2025 Supply Chain Compass:

How Supply Chain Leaders Are Navigating Complexity

BlueYonder

Foreword

DISRUPTION IS ABOUT THE ONLY CONSTANT, AND EVERYTHING ELSE HAS DEGREES OF UNCERTAINTY.

DUNCAN ANGOVE
CEO, BLUE YONDER

We're at the beginning of a massive transformation. Blue Yonder has been a supply chain management leader for decades, but the industry has perhaps never been at the confluence of so many historic trends as it is today.

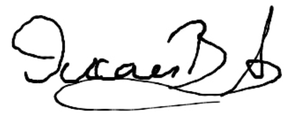
The implementation of tariffs represents a different political take on global trade and a shake-up to the material realities of supply chains. Sustainability ambitions grow stronger and more urgent each day. Geopolitical events and natural disasters change where and how fast we can transport goods. Consumers' expectations grow higher and higher for every new experience and transaction. Disruption is about the only constant, and everything else has degrees of uncertainty.

What's perhaps most striking about the responses to this survey is the depth of commitment and belief that supply chains will continue to succeed in powering success for businesses and the global economy. That optimism is underpinned by confidence in technology's ability to move us forward, to take us past boundaries and through disruptions. The rapid development and popularization of artificial intelligence, capable of reason and argument and understanding at pace and scale is changing supply chain management at its core. AI offers the opportunity for companies to do more than react to the present moment. It allows them to shape what the future of the supply chain is, and, in turn, control their destinies.

This moment is also a wake-up call for many supply chain leaders who are now more aware than ever of what they don't yet have. The lack of real-time visibility and control over inventory is expressed by many. Others told us that the ever-increasing complexity of managing multiple regions, suppliers, partners, technologies and regulatory systems was becoming a limiting factor.

Many of the challenges can be summed up in terms of uncertainty, disruption, excess complexity, people being overwhelmed with data (albeit poor quality or time-lagged or both) and too many decisions that need to be made in not enough time. So the transformation has to be about precision and speed. It's about enabling us to respond to changes faster, with greater certainty that our response is the correct one.

For that to happen, our tools must be able to do more of the thinking and deciding for us—or at least they need to be able to present us with the decisions to make, based on an accurate real-time view of what's happening. The fact that this vision is becoming reality with cognitive, interoperable supply chain software connected to a wider network of suppliers and trading partners, powered and reasoned over by machine learning and AI, is what gives me great confidence and hope for the future.



Navigating the paradigm shift in supply chain management

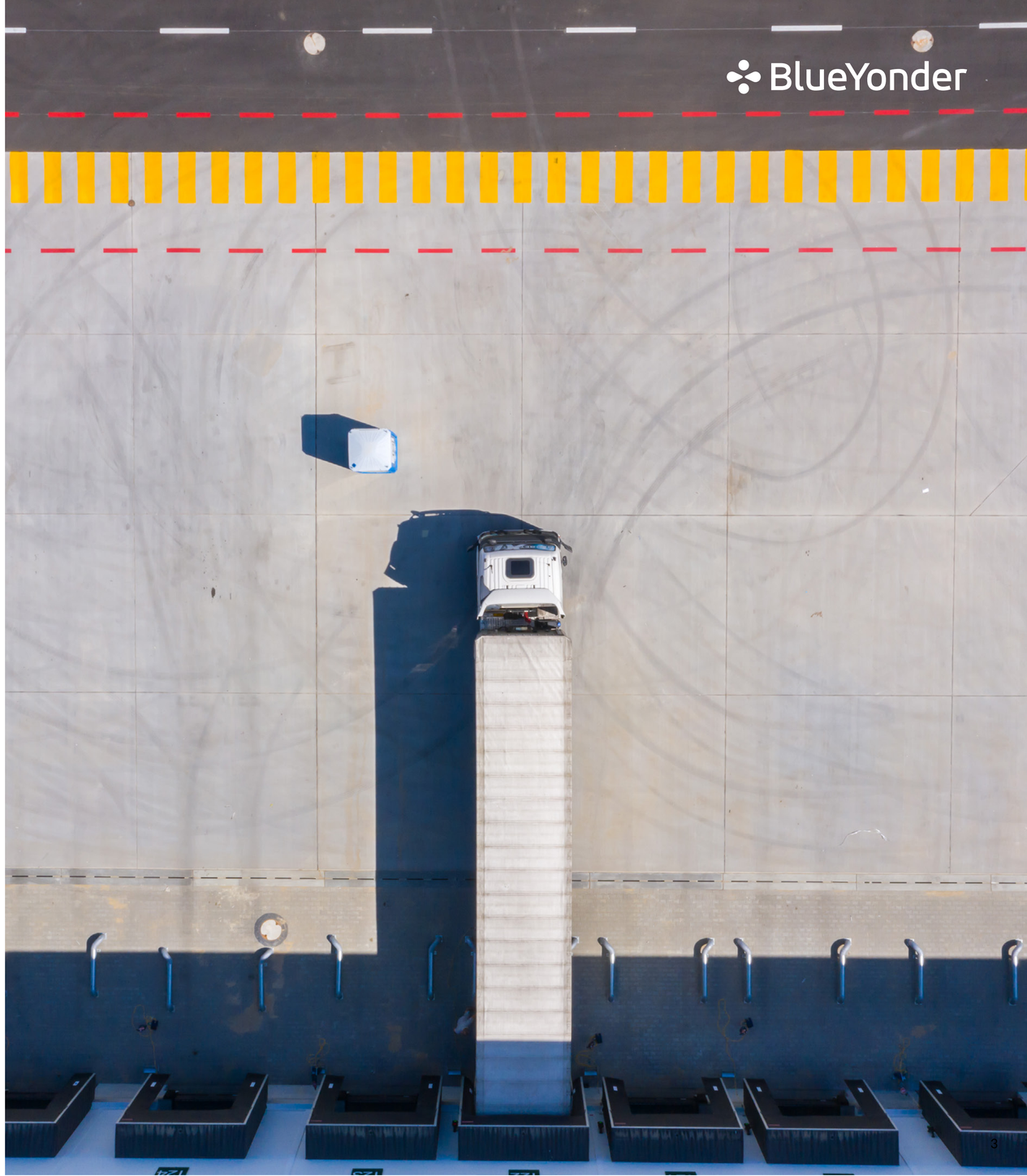
As we step into this transformative period for supply chains, uncertainty is our new norm. We are witnessing rapid changes driven by technological innovation, geopolitical tensions, inflation, climate change and more. These shifts have fundamentally altered the landscape of supply chain management, especially since the COVID-19 pandemic. Speed, precision and agility have become the cornerstones of success, where quicker access to accurate information enables businesses to make the right decisions, faster, and to navigate changes, challenges and opportunities effectively.

In the context of such constant change and challenge, we spoke to 671 senior supply chain leaders across Europe and North America, operating in a range of industries within manufacturing, retail and logistics. We asked them about their hopes and fears, about the way their supply chain runs, about their priorities for the future and how they see their supply chain evolving over the next five years.

The research was conducted independently by B2B International and took place from November 2024 to January 2025. This was before the inauguration of U.S. President Donald Trump on Jan. 20, 2025, and before the president's announcement of trade tariffs in April 2025.

The survey focuses on understanding the long-term priorities of supply chain leaders and their attitudes to a range of topics. Disruption was a major area of concern for respondents, and many mentioned tariffs in particular as a potential source of disruption which would require their time and attention. While we conducted the survey before the announcement of specific tariff policies, it's clear that leaders were already facing down the challenge and aware of the potential ramifications. They are experiencing potential tariffs and other significant changes as part of a greater paradigm shift in supply chain management.

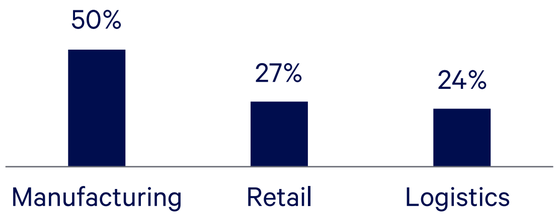
This report gives a rich and detailed insight into the state and long-term outlook of the supply chain — how senior supply chain leaders across Europe and North America leaders feel, what they are focusing on and their views on sustainability, artificial intelligence and the future of the industry.



Navigating the paradigm shift in supply chain management

671 interviews with supply chain leaders conducted from late 2024 to early 2025

Sector:



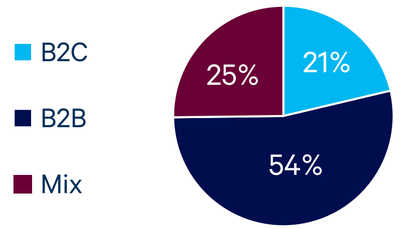
Manufacturing
Industrial – 36%
Food & bev. / CPG – 31%
Automotive – 16%
Life sciences – 12%
Tech / semiconductor – 11%

Retail
Softlines – 52%
Groceries / CPG – 40%
Hardlines – 32%
Convenience – 14%

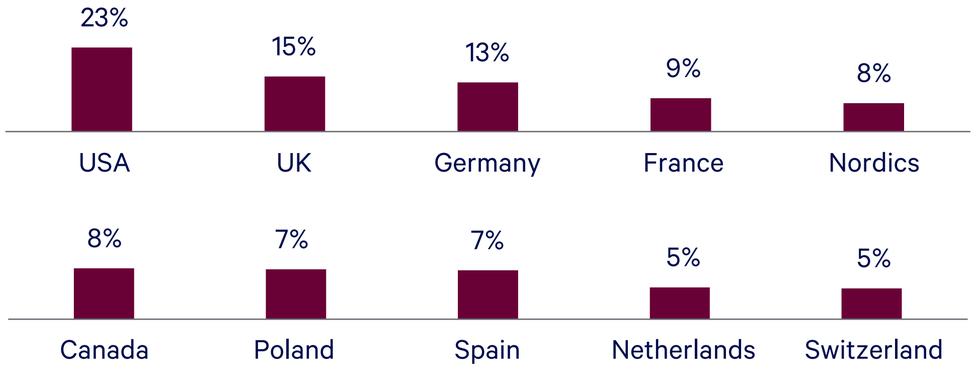
Logistics
3PL – 71%
4PL / 5PL – 47%
Carrier – 37%

These add up to more than 100% because we allowed respondents to select as many sub-verticals as were appropriate for their businesses

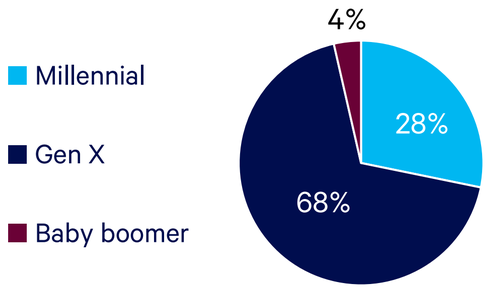
Customer base:



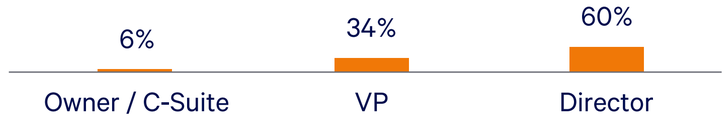
Country:



Age:



Seniority level:



Revenue level:

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Supply chains under strain

How do you feel about the long-term future of your supply chain?

