JAGGAER

2022 State of the Supply Side Report

Gaps, Challenges and Opportunities
to Improve the B2B Commerce Experience

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Executive Summary

Companies everywhere are revamping their supply chains in response to the challenges from the past few years. In fact, EY research shows that 64% of supply chain executives expect digital transformation to accelerate.

Procurement technology advancements to date have focused primarily on making life easier for buyers. Even with the incredible automation and intelligence capabilities available on the market today, suppliers still live in a highly manual world. The lack of widespread automation on the supply side is creating inefficiencies that prevent true supply chain transformation. The friction is also leading suppliers to miss out on new business opportunities and growth.

JAGGAER surveyed suppliers worldwide to get insight into where their commerce experience could be reimagined with technology to reduce friction and drive better business outcomes. This report will dive deeper into the challenges and opportunities facing suppliers across various industries and offer advice for those ready to transform.
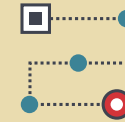
Where Friction Exists Today

Despite organizations' emphasis on resilience and transformation, only 9% of suppliers say their commerce experience is fully automated. More than 90% say they still struggle with cumbersome or tedious processes.

Most suppliers' commerce experiences lack automation and efficiency.

57%

Key processes are automated, but we lack a fully streamlined experience

17%

Processes are highly manual and tedious and therefore we spend too much time on back-end processes

17%

Some digitization but our core processes (i.e., invoicing, customer communication, RFP responses) are still very cumbersome

9%

We are fully automated

When asked about the specific operational challenges that hold them back, 65% of suppliers cited having to manage multiple platforms at once. The fact that suppliers selected this as a major obstacle is understandable given 43% of respondents report using more than 10 marketplaces and directories to connect with buyers. Twenty-two percent say they use more than 20 systems.

Manual processes and communication with buyers add to the portal fatigue, with 39% of suppliers citing these issues as a key hindrance. Considering that 32% of suppliers spend more than 25 hours per week just on responding to buyer communications, RFP and RFI requests, there is a clear and urgent need to automate in these core areas. The time spent on these tasks alone costs these suppliers more than $260K a year. Seventy percent of suppliers say they spend more than 10 hours per week on these tasks.

Other top concerns for suppliers include a lack of information and data flow between systems (33%), limited insight into customer demand (28%), a lack of skilled personnel (17%), and limited insight into inventory (11%).
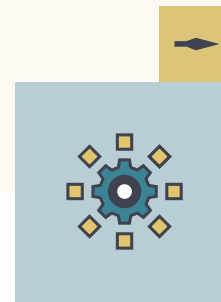
Automation Progress Lags

Suppliers recognize the benefits of streamlining high friction commerce processes. Responding to RFPs (43%), invoice management and collection (43%), and onboarding new tools and platforms (46%) were cited by suppliers as the most valuable processes to automate. Even still, data shows that most haven't moved to technologically transform.

Of the suppliers who said that responding to RFPs is the most valuable process to automate, only 10% have fully automated it. The lack of progress is interesting considering 70% of these suppliers also say they spend more than 10 hours per week just on responding to RFP and RFI requests and communication with buyers. Only 5% of the suppliers who selected invoicing management and collection as a top process for automation

are fully transformed in this area today.

Other areas that lack full automation include inventory optimization (91%) and payment processing (82%). Sixty-two percent of suppliers report having no automation around filling out questionnaires related to risk and sustainability. Over half (53%) say onboarding new tools and platforms to connect with buyers isn't automated.

89%
89% of all suppliers surveyed haven't or have only somewhat automated responding to RFPs.

84%
84% say the same for invoice management and collection.

The Urgent Need to Transform

While suppliers' adoption of technology appears to be slow, disruptions are hitting these organizations fast and hard. Seventy-three percent of suppliers say that shortages are having a major or severe impact on their business. Other top challenges include inflation (69%), workforce shortages (62%), and geopolitical risks (50%).

It's becoming increasingly expensive and difficult to produce and move goods around the world. Inflation has reached a 40-year high, causing supply prices to skyrocket. Suppliers also still can't get products to their customers fast enough due to ongoing supply constraints and the crunch for truck drivers and other supply chain and logistics talent.

$8.5 Trillion

The global talent shortage will cost enterprises $8.5 trillion in lost revenues by 2030, according to Korn Ferry.

By contrast, 76% of suppliers say compliance with new and evolving regulations has minimal to no impact on their business and 68% and 65% say the same for new trade barriers and reshoring production, respectively.

