



Faced With Supply Chain Challenges, Companies Are Investing Millions on Advanced Technology

Insights from Blue Yonder's
2024 Supply Chain Executive Survey

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In a Complex, Disrupted Landscape, Companies Turn to Technology

Blue Yonder's goal is to provide practical, value-added technology solutions that meet the real-world needs of our customers. That process begins by fully understanding our customers' needs. Just about every day, we interact with customers through our User Groups, our Customer Advisory Boards, our presence at industry conferences, and, of course, one-on-one customer meetings. Our annual conference, ICON, brings together hundreds of supply chain executives in an interactive forum where we can all learn from each other.

For the past several years, our effort to understand customer needs has included an annual survey of executives from the supply chain and logistics functions. For the first time this year, we conducted this study on a global basis, including 600 executives from around the world, to make sure we're addressing the needs of our international customer base.

The results of Blue Yonder's 2024 Supply Chain Executive Survey are summarized in this e-book. While the survey revealed many general trends that are impacting businesses worldwide, and many shared challenges, this e-book will call out some interesting country- or region-specific trends that we believe are noteworthy.

This year, once again, the primary challenges faced by supply chain teams include ongoing disruptions, rising costs and sustainability pressures. A surprising 84% of respondents worldwide report ongoing and significant supply chain disruptions — including shortages of materials, labor and transportation capacity.

More than ever, this year's survey emphasized that the clear solution is applying advanced technology. More than half (51%) of companies invested over \$10 million in their supply chains in the last year, with much of that investment going toward advanced capabilities like artificial intelligence (AI). Our respondents seem to grow in their maturity and adoption each year. In this year's study, over half of organizations are applying AI and machine learning (ML) to improve their performance in supply chain planning (56%), transportation management (53%), and order management (50%).

Please read on to learn more of the insights gained by Blue Yonder. It is clear that the world's supply chain teams are betting heavily on advanced technology to power their future success. Count on Blue Yonder to be there with industry-leading solutions, services, and delivery models that maximize the return on those investments.

Terence Leung

Global Senior Director,
Solution and Industry Marketing
Blue Yonder

The Top Challenge Facing Supply Chains? Disruption

Blue Yonder's 2024 Supply Chain Executive Survey revealed that the number-one challenge facing the world's supply chain teams continues to be managing disruptions. This year, 84% of respondents said their organization has experienced supply chain disruptions over the last year, down slightly from 87% in 2023 and 88% in 2022.

The primary causes of these disruptions included raw materials shortages (reported by 48% of executives), delivery lags from suppliers (47%), labor shortages (44%) and lack of transportation capacity (41%). Also cited were extreme weather, route changes and geopolitical unrest.

How did these disruptions affect respondents' supply chains?

The top impacts were customer delays (named by 42% of executives), stalled production (42%), regulatory compliance issues (39%), reputational and monetary damage (38%), and an inability to meet customer demand (38%).

Given these significant impacts, it's clear that establishing supply chain resilience and agility is a top concern for supply chain executives around the world.





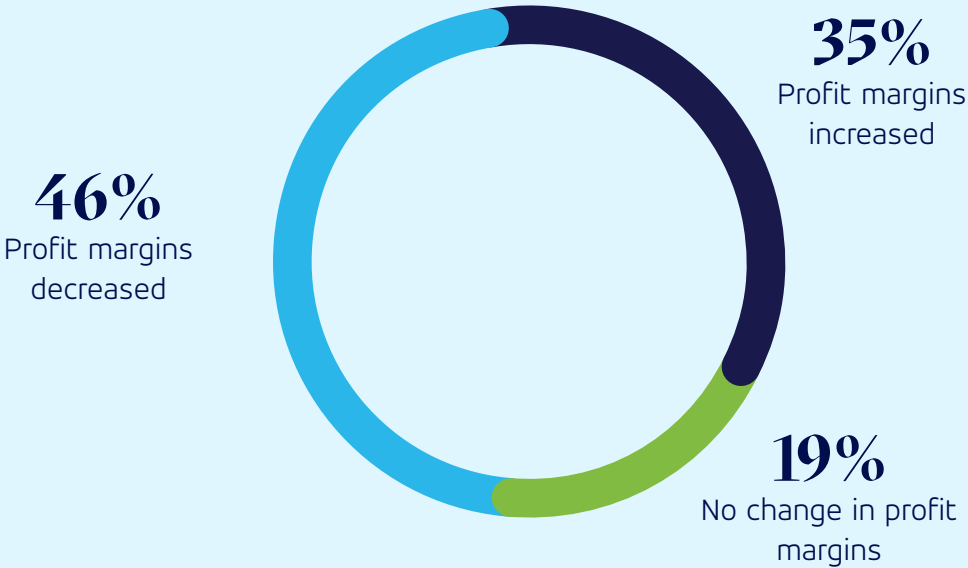
Meanwhile, Cost Increases Are Shrinking Profits

