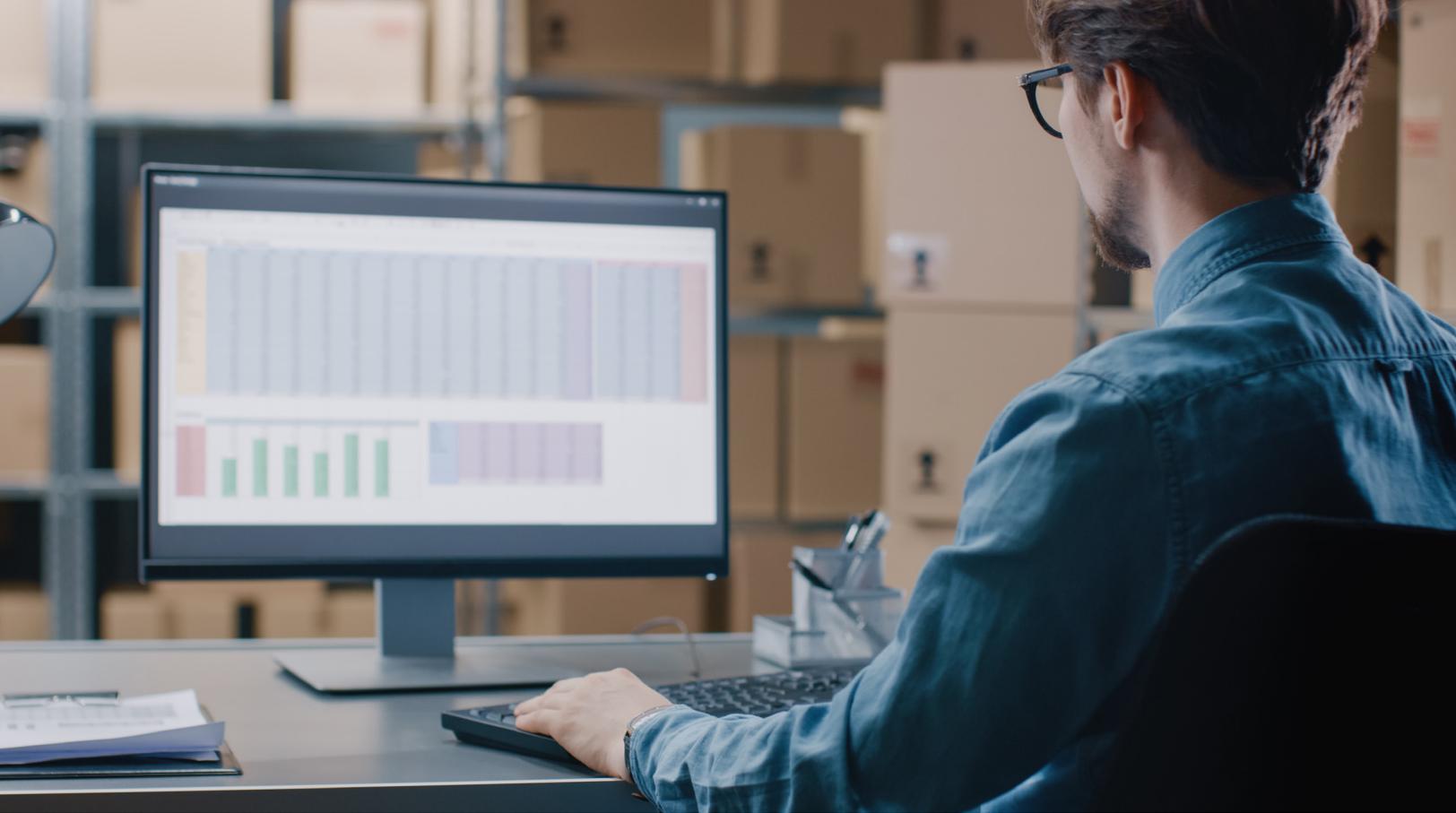


# Understanding Supply Chain Analytics

How to Optimize Your Supplier Network





Supply chain analytics rely on data and algorithms to help government agencies manage risk, save money, and make the entire procurement process more efficient. Supply chain data can be analyzed through different lenses, depending on the desired insights. Many agencies use some form of supply chain analytics; this primer will help you understand the implications of incorporating supply chain analytics into your operations.