MORE THAN ONE IN FOUR LEADERS HOLD THE OPINION THAT “THE SUPPLY CHAIN IS FACING A LOT OF CHALLENGES, WITHOUT MANY SOLUTIONS” (27%)

We wanted to understand what keeps supply chain leaders up at night — the threats they perceive that could hinder their future success, what problems they wished they could solve today, and the extent to which technology was part of the problem or the solution.

We found that chief among their concerns are disruptions, and the ability to deal with or mitigate against them.

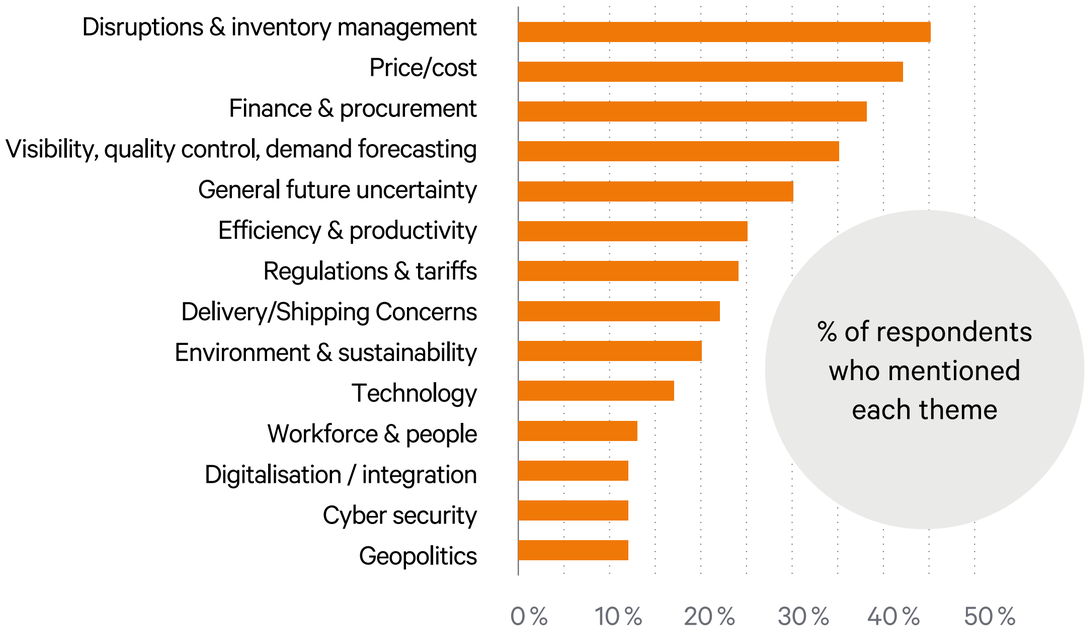
Macro events like the COVID pandemic, disruptions to the Suez and Panama canals, or the imposition of tariffs, reveal how fragile and interconnected global supply chains have become. This is a constant source of anxiety for supply chain leaders, who frequently refer to the difficulties of working across multiple regions when asked about their concerns. Being stretched internationally means there are more points of potential disruption, which can be difficult to manage effectively from several time zones away.

Disruptions and delays are naturally costly, impacting many businesses and people up and down the chain. It’s therefore no surprise that 29% of leaders cite “becoming more resilient to risks and challenges” as their main strategic priority — the third most common objective.

Whilst leaders’ general sentiment is optimistic, more than one in four leaders hold the opinion that “the supply chain is facing a lot of challenges, without many solutions” (27%). There is also a significant overlap between this group and those focusing on resilience (37%), indicating that shorter-term tensions and the need to improve operationally are front of mind for a lot of companies.

There is a positive correlation between businesses who feel that there are “not many solutions” to the many challenges, and those who are less likely to be using AI automation, predictive AI or blockchain technologies. In other words, businesses who have adopted and deployed AI and blockchains are more likely to feel that their problems have solutions than those who haven’t.

Thinking about the future of your supply chain, what are you most concerned about?



The groups who feel that there are not many solutions to their many problems may not see these new tools as answers to their specific problems, which could be attributable to a lack of technology vendor and partner guidance. It might also represent an emphasis on getting the most out of current technology stacks and avoiding taking on new transformation projects until they reach a baseline of stability and performance.

This represents a potential risk, however. In a world where just over half of supply chain leaders are urgently prioritizing new technology adoption and integration (51%), those who want to solve today's problems first, before adding technology, might find that their competition is better equipped to address the same challenges.

With respect to technology more generally, there is also some apprehension amongst leaders about keeping pace with technological advancements, and the potential risks associated with data breaches, cybersecurity threats and tech failures. Leaders also voiced concerns about the investment required to implement new technologies, especially at the same time as managing rising supply chain costs and inflation.

Again, this research took place before any U.S. trade tariffs had been officially announced. However, some leaders were already mindful of the potential negative effects of any tariffs on their costs and margins, particularly those based in the USA.

What leaders told us about tariffs:

- "I am always concerned about container availability and costs. Adding to that possibility of new tariffs that may come about in the next year and the rush that manufacturers are doing to make sure their goods are in our warehouses by early 2025 makes things stressful and complicated. We will need to move production to other countries and see what can be produced in the USA. However, it's not so simple as many components are only produced in China. Container availability is dependent on how large a company one has and how much influence it has on the market. We did partner with some of our larger customers to use their containers which helped. We need to maintain these strong strategic partnerships."

  Manufacturing supply chain leader, USA

- "Because of our presence in multiple geographic markets, we are concerned about any disruption that may be caused by any trade or tariff laws that may be amended or added. Changes in import tariffs may affect the cost of raw materials affecting the entire production line, and the evolution of trade agreements between countries may affect market access, leading to obstacles within our reach."

  Manufacturing supply chain leader, Poland

- "I'm worried about currently our issues with China because we receive a lot of our goods from China, and they help our company grow. I'm really nervous about the tariffs that Donald Trump said he's going to impose on China in the future and if that happens, it's going to cost us and effect our bottom line in our company."

  Logistics supply chain leader, USA

Thinking about the future of your supply chain, what are you most concerned about?

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TO REDUCE DISRUPTIONS, WE DIVERSIFY SUPPLIERS, STRENGTHEN PARTNER RELATIONSHIPS, AND USE REAL TIME DATA AND PREDICTIVE ANALYTICS

- “Managing the complexities of evolving regional regulations, including environmental standards, tariffs and trade guidelines, to ensure compliance and avoid business disruption. Conflicting regulations often apply in different regions, especially around environmental standards, duties and labor laws, making it difficult to standardize operations and ensure compliance.”

Manufacturing supply chain leader, Germany

- “How to streamline operations across multiple regions, suppliers and technologies to reduce complexity and improve coordination to ensure smooth operations despite the growing number of moving parts. Different regions often have different infrastructure qualities, customs regulations and transportation networks, which can lead to delays and inefficiencies.”

Retail supply chain leader, Germany

- “Supply chain resiliency continues to be an issue; tariff conversations make the markets and sourcing strategies not as long lasting. We work in wholesale, so our worries are primarily on foreign built autos which will have an impact in the U.S. due to tariffs. We are somewhat beholden to the policies as well as our sources for cars. We have a large Canadian business that allows for cars to flow from Canada to U.S., which will get disrupted if tariffs are imposed.”

Logistics supply chain leader, USA

- “My primary concern for our supply chain is navigating disruptions, whether they arise from supply shortages, geopolitical instability or unforeseen natural disasters. To reduce disruptions, we diversify suppliers, strengthen partner relationships, and use real time data and predictive analytics to spot potential issues early.”

Manufacturing supply chain leader, Germany

- “Cost of capital, the tendency for many firms to want to recreate supply chains from prior to 2020, and most crucially, the limitations placed on businesses by technical debt and inefficient IT organizations. Simple. We can then move to a model where we reduce overall IT spend and remain more nimble for the future. At present, IT departments limit a business’s ability to perform well and find a lot of companies have to adapt the organization to suit IT. Whereas IT should enable the business. Not only does this stifle opportunity, but it also costs a lot too. We should be slashing the IT costs by two thirds and enabling real growth through opportunity realization.”

Logistics supply chain leader, UK

- “The rapid pace of technological advancements means that technology investments can quickly become obsolete, so there is a concern about keeping up with the competition. I believe that adaptive technologies that can be flexible, such as cloud-based solutions and artificial intelligence or machine learning, are important to stay competitive.”

Retail supply chain leader, Spain

- “The increasing integration of digital technologies and IoT devices into supply chains is making transportation companies more vulnerable to cyberattacks and data breaches. We should adopt comprehensive cybersecurity frameworks to establish and maintain strong safeguards across all digital systems, networks and IoT devices.”