In addition to frequent disruptions, supply chain organizations are also facing rising costs, driven by global inflation. Price inflation is primarily affecting transportation costs (cited by 38% of respondents), materials costs (34%), labor costs (14%) and inventory costs (8%).

Frequent disruptions, combined with cost increases, are causing companies' profit margins to shrink. Around the world, 46% of respondents reported that their profit margins have fallen over the past year. Among U.S.

companies, 60% have experienced decreasing margins — the highest percentage for any country or region.

Only about a third of all executives worldwide (35%) said that their profits have grown over the last year. Clearly supply chain teams are facing tough times, with little control over how inflation affects their margins.



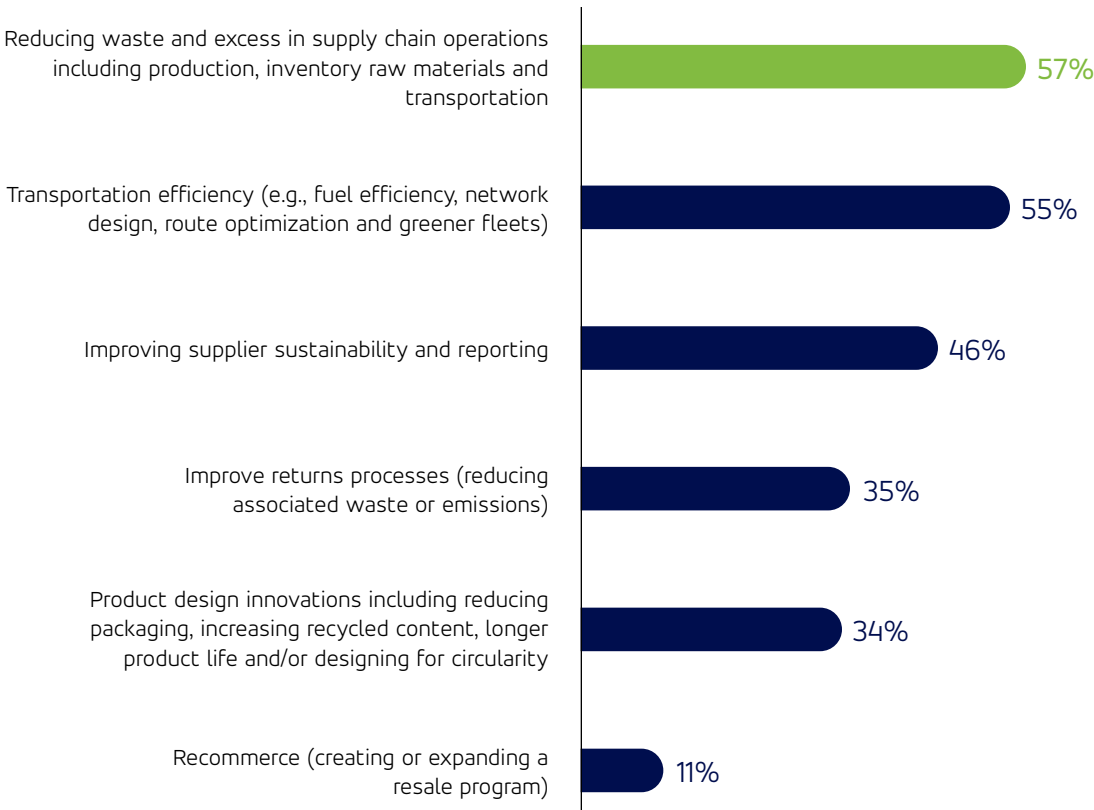
Sustainability Places Added Pressure on Supply Chain and Logistics Functions

As if disruptions and cost pressures weren't enough to contend with, the supply chain executives in Blue Yonder's survey named a third top challenge: sustainability. Nearly half (44%) of participants said their companies have increased their sustainability initiatives in the last year. Almost half (47%) of respondents have maintained their sustainability investments, and only 9% have decreased these efforts.