Interestingly, 64% of suppliers say that demands to be more sustainable and socially responsible have minimal to no impact. This could indicate that suppliers feel confident in their ability to deliver on ESG initiatives and don't view it as a top challenge for their business.

It could also mean that suppliers are so bogged down with handling emergent issues, such as shortages and controlling cost increases related to inflation, that they are overlooking the importance of making progress on ESG.

Effectively tackling the pressing macro issues, while addressing strategic imperatives such as ESG, is impossible without automation and advanced technology.

As supplier organizations look to automate and digitally transform, they will be best served by investing in systems that enable them to get better selection and pricing on their own supply sources, open their access to potential buyers, reduce risk, and alleviate capacity constraints on their teams.

Suppliers' top macro challenges

Shortages

Inflation

Talent crunch

Strained production capacity

Geopolitical risks

61% of senior-level supply chain executives said they will retrain and reskill their workforce and help their talent utilize digital technologies, according to an EY study. **Top workforce measures include increased automation (63%) and investments in AI and machine learning.**

Spotlight: Top Challenges by Industry

Manufacturers' top challenges were tied between shortages (77%) and strained production capacity (77%), followed by the talent crunch (54%). The most promising advancements from manufacturers' perspective were AI mechanisms that recommend them to buyers looking for specific capabilities (69%) and a centralized hub that gives access to a large universe of buyers (69%).

Pharmaceutical and chemical suppliers are most challenged by inflation (83%) and shortages (67%). Suppliers in this industry consider systems that autonomously invoice and collect from customers (67%) and data to see how they stack up against competitors (83%) to have the greatest potential for improving their commerce experience.

The Capabilities Suppliers Crave

The top three most promising advancements cited by suppliers for improving their commerce experience were a centralized hub that provides access to a large universe of buyers (59%), data that shows how they stack up against their competitors (57%), and automated workflows that improve collaboration (48%).

Other areas suppliers were excited about include:

Systems that autonomously invoice and collect from customers (43%)

AI mechanisms that recommend suppliers to buyers looking for their specific capabilities (39%)

Technology that reduces the time it takes to respond to RFPs (35%)

Prescriptive recommendations on where business processes could be streamlined (20%)

The fact that suppliers selected these capabilities makes sense. Each of these advancements would significantly make their lives easier, speed core processes, and open up their capacity. In fact, if aided with the right technology and more time, suppliers assert they'd be better equipped to grow their business (74%), strengthen customer relationships (72%), and increase profitability and lower costs (59%). Over half (52%) said they could improve overall internal efficiency. Fifteen percent said they could create and deliver higher quality products and services.

The data suggests there's tremendous value on the table for suppliers who proactively reduce friction and invest in technology.

The Future is Autonomous Commerce

Enterprise commerce as we've known it is flawed. The survey data shows that the challenges and inefficiencies that suppliers face are so big and material that incremental improvements aren't enough. It's time for fundamental change.

The Autonomous Commerce revolution is just beginning and is enabling the transformation. It's a whole new world of commerce that creates a truly frictionless and fully digitized experience for both suppliers and buyers.

Both parties are unified on a single global network, fully credentialed, catalogued, and ready to transact. Suppliers are automatically matched and recommended to buyers that need their specific capabilities, based on product specifications, price, service levels, risk, ESG objectives, and more. For suppliers, this minimizes retooling, accelerates time to value, and opens new revenue growth opportunities.

This new way forward also eases suppliers' talent shortages and frees up their time to focus on more strategic tasks by autonomously executing many of the repetitive, tedious and behind-the-scenes tasks that are required to facilitate enterprise commerce. Transactions that flow through the network are analyzed by AI, which prescribes actionable processes to eliminate bottlenecks, improve cycle times, and reduce costs. And that's just a few of the benefits of Autonomous Commerce.