Logistics supply chain leader, France

- “A lack of real-time data on shipments and inventory can create inefficiency issues, missed opportunities, and slow responses to issues that arise in the supply chain. Real-time inventory tracking helps balance stock levels, so that orders are fulfilled on time without tying up resources on excess inventory.”

Logistics supply chain leader, Spain

How do you feel about the long-term future of your supply chain?

Future positive

Despite clear and obvious challenges for many businesses, the overarching mood amongst supply chain leaders is one of optimism for the long-term.

92% of leaders are optimistic about the future of the supply chain, and over half are very optimistic specifically about the financial outlook of their organization, indicating a largely buoyant mood amongst executives about what the future holds.

What is it that leaders are most excited about?

New technologies, particularly AI.

For these senior supply chain leaders, “implementing new technology” is the most common strategic priority for the immediate future (51%). Many recognize the benefits of technology in optimizing operations and better approaches to demand planning, and in turn driving positive change up and down the supply chain.

Many leaders in the industry are actively witnessing the transformative power that new technology can bring: three out of four agree that AI is already changing the way their business operates. These benefits were spoken about with enthusiasm by leaders who felt that they were witnessing transformative developments in real time, fueling the optimistic mood across the industry.

There’s a clear sense that the way we run supply chains is changing as AI comes to the fore, and that for leaders this is a powerful and necessary transformation. It tops the priority list and is consistently linked to optimism for the future in the verbatim comments we received. For many, it’s referred to as a kind of antidote to the constant state of disruption that makes their jobs difficult.

With that said, for 2025, particularly for U.S.-based businesses and those who primarily export to the U.S., some of this optimism is likely to be tempered with the reality of trade tariffs. These threaten to significantly disrupt prices of finished goods, parts and materials, change consumer spending habits, restrict product availability, and alter the wider patterns of trade. However, over the next several years, as technological innovation continues to enable more and more intelligent supply chains that can react quicker than ever before to disruption, the long-term optimism and realization of business benefits from technology is likely to remain.

Thinking about the future of your supply chain, what are you most excited about?

Thinking about the future of your supply chain, what are you most excited about?

BlueYonder

BY USING AI TO PREDICT DEMAND, WE CAN BETTER MANAGE INVENTORY, REDUCE WASTE AND AVOID OVERPRODUCTION

- “The capacity to constantly enhance supply chain operations through data analytics is a game changer, offering businesses the insights required to maintain competitiveness and boost performance. Prescriptive analytics is a powerful tool that not only predicts future events but also provides actionable recommendations based on data analysis. This tool optimizes performance by suggesting the best course of action in various scenarios, such as adjusting production schedules for maximum efficiency, selecting the most reliable suppliers or choosing the most cost-effective shipping routes.”

  Manufacturing supply chain leader, Netherlands

- “By using AI to predict demand, we can better manage inventory, reduce waste and avoid overproduction, resulting in both cost savings and reduced environmental impact. Uncertain demand can lead to supply chain slowdowns or production delays, especially if suppliers are unwilling to handle sudden spikes in demand.”

  Manufacturing supply chain leader, Switzerland

- “What gives me hope is the potential for more resilient supply chains that can quickly adapt to changes in consumer demand, global disruptions and environmental factors. I believe that advancements in predictive analytics and AI-powered demand forecasting will be crucial in building more resilient supply chains, enabling businesses to anticipate and adapt to demand fluctuations and potential disruptions.”

  Logistics supply chain leader, Nordics

- “One of the most interesting parts is the ability to use AI and ML to forecast demand, optimize inventory and manage production schedules. These technologies analyze buying patterns and customer profiles to predict which products will be in demand at specific times, helping companies make more informed decisions.”

  Retail supply chain leader, Spain

- “Better technology/software to manage supply chain risk, suppliers, compliance. Growth of AI, automation of scenarios, ease to get information, communicate. This will simplify supply chain purchasing processes, provide easier answers to questions and queries, build risk scenarios, and provide recommendations of procurement actions that need to be taken, automatically adjusting them based on actual data and updated assumptions. Ultimately making the global supply chain easier.”

  Manufacturing supply chain leader, USA

- “By using AI to predict demand, we can better manage inventory, reduce waste and avoid overproduction, resulting in both cost savings and reduced environmental impact. Uncertain demand can lead to supply chain slowdowns or production delays, especially if suppliers are unwilling to handle sudden spikes in demand.”

  Manufacturing supply chain leader, Germany

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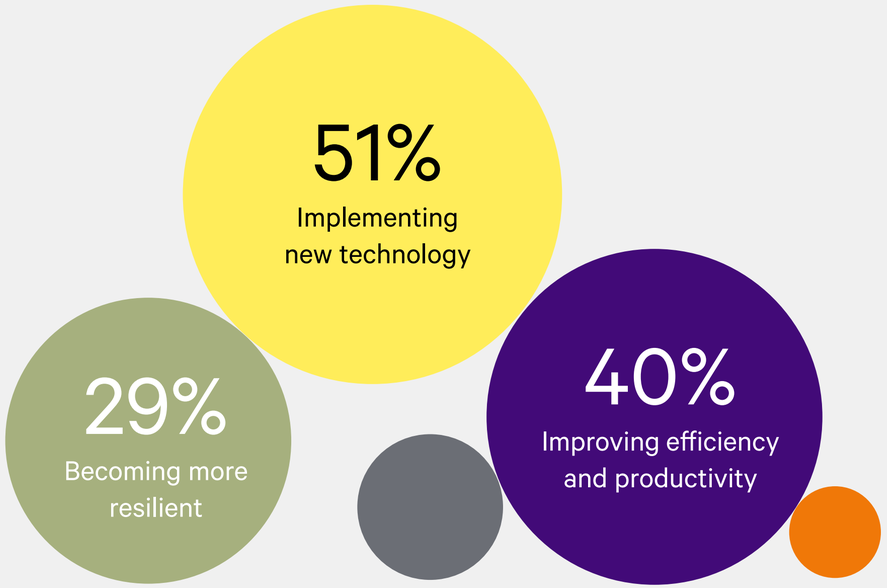
Future focus — leaders' strategic priorities

What are the three most important strategic priorities for your supply chain in the next three years?

We surveyed **671 Supply Chain Executives** and here's what we learned:

Their top 3 Strategic Priorities are:



Implementing new technology	**51%**
Improving efficiency & productivity	**40%**
Becoming more resilient to risks & challenges	**29%**
Increase profitability	25%
Better real time management of our supply chain	24%
Faster / better decision making	24%
Sustainability (environmental and/or social)	24%
Improving our quality of service (e.g. through better/faster fulfilment)	17%
Building a more agile business	16%
Cross-functional operational excellence	14%
Becoming more customer-centric	14%
Expanding our geographical coverage	8%
Breaking silos, ensuring our supply chain is connected end-to-end	7%
Investing in our people	6%

Technology is at the core of supply chain transformation and growth

74%

say that AI is already changing the way their business operates

82%

of leaders agree that outdated technology will hinder their supply chain's potential

Future focus — leaders' strategic priorities

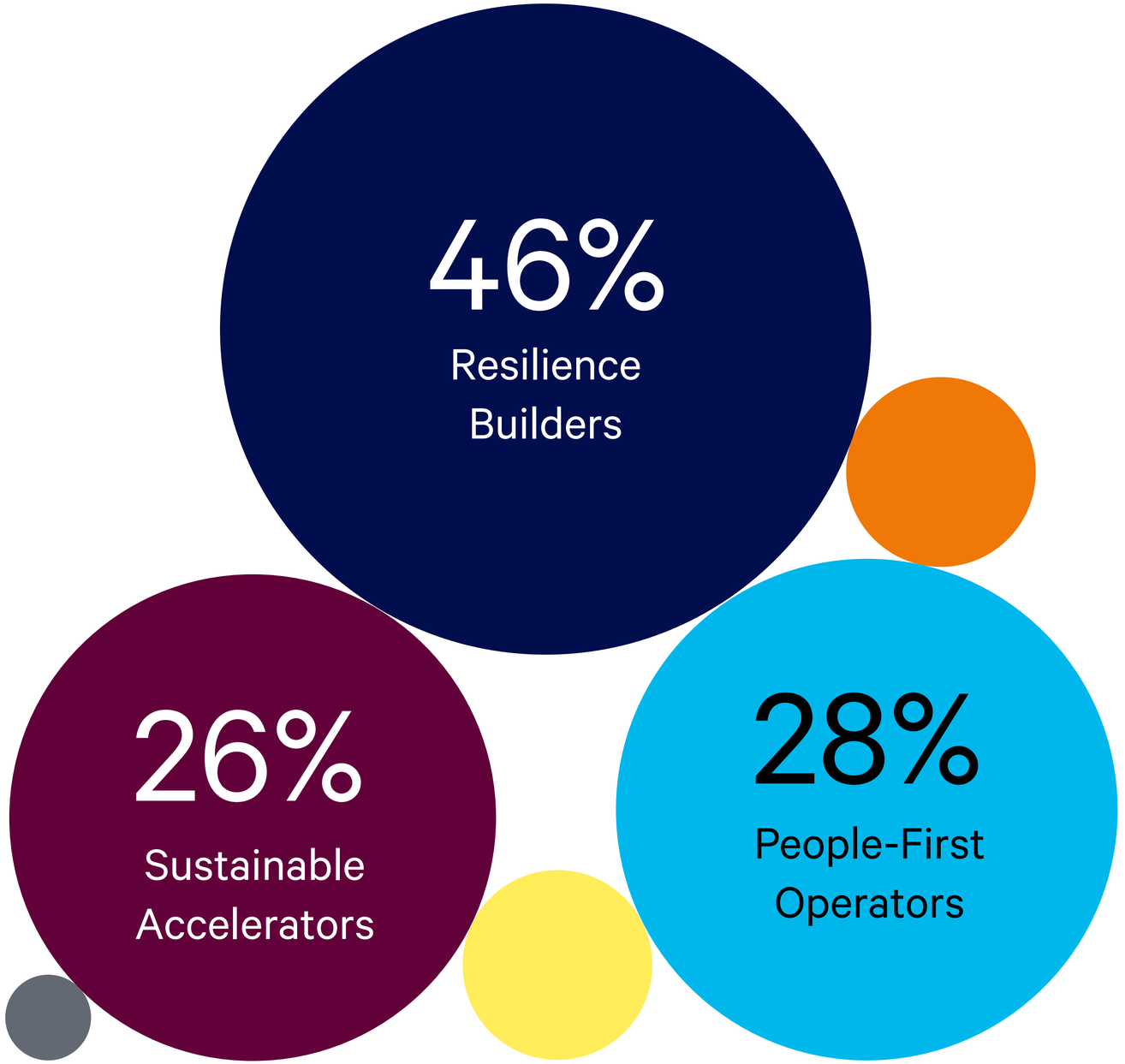
Supply chain leaders across industries and geographies have a diverse set of strategic priorities. However, there are tendencies and similarities that can be categorized into three distinct groups.