What specific sustainable practices are supply chain teams targeting? The top area of focus is reducing waste and excess — including production, inventory, raw materials and

transportation — cited by 57% of executives. Over half (55%) said their business is focusing on increasing transportation efficiency by optimizing fuel usage, network design and transportation routes, as well as creating greener fleets.

Other areas of sustainability investment among our respondents include improving supplier sustainability (46%), enhancing the returns process (34%), and driving product innovations like reduced packaging and design for circularity (34%).



What's the Answer?

Companies Are Betting on Advanced Technology

Faced with a complex and disrupted environment, companies are doubling down on their supply chain investments. Based on Blue Yonder's survey, it's clearly the supply chain's time to shine, supported by advanced technology.

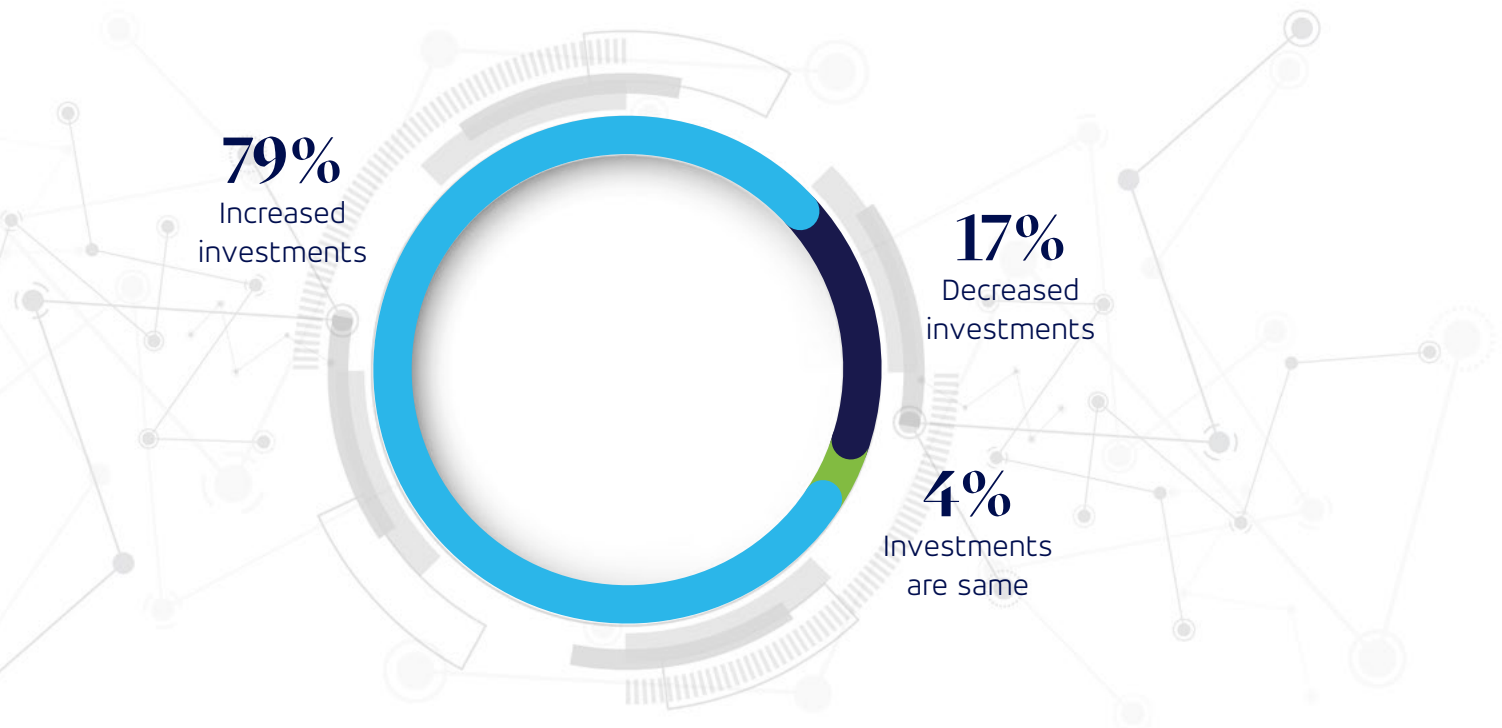
About eight out of 10 companies in our study (79%) have increased their investments in supply chain operations over the past year. And companies are placing heavy bets, with over half of them (51%) investing more than \$10 million in supply chain improvements.

