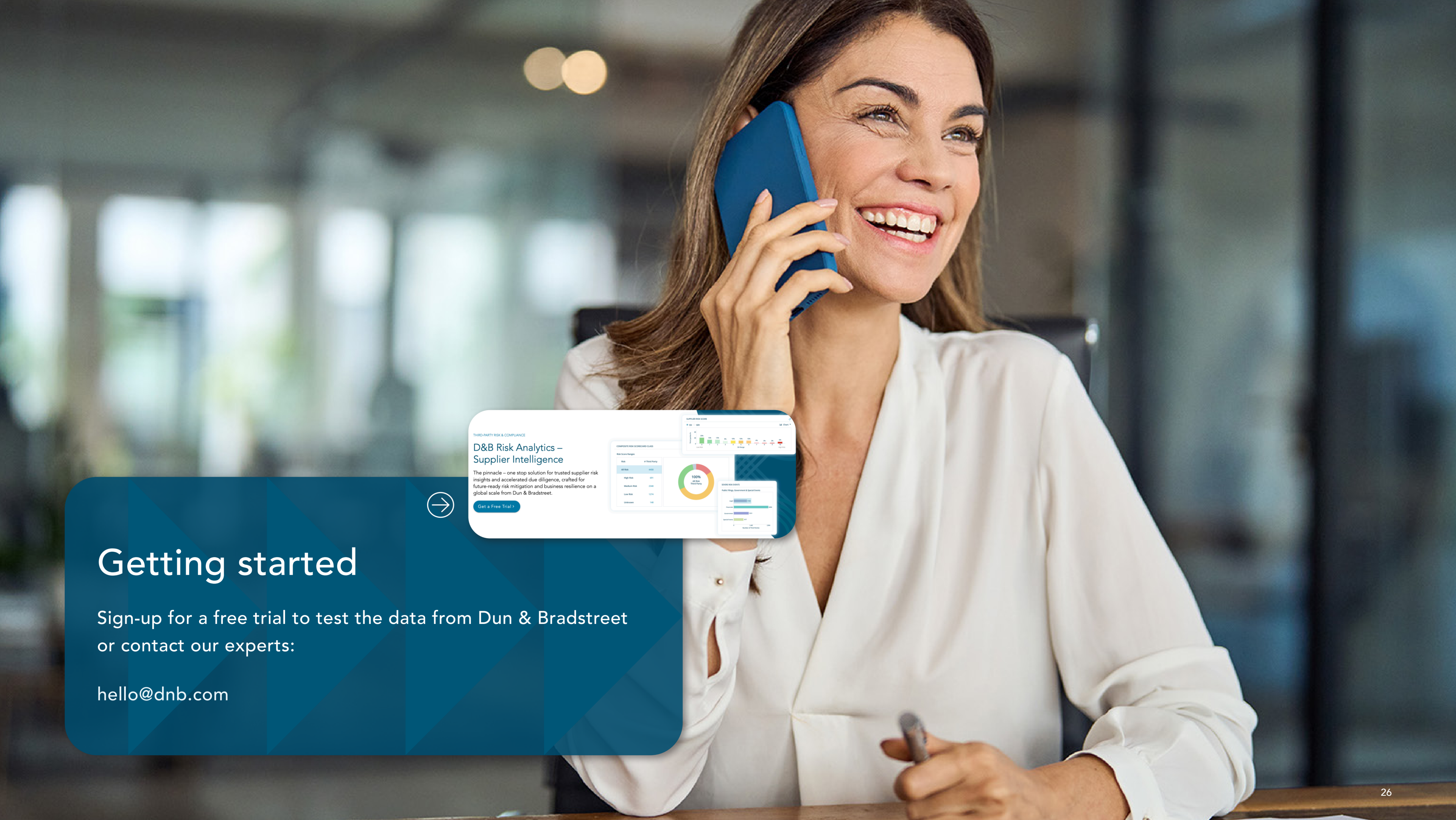


**Patrice Bendon**

**UK Government Customer Success Director**

Patrice joined Dun & Bradstreet in 2013 and, having worked in data-as-a-service (DaaS), and software-as-a-service (SaaS) for her entire career, is now Government Customer Success Director. Patrice led and continues to lead the successful implementation and ongoing success of one of the largest bespoke public sector projects for Dun & Bradstreet, as well as owning relationships with many other public sector departments.

Patrice’s experience within Dun & Bradstreet includes years working with our global content organisation as UK&I Content Experience Lead, supporting our clients’ understanding of the Dun & Bradstreet data assets. This combined experience is hugely beneficial to delivery of public sector projects.



THIRD-PARTY RISK & COMPLIANCE

### D&B Risk Analytics – Supplier Intelligence

The pinnacle – one stop solution for trusted supplier risk insights and accelerated due diligence, crafted for future-ready risk mitigation and business resilience on a global scale from Dun & Bradstreet.