We've characterized these three strategic groups as follows:

Resilience Builders
Leaders are focusing on efficiency, productivity, resilience, real time supply chain management, breaking silos, and improving quality of service

People-First Operators
Leaders are focusing on cross-functional operational excellence, agility, investment in people, and geographical expansion

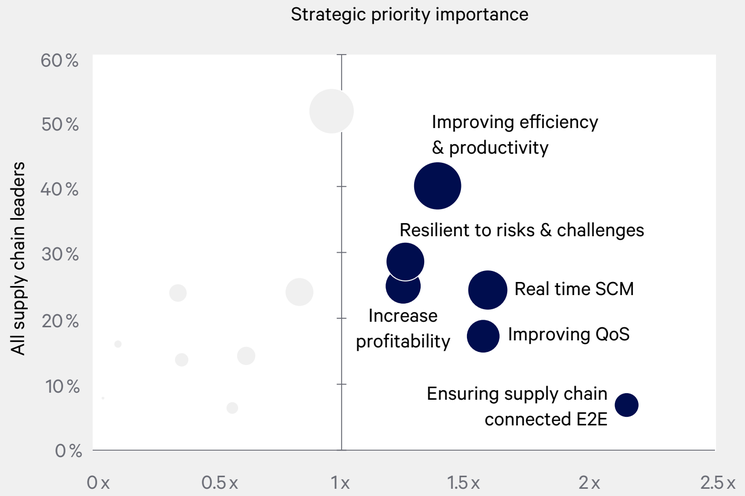
Sustainable Accelerators
Leaders are focusing on faster and better decision making, customer-centricity, and sustainability



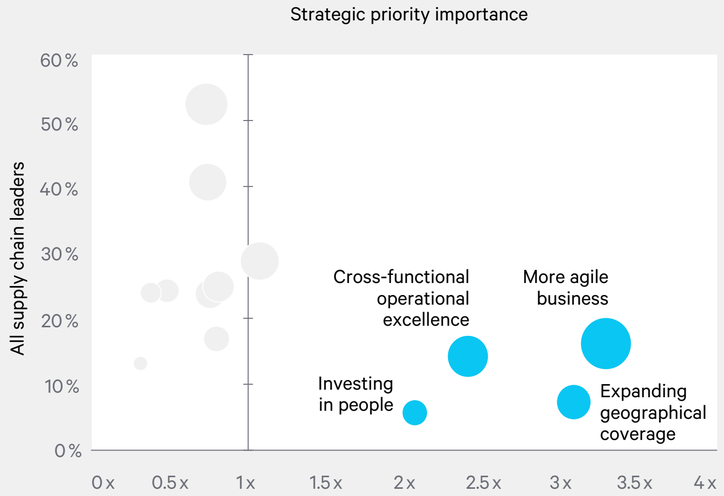
Future focus — leaders' strategic priorities

These charts show how much more likely each group is to have **certain strategic priorities**, compared to the overall average.

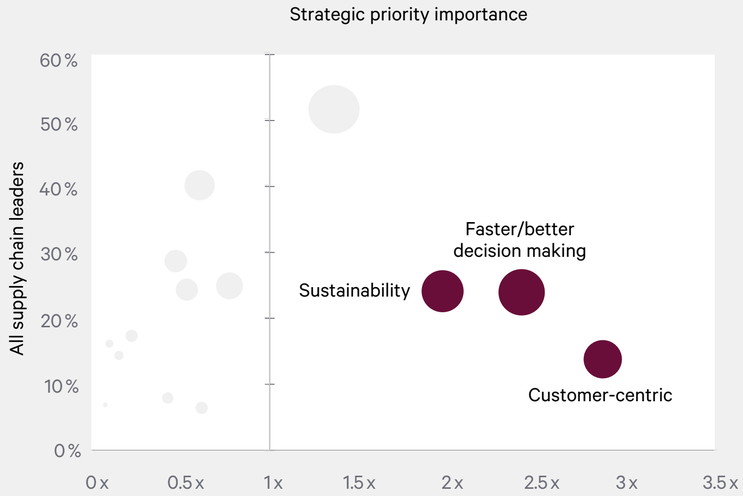
Resilience Builders — Index vs total



People-First Operators — Index vs total



Sustainable Accelerators — Index vs total



SCM: Supply chain management QoS: Quality of service E2E: End-to-end

Future focus — leaders' strategic priorities

Who are the **leaders and different businesses** in each of these three groups?

These different priorities span across the supply chain in Manufacturing, Retail, and Logistics, and across different businesses regardless of how long they have been in operation.

A focus on speed, sustainability, and customer centricity is slightly more prevalent in Manufacturing and for more mature businesses.

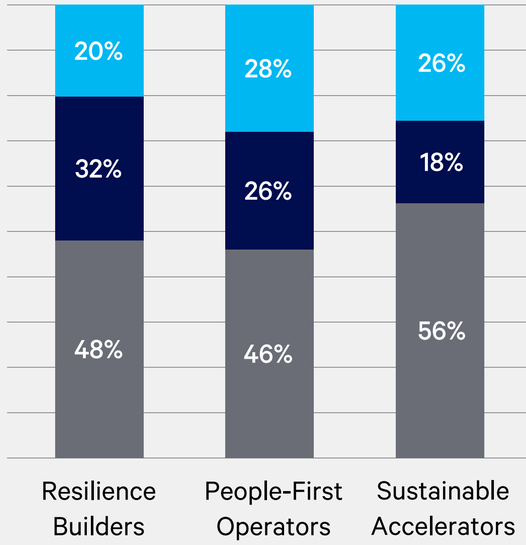
Efficiency and resilience are more of a priority in Retail, and for younger businesses concentrating on getting the basics right.

Logistics

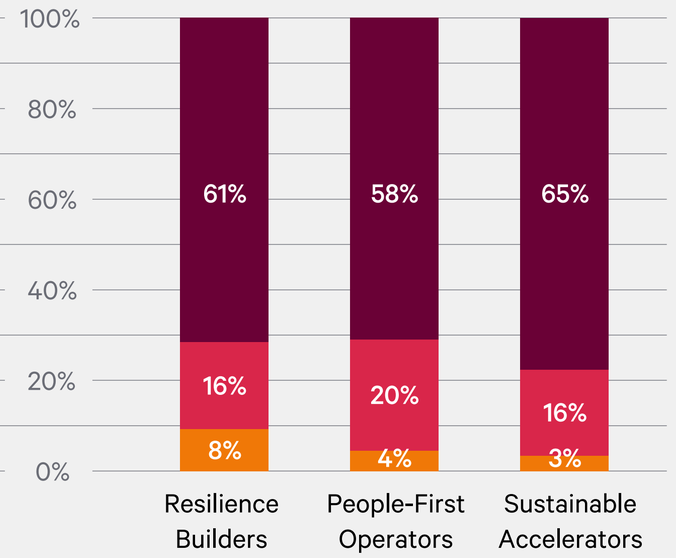
Retail

Manufacturing

Strategic priorities by supply chain sector



Strategic priorities by length of time in operation



More than 30 years

11-30 years

Up to 10 years

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Let’s explore these groups in detail.

What are their strategic priorities?
What underpins those priorities?

Resilience Builders

The largest group, representing 46% of leaders.

If your business priorities include a focus on efficiency, productivity, resilience, real-time supply chain management, breaking down silos or improving the quality of service provided to end customers, you are likely to find company with the biggest group of other supply chain businesses.

These are the most common objectives amongst supply chain leaders, focusing on initiatives to enhance daily operations, competitiveness and the ability to withstand disruptions.

Businesses in this group are spread across the industry — half in Manufacturing, one-third in Retail, and one in five operating in Logistics — with a greater presence in the U.S.

The priorities that unify them are more common to retail hardlines businesses, parcel carriers and third-party logistics businesses (3PLs), and industrial, high tech and semi-conductor manufacturers.

Sentiment-wise, this group is somewhat optimistic: 56% are “very optimistic” about their financial outlook for the next three years, above People-First Operators (39%) and below Sustainable Accelerators (73%). However, Resilience Builders are 20% more likely than average to say that the supply chain is facing a lot of challenges without many clear solutions.

Operationally, they currently see themselves as more reactive businesses, less ready for the future or to handle unexpected shocks (66% agree that their supply chain is ready for the future; 43% state that for unexpected shocks, they have some measures in place, but there’s room for improvement), and one in three rate their performance as excellent across key business areas from customer satisfaction (highest), through to employee satisfaction (lowest). Despite some challenges, 56% are very optimistic about the revenue and profit outlook of their business over the next three years.

People-First Operators

Representing 28% of leaders.

Over a quarter of supply chain leaders have different priorities to those primarily focused on efficiencies. Leaders in this group aim to make their businesses more agile, through operational excellence, investing in people and geographical expansion.

These tend to be younger businesses and they're more likely to be retailers or logistics businesses than those in the other groups (24% have been in operation for fewer than 30 years; 28% are from the Logistics sector and 26% are from Retail). Specifically, CPG retailers and manufacturers, convenience retailers, automotive manufacturers, and logistics 4PL and 5PL.

This set of leaders are more pessimistic and seemingly more challenged by the current goings on in the world of commerce. They are 20% more likely to think that old business models are being radically disrupted, and that slow decision making/ execution is a drag on their business.