Over the years, we've observed especially rapid growth in supply chain investment among our U.S. respondents. In 2022, only 24% of U.S. companies in our survey were investing

more than \$10 million. Two years later, that number has more than doubled to 49%.

Many of our respondents' top areas of investment are related to implementing advanced technology in their end-to-end supply chains. Four out of 10 (41%) of executives reported that their companies are implementing AI-based technologies, while another 25% said they're adding non-AI solutions. Digital transformation is a focus of investment for 37% of participants.

When asked about the outcomes of their supply chain investments, the top responses were improved efficiencies (named by 53%), revenue growth (37%), increased market share (37%), fewer disruptions (37%) and increased profitability (29%).



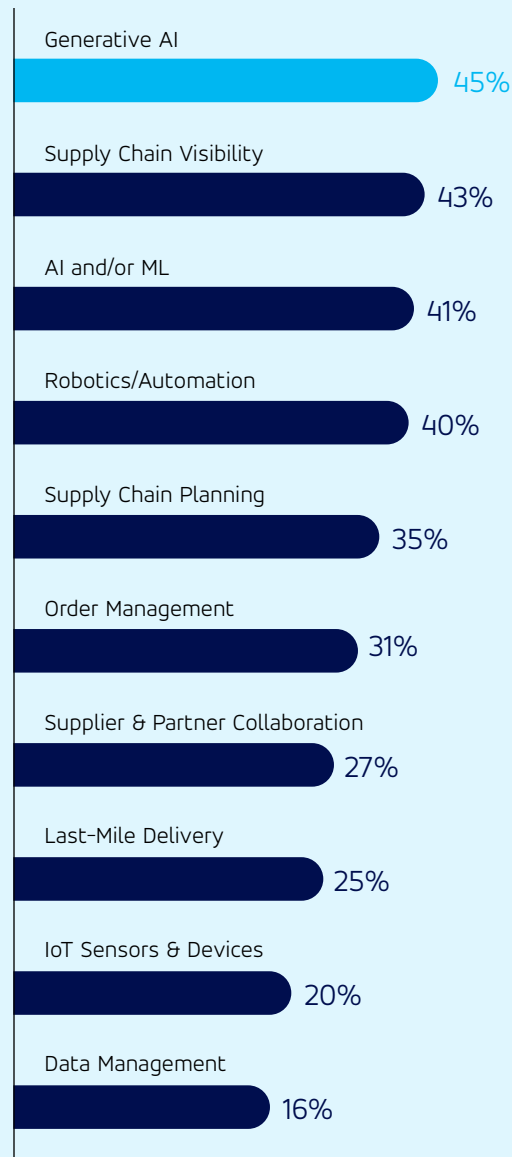
Looking Ahead: The Stakes Are High for AI

AI isn't just an industry buzzword. It's clear from Blue Yonder's survey that increasing their investments in AI is seen as a key strategy as supply chain teams look to the future.

Profitably navigating today's complex, disrupted business landscape has become a problem that exceeds manual analysis and human cognition. Only by leveraging the power of AI can teams of supply chain and logistics operations identify and resolve disruptions, balance costs and service levels, consistently make sustainable choices, and maximize the return on all their resources, from labor and inventory to fleets and equipment.

Our survey found that over half of organizations are already applying AI and ML to improve their performance in supply chain planning (56%), transportation management (53%), and order management (50%). A surprising 80% of respondents said their companies have organized initiatives to implement generative AI, a subset of artificial intelligence. Among those participants, 91% said generative AI has proven "moderately effective" or "highly effective" in optimizing supply chain processes and decision-making.