87%

While nearly ninety percent (87%) of suppliers are trying to modernize their broader technology infrastructure, they have yet to double down on their commerce-related processes. Only 10% of these organizations say they have fully automated their commerce experience.
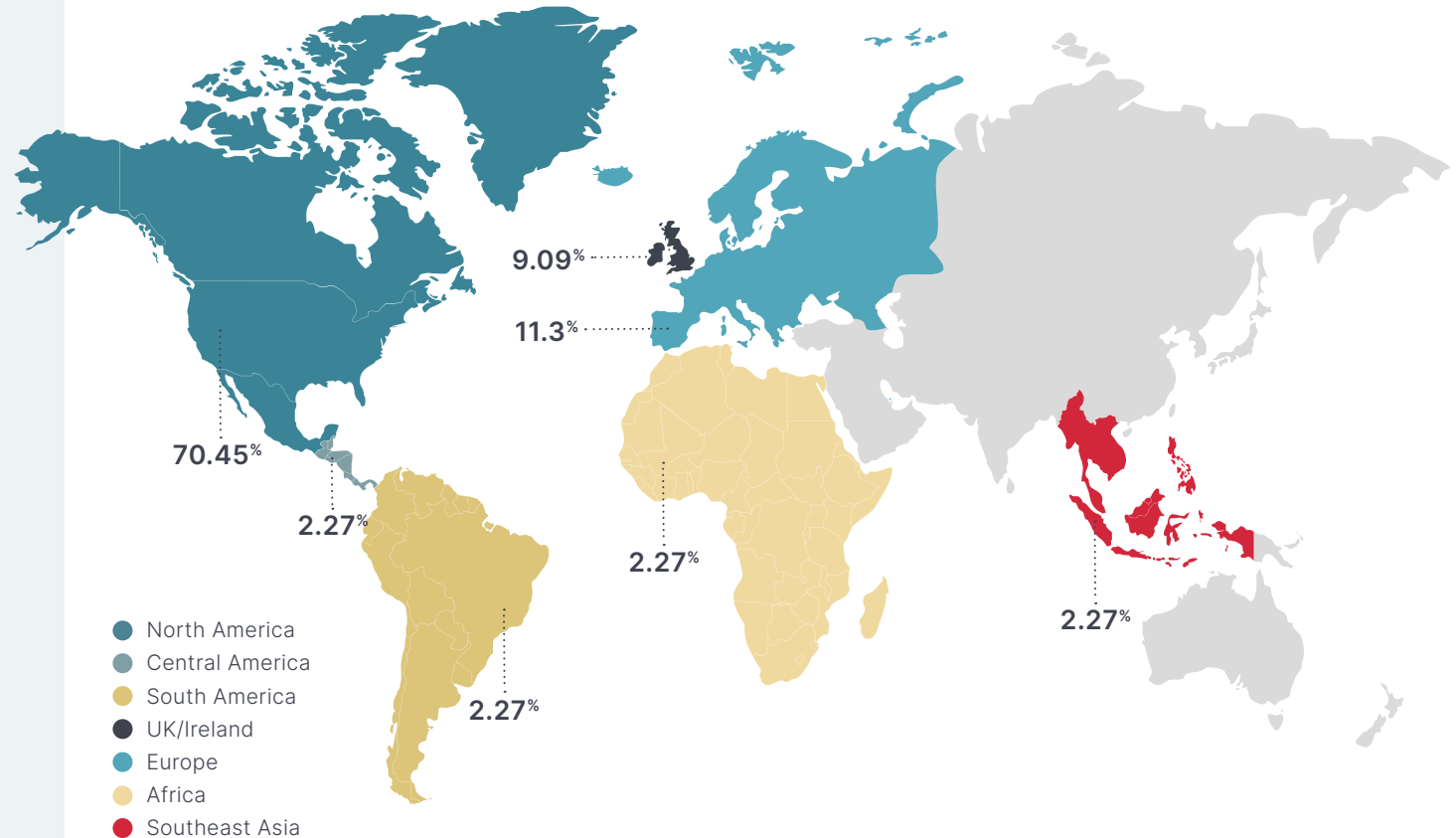
Thirty-four percent of supply chain leaders surveyed by Gartner say that adapting to new technology is the most important strategic change supply chain organizations will face in five years. But the shift is already happening. Technology innovation is taking off to revolutionize the commerce experience for suppliers and equip them to drive larger objectives. And there's no better time to embrace it.

The opportunity is ripe for the taking.

Learn more about the Autonomous Commerce revolution.

9.09%

11.3%

70.45%

2.27%

2.27%

2.27%

2.27%

2.27%

- North America
- Central America
- South America
- UK/Ireland
- Europe
- Africa
- Southeast Asia

About JAGGAER

JAGGAER is leading the Autonomous Commerce revolution, a self-governing B2B commerce experience between buyers, suppliers, things (IoT) and partners. Over $500 billion worth of goods flow frictionlessly through our Enterprise Commerce Network every year. Leveraging AI and machine learning, our intelligent procurement solutions provide enterprise buyers and suppliers smart-match recommendations that align buyer needs with supplier capabilities. Our solutions autonomously execute many of the repetitive, behind-the-scenes tasks required to facilitate enterprise commerce. We are Networked, Intelligent, Comprehensive and Extensible. We are over 1,100 employees strong, all focused on customer success. For more information, visit **www.jaggaer.com**

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