Operationally, they are somewhat conflicted: 60% are of the belief that their supply chain can manage and recover from unexpected shocks, yet just 25% rate themselves as excellent across key business areas (from supply chain planning the highest, down to execution lowest). This is reflected in their financial outlook, where only 39% are "very optimistic", the least confident group of the three.

Sustainable Accelerators

Representing 26% of leaders.

The final quarter of businesses have a different outlook to Resilience Builders and People-First Operators, prioritizing faster and better decision making, sustainability, and customer-centricity.

This group tends to be comprised of retail soft lines businesses, life sciences manufacturers and third-party logistics operators. Leaders with this set of objectives are more likely to be in mainland Europe than the USA. Additionally, 20% of this group have an annual revenue of between $250-$499 million (compared to 14% of the total sample).

Culturally, this set of leaders are the most optimistic and proactive of the three. 82% state their supply chain is ready for the future, and two in three believe their business can effectively manage and recover from unexpected shocks. Nearly half rate their business performance as excellent, where supply chain planning is their best performing area, and e-commerce fulfilment is their weakest. As a result, 73% are very optimistic about their future financial performance.

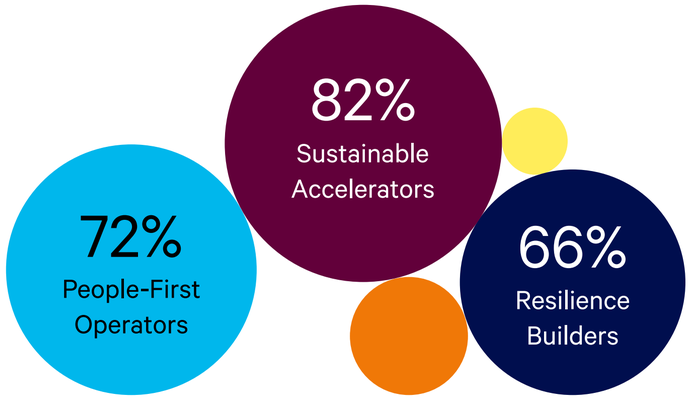
That is not to say belonging to one group is necessarily better than belonging to another. The global supply chain is made up of many different, interconnected businesses, each with their own set of circumstances, some unique; others shared. The choice of objectives signifies the mindset of the business leaders, their outlook and the type of business they aim to be. Each group has strengths and weaknesses, challenges and opportunities.

What unites all of the groups is that they are confronting the same paradigm shift in what's technologically possible and commercially necessary. However, they are seeing and experiencing that transformation from different angles, and have different views about what is important to focus on and how to succeed.

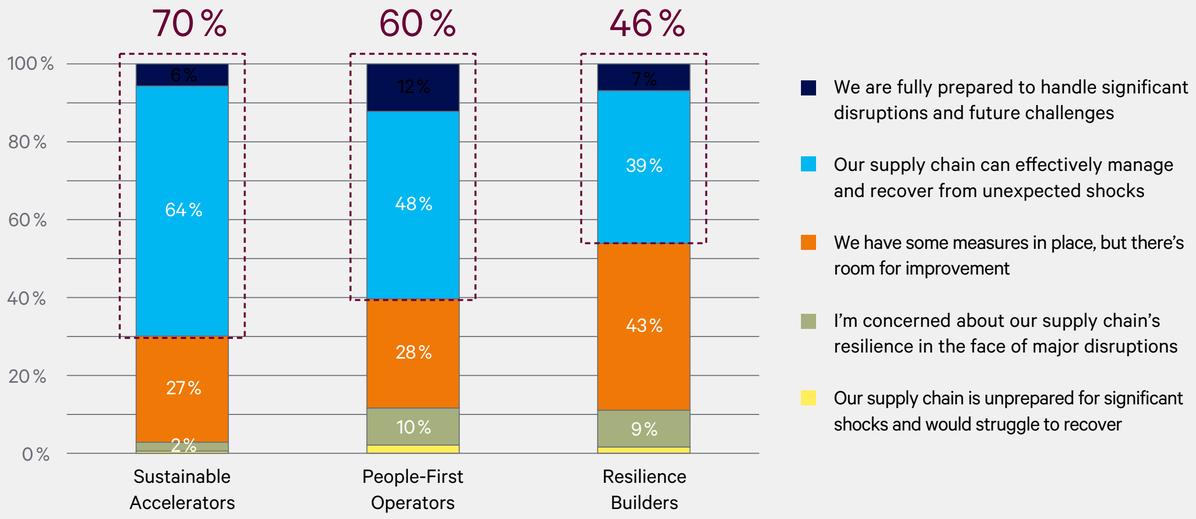
Some are more likely to suggest that they're ready for the future and optimistic about their performance (Sustainable Accelerators), others are more likely to prioritize maximizing their efficiency and breaking down existing silos in order to deliver at new levels and in new ways (Resilience Builders) and some are seeking to set high standards in their people and operational performance (People-First Operators).

All three face headwinds and see long-term strategic issues in their own ways. More than half (54%) of Resilience Builders believe their supply chain isn't ready for or needs to improve to be able to manage unexpected shocks. People-First Operators is the least optimistic about future financial performance. In Sustainable Accelerators, fewer than half of respondents rated their business performance as excellent. While the latter group are generally the most optimistic, they clearly recognize that there is more to be done: 91% of Sustainable Accelerators say their main focus is transforming systems and processes.

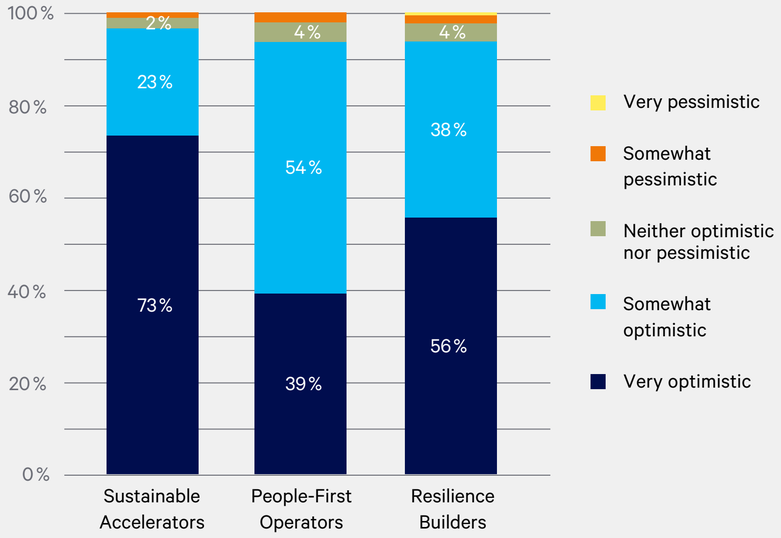
My supply chain is ready for the future



Confidence in supply chain's ability to handle unexpected shocks



Optimism over business financial outlook for the next 3 years



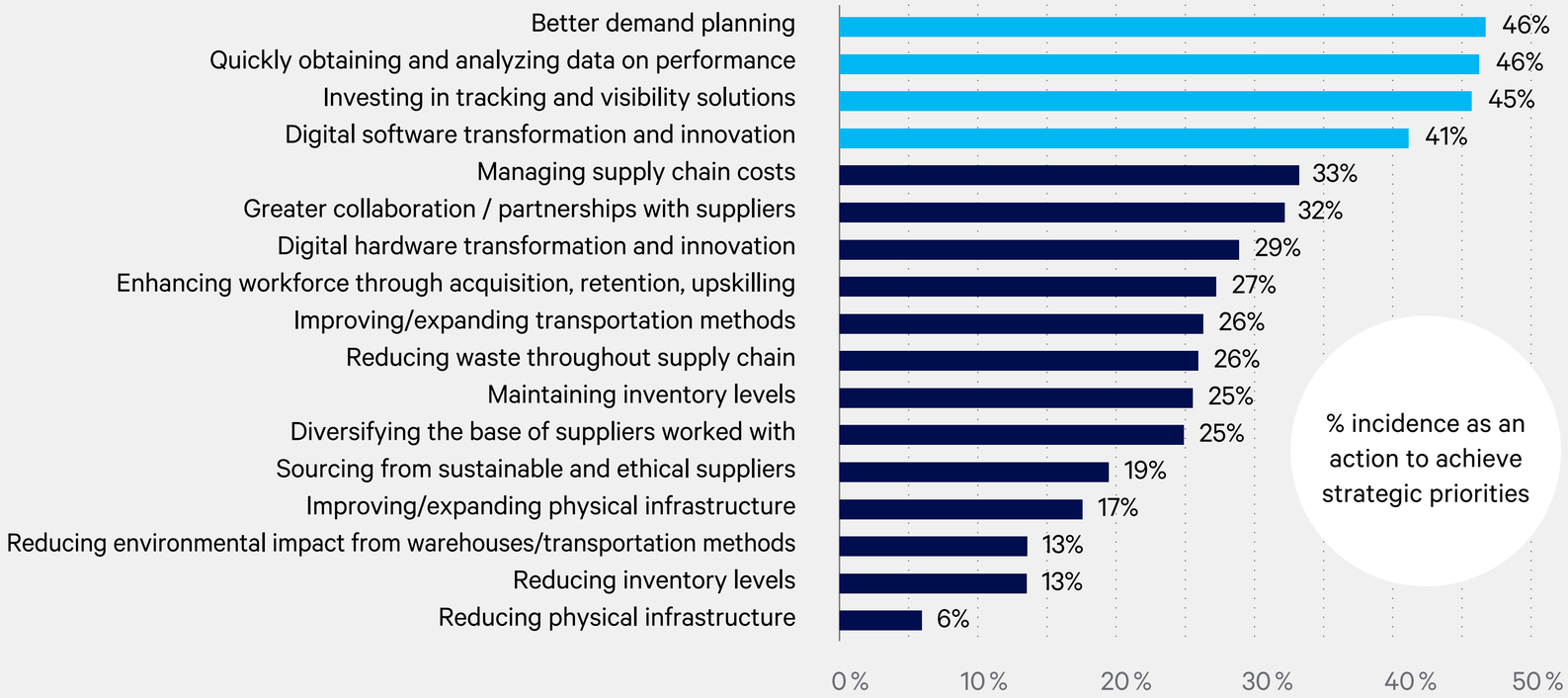
How are supply chain leaders achieving their strategic priorities?