[Get a Free Trial >](#)

Risk Score Ranges	# Third Party
All Risk	4000
High Risk	500
Medium Risk	2000
Low Risk	1200
Unknown	100

100% All Risk Third Party

Supplier Risk Score

Public Filings, Government & Special Events



# Getting started

Sign-up for a free trial to test the data from Dun & Bradstreet or contact our experts:

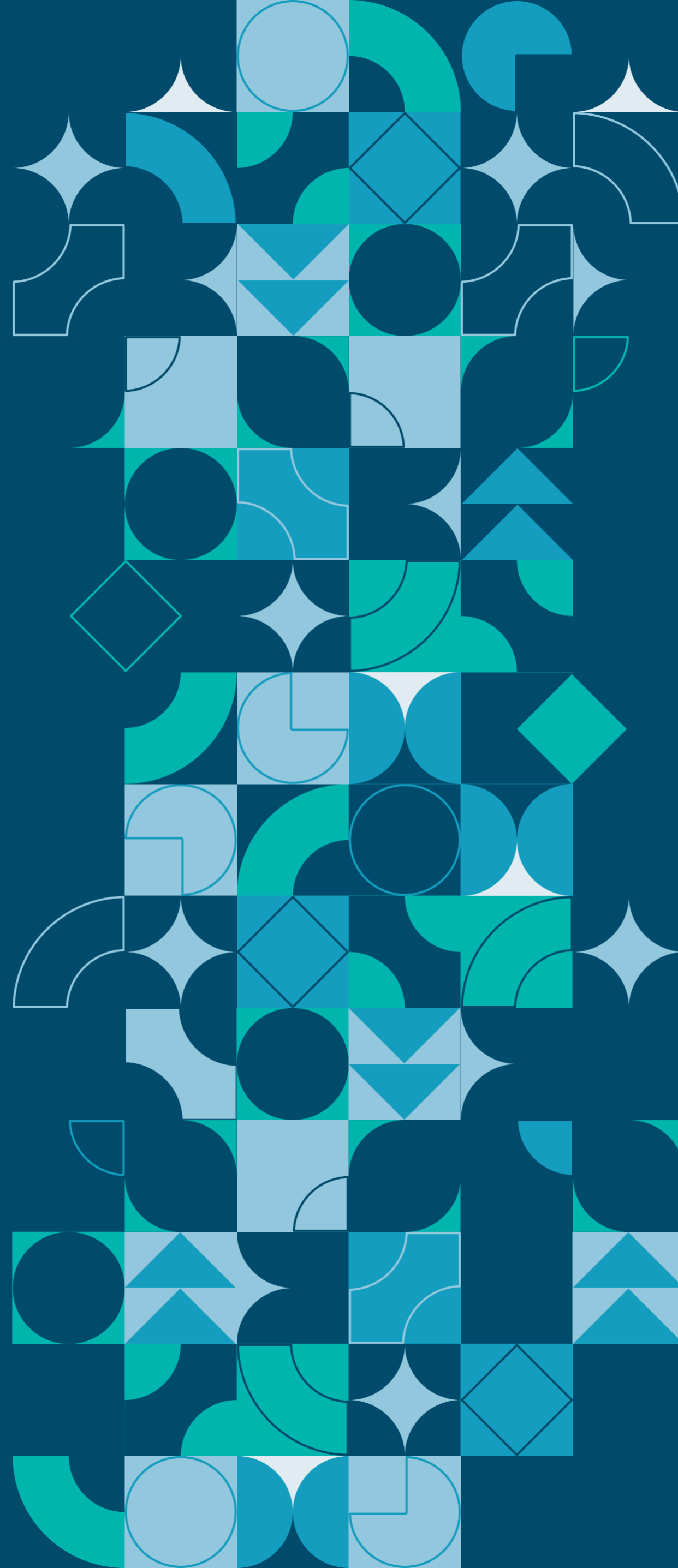
[hello@dnb.com](mailto:hello@dnb.com)



## ABOUT DUN & BRADSTREET

Dun & Bradstreet, a leading global provider of data and analytics, enables companies around the world to improve decision-making and business performance. Dun & Bradstreet's Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower cost, mitigate risk, and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity.

[DNB.com/uk](https://www.dnb.com/uk)



## DISCLAIMER

While Dun & Bradstreet provides information in good faith and makes every effort to supply correct, current and high-quality guidance, this Best Practice Guide is provided solely on an 'as is' basis without any express or implied warranties, undertakings or guarantees. The contents of this document are provided for general information only and do not purport to be comprehensive. No representation, warranty, assurance or undertaking (whether express or implied) is or will be made, and no responsibility or liability to a recipient or user of this Best Practice Guide or to any third party is or will be accepted by Dun & Bradstreet or any of its officers, employees or agents, in connection with this Best Practice Guide or any use of it, including in relation to the adequacy, accuracy, completeness or timeliness of this document or its contents. Any such responsibility or liability is expressly disclaimed. Nothing in this document excludes any liability for: (i) death or personal injury caused by negligence; or (ii) fraud or fraudulent misrepresentation. By accepting or using this document, the recipient or user agrees to be bound by this disclaimer. This disclaimer is governed by English law.