## HOW CAN SUPPLY CHAIN ANALYTICS HELP?

Supply chain analytics help agencies build reliable and efficient procurement networks at the lowest cost. Such efficiencies can be discovered through the increased transparency that comes with pairing reliable data with powerful algorithms. Agencies that keep inventory on hand should seriously consider adopting supply chain analytics in order to realize savings and minimize risks.

## SUPPLY CHAIN ANALYTICS USE-CASES

Seemingly minor changes to the supply chain can have effects down the line, resulting in positive or negative outcomes. Rather than being reactive, supply chain analytics bring another element of planning to the procurement process.

The following list covers some of the major functions of supply chain analytics:

1. Supplier risk management considers company financial data, business credit scores and ratings, corporate family trees, and more to uncover potential supply chain vulnerabilities.

Business data is often fragmented; supplier risk management tools assemble it in one place. This might include information on outstanding debts, current liens, or connections to troubled parent companies. Visibility into these risks can help agencies anticipate trouble before supply chain interruptions occur. Products such as D&B Supplier Risk Manager™ allow agencies to evaluate new partners or monitor vendors for signs of trouble.

2. Inventory management and demand forecasting brings supply and demand into perfect alignment, reducing the overhead costs that come with stocking extraneous items.

Real-time sales figures from an ecommerce storefront can help agencies understand seasonal trends. The availability of machine components is used to estimate when replacement parts should be ordered to keep an assembly line moving along. Analytics programs run these inputs through advanced algorithms in order to help companies plan for the ebb-and-flow in both supply and demand.

3. Cost modeling helps suppliers realize savings on their own procurement expenses and understand how price volatility may affect them.

The cost of raw materials, transportation, and storage are among the factors that influence product prices. Commodity prices can be volatile, so buyers also need to understand when to buy and under what terms. Cost modeling can also flag when upstream vendors may be charging too much for their services, and help buyers understand the savings that could be realized by going with another supplier.

## HOW TO CHOOSE A SUPPLY CHAIN ANALYTICS PLATFORM

Supply chain analytics software is a relatively new concept, and the market is crowded with potential providers. Agencies should consider the following before adopting a tool:

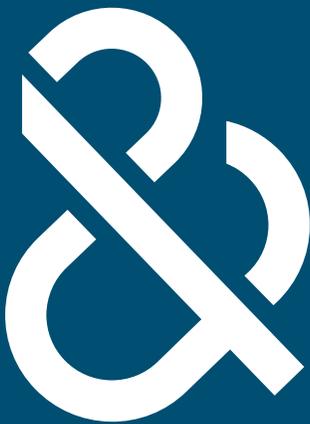
**DATA RELIABILITY:** Biographical and financial information on companies should be sourced from reliable providers. Government records, business information databases, and business credit bureaus are often used to compile important details. You'll want to be sure that your analytics provider is using reputable sources, as these inputs will inform procurement decisions.

**USER INTERFACE:** Collecting reliable data is one part of supply chain analytics; understanding its implications is equally important. Visualizations can be helpful in quickly conveying information to decision makers. Ease-of-use is also important. How much training will be necessary before the procurement team is proficient in the new software? Does your provider offer this as a service?

**COST:** Agencies need to choose a supply chain analytics provider that delivers a strong ROI. The size of a company will often determine its needs. Keep your costs in line with the scale of the procurement network. The adage, "You get what you pay for," applies here. You might cut costs by going with a cheaper platform, but you might lose money if the data the platform runs on isn't reliable.



Deploying a supply chain analytics platform helps agencies optimize procurement networks by identifying reliable vendors and planning for changes in demand and price. It's an essential part of running at peak efficiency.



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