Four key actions stand out from the rest as means by which leaders are aiming to achieve their goals. The common theme is precision at speed. Supply chain leaders want to improve their planning, making, buying, shipping and selling exactly what customers and consumers want. They want to see where their inventory is at any given moment.

They want to measure performance faster, more accurately and with greater actionability to ensure that there's an answer to "so what?" after the performance report. And to underpin those aims, they want their businesses to be digital and innovative.

Achieving the strategic priorities

Respondents were asked: Which of the following things are you doing (or plan to do) in order to achieve each of your strategic priorities?



How are supply chain leaders achieving their strategic priorities?

BlueYonder

COST MANAGEMENT IS ONLY A KEY ACTION FOR A THIRD (33%) OF OUR RESPONDENTS

Why is precision at speed so critical? Because slow decision-making and inefficient planning comes with a huge cost. When disruptions occur, response time is a critical factor in mitigating impacts and beating the competition. Accenture data shows 57% of companies took a week or more to be alerted to production or supply network disruptions, and the average time to full recovery from supply chain disruptions was three months.

Planning that can rapidly adapt to changing demand and changing circumstances helps businesses to respond much faster to disruptions, as well as making them much more efficient in general by producing or purchasing only as much as they need, rather than relying on significant investment in 'safety' or 'buffer' stock to accommodate fluctuations in demand.

Other prominent approaches for success include managing supply chain costs, greater collaboration and partnerships with suppliers, and digital hardware transformation.

Given the challenges of inflation and consumer price sensitivity over the past several years, it might be surprising to see cost management is only a key action for a third (33%) of our respondents. That such a critical element of overall supply chain management is not as high priority as all of the "precision at speed" components (planning, performance, visibility and software innovation) highlights the emphasis which leaders are placing on technological transformation as a means to achieve their business goals.

Digital hardware transformation and innovation (29%) was almost matched with enhancing workforces through acquisition retention and upskilling (27%), illustrating two sides of the coin of automation and labor. Leaders are eager to reap the benefits of automation and advances in robotics, while also addressing the needs of their workforces and retaining the necessary talent to ensure the smooth function of both operations and strategy.

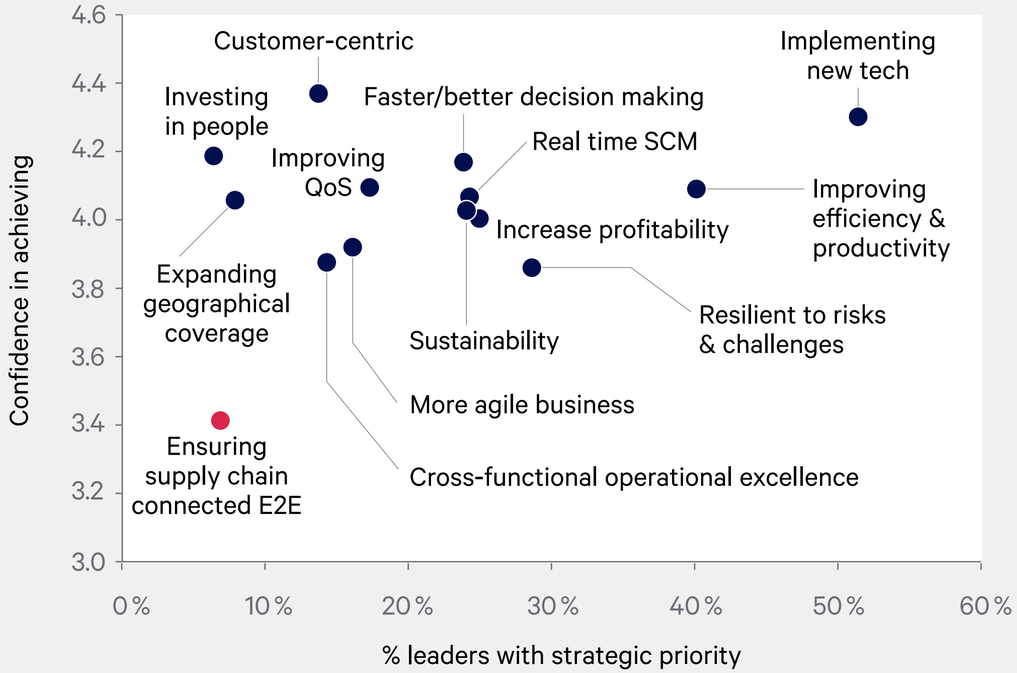
Finally, it is also notable that almost one-third (32%) emphasize supplier and partner collaboration and relationships. As supply chain complexity becomes a greater issue, leaders want greater visibility and insight into what's happening not just in their own business but in their partners' too.

The ability to effectively manage a network of suppliers and trading partners in real time allows supply chain operators to preemptively correct problems rather than putting out fires, as well as ensuring that all businesses on the network have the right data and a shared source of truth to prevent errors in the first place. The network also effectively hardens the overall supply chain against disruption, as it's much easier to manage in one place and redistribute transportation or production through the network rather than with multiple individual suppliers and partners.

How confident are leaders that they will achieve their goals?

Level of confidence (/5) in achieving the strategic priorities in the next 3 years

Confidence in achieving the strategic priorities



SCM: Supply chain management QoS: Quality of service E2E: End-to-end

How confident are leaders that they will achieve their goals?

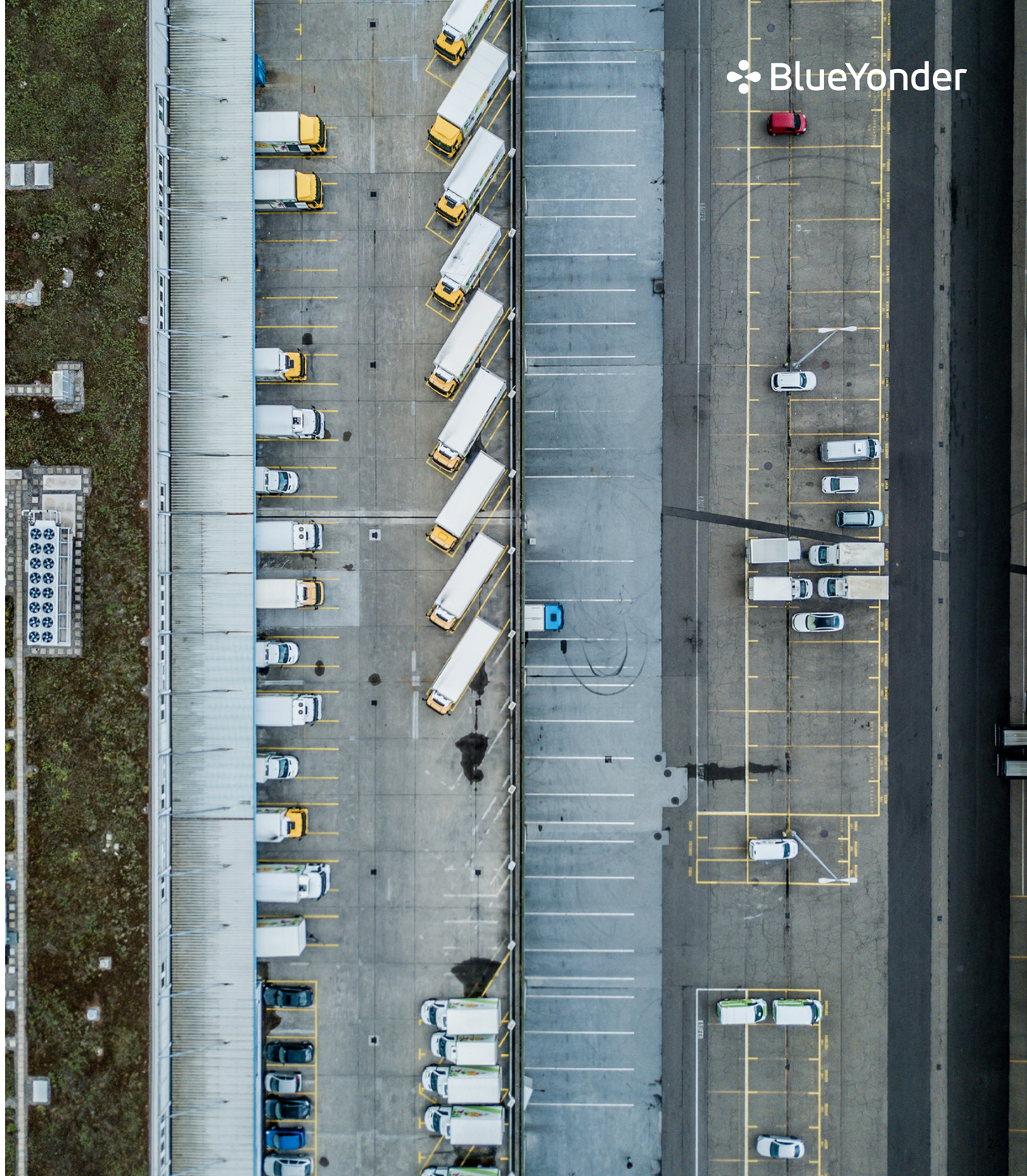
Those leaders focusing on becoming more customer-centric and implementing new technologies across the supply chain are the most confident in accomplishing those objectives.

Conversely, those focused on ensuring true end-to-end connectivity in their supply chains, becoming more resilient and delivering operational excellence are the least confident in achieving these aims.

Achieving an end-to-end connected supply chain certainly sounds like a more grandiose aim than implementing new technology, which could encompass large or small projects, so it's perhaps not surprising that leaders were relatively less confident in succeeding for this priority. It was also one of the least popular strategic priorities, which may be for the same reason: the idea of having end-to-end connection across complex global supply chain networks might simply not seem feasible to some.