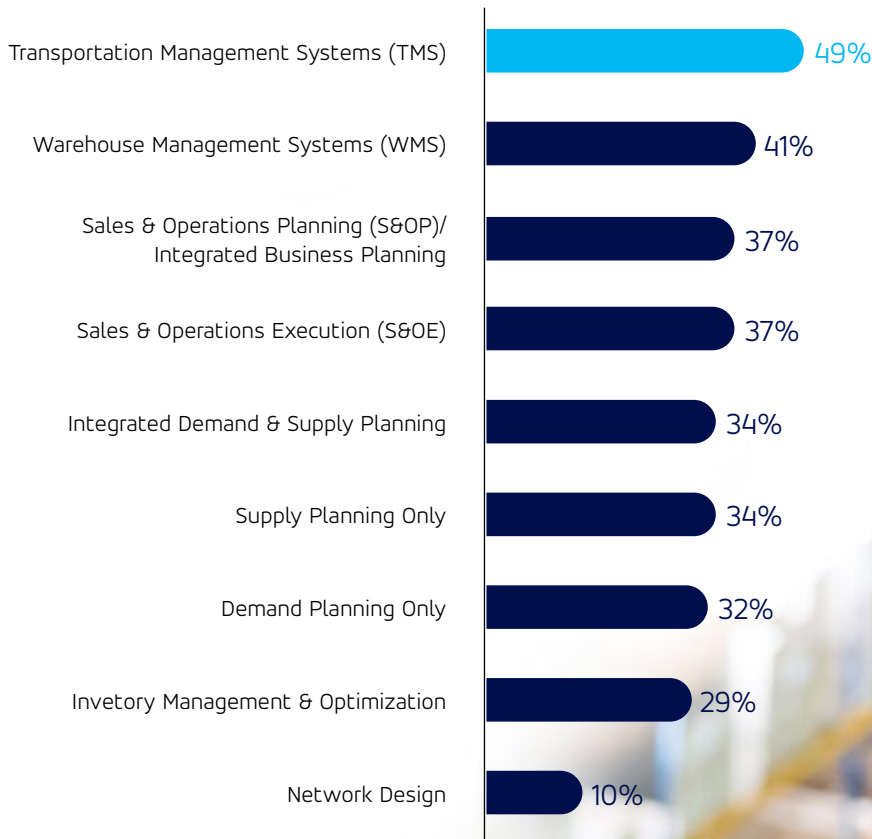
Looking ahead, a huge majority of respondents in our survey — 86% — plan to increase their investments in AI, ML and generative AI. They're also looking to advanced technology in general as a means of increasing supply chain visibility (named by 43% of executives), driving automation (40%) and optimizing supply chain planning (35%).



The Top Functional Areas for Future Investment

In terms of functional areas targeted for investment across the supply chain, logistics execution is a primary focus for advanced technology adoption. About half (49%) of survey participants plan to invest in transportation management systems (TMS), while 41% are looking to add an advanced warehouse management systems (WMS).

Optimizing planning processes via advanced technology is also a key area of focus. Supply chain executives are looking to add sales and operation planning / integrated business planning (37%), sales and execution solutions (37%), integrated demand and supply planning capabilities (34%), standalone supply planning software (34%), and standalone demand planning software (32%).



About the Survey

Sponsored by Blue Yonder and conducted by a third-party provider, the 2024 Supply Chain Executive Survey was conducted from March 1 to 15, 2024. The study gathered responses from over 600 C-suite and senior executives in manufacturing, retail, third-party logistics and government. Respondents are responsible for supply chain strategy, logistics, planning, and manufacturing operations in the United States, United Kingdom, DACH (which includes Germany, Austria and Switzerland), and France/BENELUX (which includes Belgium, the Netherlands, and Luxembourg).

Conclusion: Enabled by Technology, the Future Looks Bright

As demonstrated by Blue Yonder's 2024 Supply Chain Executive Survey, the world's supply chains are facing incredible pressures — including increasing disruptions, rising costs and growing sustainability pressures. Never before has so much attention been paid to teams from supply chain and logistics functions.

However, enabled by advanced technology, supply chains are more than ready for their moment in the spotlight. As supply chain professionals, it's our time to shine by leveraging AI, ML and other leading-edge

capabilities to optimize every decision and every daily work process, across the end-to-end supply chain, to drive higher service at a lower cost. We're seeing incredible returns on companies' existing technology investments, and it's encouraging to see executives increasing their bets on supply chain digitalization.

As you search for a partner to join you on your digital transformation journey, we hope you'll consider Blue Yonder. Like the participants in our 2024 Supply Chain Executive Survey, we're betting on the future of advanced technology — we're investing \$1 billion in innovations over three years.

Whatever your vision for the future, we'll help you get there with leading-edge capabilities, outstanding service and support, and innovative delivery models that accelerate your return on investment.

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