However, for those senior leaders who are ambitious enough to aim for true end-to-end connection, delivering on that goal will be transformative for their businesses. The ability to determine and influence what's happening anywhere along the supply chain is the ultimate resilience tool, ensuring they're aware immediately when exceptions need to be managed, or when disruptions threaten.

Having end-to-end connection gives tools like AI agents scope to reason over huge volumes of data and identify optimizations at scale and speed in a way the competition simply won't be able to manage. It underpins the delivery of the "precision at speed" discussed above, and sets the foundation for truly powerful technology to transform the way supply chains are managed.



How are the three groups using technology — specifically AI?

A staggering 82% of leaders agree that outdated technology will hinder their supply chain's potential, and 51% state that implementing new tech is a top strategic priority — and indeed one they are very confident in achieving.

Digging deeper, all three groups of leaders are adopting new technology at varying levels, regardless of their overarching priorities. Some leaders, however, are further along than others in recognizing the paradigm shift in supply chain management and the vital role that innovative technology will play in the industry and future business competitiveness.

No group is inherently superior to another in terms of business performance or philosophy. Across the board, there's a consensus that outdated technology will be a barrier to success, and that implementing new technologies is an enabler of growth. What differs between groups is which technologies they're likely to implement, how quickly and to what extent their technological transformation will reshape the business.

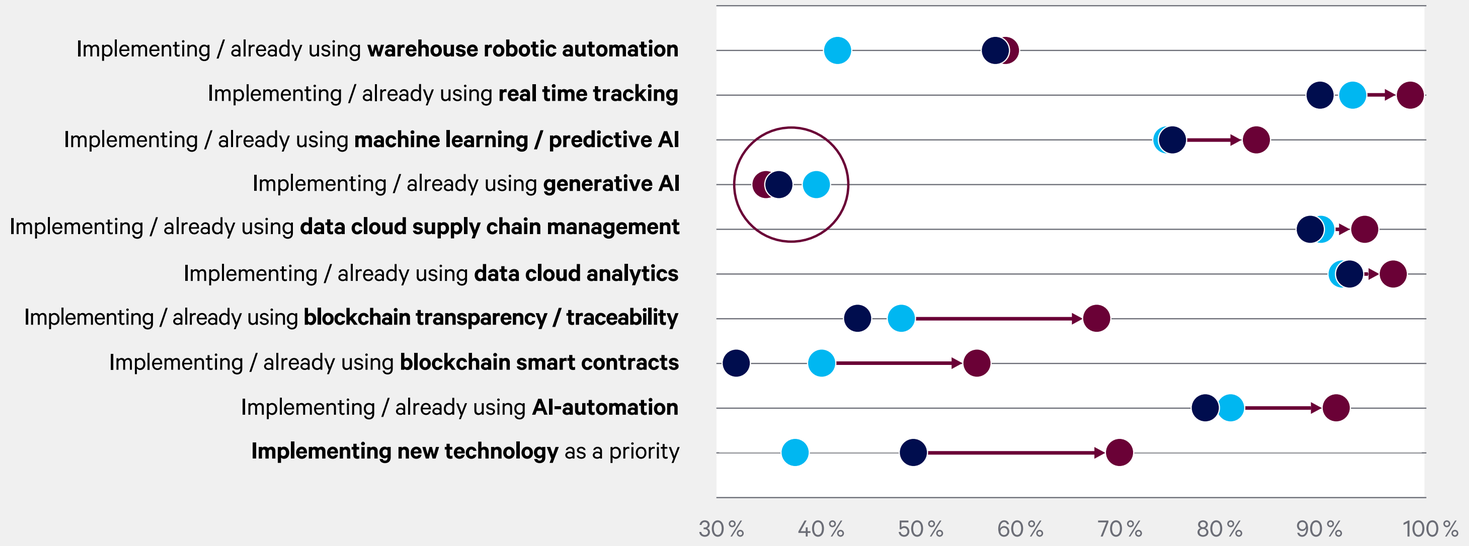
As such, we can see a kind of adoption curve playing out in the supply chain management space. Sustainable Accelerator businesses are the most aware of the value of AI and other technologies, and they are the most likely to be implementing and benefiting from them. They also report greater confidence and optimism.

Resilience Builders and People-First Operators have been slower than Sustainable Accelerators in their implementation and use of specific technologies. They were more likely to see defining an AI strategy as a challenge (25% for Resilience Builders, 33% for People-First Operators) compared to Sustainable Accelerators (17%), and People-First Operators were more than twice as likely as Sustainable Accelerators to question the scalability of AI (31% compared to 14%).

The slower adoption of AI and other technologies may be driven in part by these fears that they are expensive, unscalable and hard to define as part of a strategy. This highlights a space for technology vendors to demonstrate value as both solution provider and partner, giving supply chain leaders more confidence in understanding the benefits and strategic relevance of AI.

Adoption of technology

- Resilience Builders
- People-First Operators
- Sustainable Accelerators



How are the three groups using technology — specifically AI?

THESE LEADERS SEE THE EXPLICIT BENEFITS OF AI IN BETTER/FASTER DECISION-MAKING

People-First Operators are also notably more people-focused, which is a real strength. However, they're less likely to combine human expertise with technology and AI due to a lack of clear understanding or strategy for AI's role, and its scalability. One-third of this group cite those as the two main challenges associated with implementing AI in the supply chain, along with perceived high costs.

While they have started their journey of technological transformation in some areas, Resilience Builders are more likely to still be searching for the right tech partners to meet their needs, particularly with their focuses on efficiency, productivity, resilience and breaking down supply chain silos. They recognize more of the benefits from AI, but these center around faster/better co-ordination and collaboration, and more efficient administrative and procurement processes. In other words, the full application and benefits are not yet fully understood by this large group of nearly half of supply chain leaders.

By their own admission, Resilience Builders and People-First Operators are less prepared to manage shocks and this may feed into reservations around their commercial performance and general business optimism. As stated previously, leaders in People-First Operators are 20% more likely to say old business models are being disrupted and slow decision-making is holding them back. Operationally, only 48% are confident they can manage and recover from unexpected shocks, and just 12% are fully prepared for disruptions. Competitively, only 25% of the group rate themselves as excellent across key performance areas.

Resilience Builders are somewhat optimistic, although operationally reactive, and less ready for the future. Operationally, 43% have some measures in place to deal with unexpected shocks, but see room for improvement, and only 18% are clear on their preference for a just-in-time versus just-in-case operating model. Competitively, 32% rate themselves as excellent, and financially, 56% are very optimistic.

Sustainable Accelerator leaders are prioritizing technological transformation alongside their strategic objectives. These early adopters are drawing the clearest links between new technology and the speed and precision of decision-making, as well as the clearest link between implementing new technology and achieving sustainability goals.

This may be in part related to a higher presence of $250-$499 million businesses in this group — leaner, more nimble, fast-growing, confident organizations, who recognize the need to be forward-thinkers in order to drive faster growth and become more competitive against bigger players, who can sometimes be less agile with longer processes and longer time to make decisions.

These leaders see the explicit benefits of AI in better/faster decision-making and risk management, expecting immediate returns on their investments. Their early adopter status manifests in greater confidence in achieving business goals, financial optimism, and higher performance ratings for their own business. They view real-time visibility and decision-making, and end-to-end connectivity as fundamental to success, and focus on transforming systems to achieve this.

What role does AI play now and in the future?

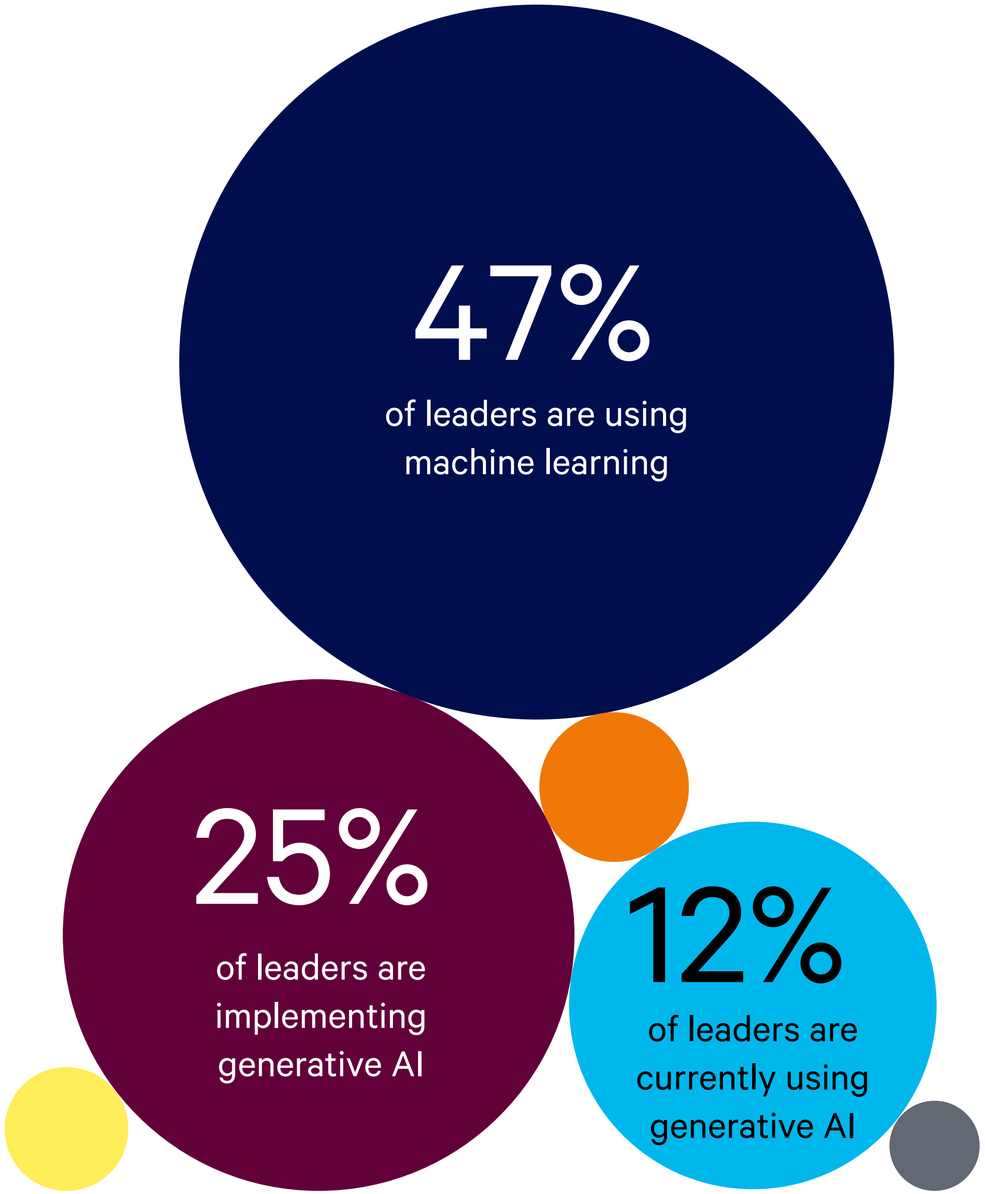
74% of leaders indicated that AI is already changing how they operate. While the value of AI tools fluctuates between groups, each knows that the future of efficient supply chains is in powerful AI technology. We discuss more about those differences in The Supply Chain Compass: Spotlight on Technology.

Whilst we have seen growth in machine learning (ML), with 47% of leaders saying they already use it, the main opportunity for growth in AI, based on the survey results, seems to be with generative AI and how AI can be used to predict and model outcomes for supply chains. Currently, 1 in 4 companies indicated that they are implementing generative AI, while only 12% of leaders said they were using it.

Some of the slow adoption rates can be attributed to a skills gap in the workforce, while other organizations struggle to see how generative AI solutions can help them achieve their current business goals. Put another way, without exposure to the right AI technology, supply chain leaders have more questions than answers, which leads to hesitation.

A lack of understanding, however, does not indicate a lack of interest. The respondents clearly show that companies want to find value in AI tools, but may need support from their solutions partners to reach their full potential.

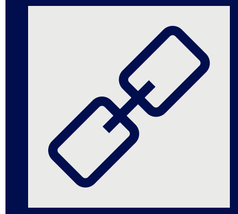
As leaders evaluate which AI technology they want to invest in, the partnerships will be just as important as the platforms themselves. Supply chain leaders need experts to show them what's possible, help them communicate the value of the tools, and work as an advocate for adoption from end-to-end.



In summary:

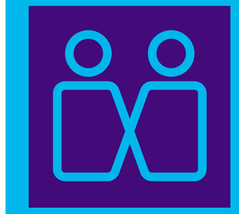
Resilience Builders:

Tech-embracers, catching up, with tech currently driving change to enhance resilience, real-time supply chain management, and break silos



People-First Operators:

Tech-tentative, needing direction and support to see the full benefits of tech and AI, and help in defining strategy for deployment



Sustainable Accelerators:

Tech-embracers, early adopters, transformational for their objectives and business performance, with further areas of opportunity to come

"Judging from my position as innovation leader and most importantly AI and Data Science expert, I do believe that future supply chains will carry advancements in AI and blockchain for seamless traceability, predictive analytics for demand planning and most importantly autonomous transport for efficiency. What gives me hope is the industry's growing commitment to sustainability, implementing technology to reduce emissions and embracing circular economies while ensuring resilience and innovation. AI and blockchain carry the potential to revolutionize supply chain operations by enhancing transparency and effective decision-making. AI-powered predictive analytics allow for real-time demand forecasting, inventory optimization and dynamic route planning, which reduce costs and improve customer satisfaction. Machine learning models can identify patterns, mitigate risks, and adapt to disruptions quickly. Blockchain instead ensures end-to-end traceability by creating a fixed ledger for every transaction, improving trust among all relevant stakeholders. It streamlines processes like provenance tracking, quality assurance and compliance with regulations, and eliminates delays and fraud. Combined, these technologies allow for smarter, more agile supply chains."

Manufacturing supply chain leader, U.K.

What do these groups demonstrate about what it takes to win?

The work of the supply chain is transforming in response to the twin challenges of complexity and disruption. Businesses need to be precise and fast in their planning and execution, all the way along the chain. There is a broad recognition that technology is the enabler for this new approach, but the groups are taking different paths through the transformation.

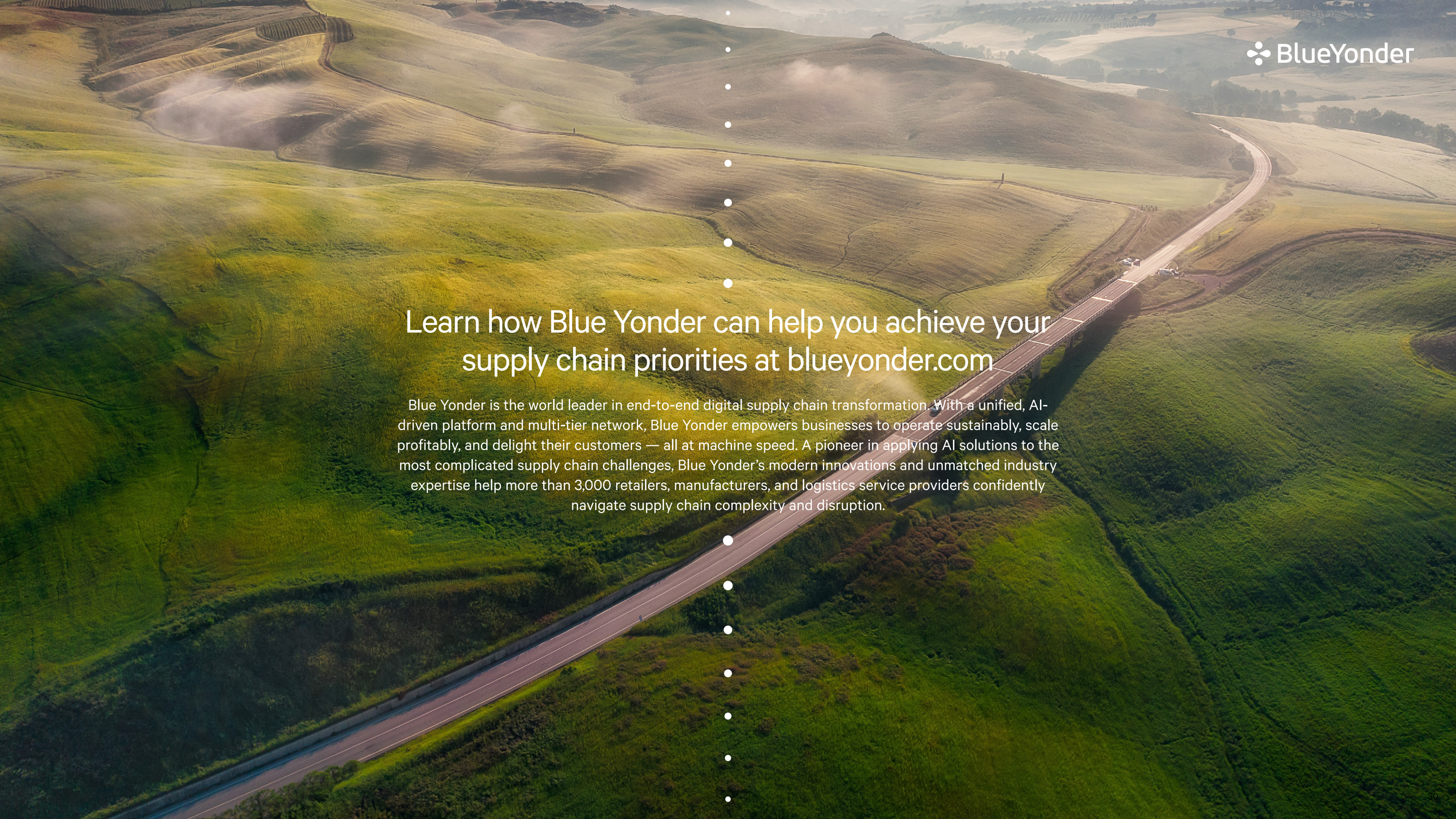
There is clearly an advisory role to play for technology vendors, helping leaders to understand the tools and frameworks available to them. Fewer than one in ten leaders are seeking to connect their supply chains end-to-end, likely in part because it feels unachievable, and in part because the benefits of doing so and the vision of what such a supply chain would look like are not apparent.

Understanding the benefits of an end-to-end, interconnected approach will be important to ensure that the drive to implement new technologies doesn't lead to an even more complex and fragmentary supply chain that becomes just as challenging to manage.

There's no panacea. No single approach to this paradigm shift will work for every business.

Leaders will need to ensure that they have a foundation to work from, where implementing new technology is additive and coherent with the specific strategic goals of the business. Utilizing best-in-class point solutions has helped the industry evolve and become more efficient, up to a point. But today the scale of the challenge, and the potential power of AI, requires more and more businesses to adopt an end-to-end approach in order to unlock real growth and improved performance.

As supply chain autonomy becomes increasingly possible, with more of the supply chain management legwork and more of the decision-making taken up by AI, having technological and architectural barriers between systems becomes less viable. Continuing to try to overcome them with collaboration and human labor becomes more expensive and less effective. The costs of technology transformation can be significant, but the potential cost to businesses of failing to adapt as the industry changes around them is much greater.



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Learn how Blue Yonder can help you achieve your supply chain priorities at blueyonder.com

Blue Yonder is the world leader in end-to-end digital supply chain transformation. With a unified, AI-driven platform and multi-tier network, Blue Yonder empowers businesses to operate sustainably, scale profitably, and delight their customers — all at machine speed. A pioneer in applying AI solutions to the most complicated supply chain challenges, Blue Yonder's modern innovations and unmatched industry expertise help more than 3,000 retailers, manufacturers, and logistics service providers confidently navigate supply chain complexity and disruption.