

CASE STUDY



Client:

One of the world's largest aerospace and defence companies



Sector:

Industrials



Solution:

Supplier Risk Intelligence

Key Highlights:

- ▶ Onboarded more than 2,500 suppliers onto the Smart Risk platform for ongoing visibility into risks
- ▶ Our AI+HI approach provided a holistic view of suppliers' risks covering financial, operational, legal and ethical, and human and environmental risks
- ▶ The client's procurement team receives over 100 alerts per week and targeted insights to mitigate risks across the company's supply chain

Leading aerospace and defence company gains complete visibility into supplier risks with The Smart Cube



An industry reliant on specialist suppliers

Supply chains are prone to disruption in any industry, whether it's due to socio-political events, raw material shortages, or worldwide challenges like the COVID-19 pandemic. But in the aerospace and defence industry, unique characteristics and conditions come together to create a landscape that's especially volatile.

It's an industry defined by a limited number of specialised, dedicated suppliers across the world that provide the critical systems and components that aerospace companies and governments rely on. Long lead times, very high investments, a small supplier base, and the critical nature of products and services procured all come together to create an environment where even the smallest disruptions can quickly spiral into major delays, contract issues such as missed commitments, and revenue losses.

During the COVID-19 pandemic, risks in the aerospace and defence industry sky-rocketed. Staff shortages, reallocation of budgets, financial issues, and global logistical issues all presented a significant threat to suppliers of critical products and services, and their customers.

To help manage this increased risk and navigate around the resulting challenges, leading companies in the sector need a clear, up-to-date view of their suppliers to react quickly to emerging threats and mitigate their impacts.



An aerospace and defence leader refines its approach to risk management

Our client, a top 10 company in the aerospace and defence sector, was one of the organisations facing that challenge in 2021. For this client, the process of finding a suitable new supplier can take up to three years, due to the regulatory approvals and checks involved – making losing suppliers (or their supplies) extremely costly and disruptive.

Previously, the company conducted annual risk assessments for a few hundred suppliers identified as 'high-risk'. That approach was great at providing a retroactive view of risk, but with conditions shifting every day, and operations looking nothing like what they did a year ago, it simply wasn't fit for purpose once the pandemic hit.

Instead, the company needed complete visibility of emerging risks across its supplier base, enabling it to react to emerging issues and threats immediately, and take action before those issues escalated into full-scale supply crises.

With a decade-long relationship with The Smart Cube, using our market intelligence to support decision making, the company knew it could turn to us to gain the proactive and complete view of risks needed to rise to this challenge.



Delivering full risk visibility with supplier risk intelligence

Today, The Smart Cube's Supplier Risk Intelligence solution helps the company proactively identify, monitor and mitigate third-party supplier risk, to ensure no disruption to its operations and meet all its risk management and compliance goals.

By onboarding 'high-risk' suppliers to our Smart Risk platform, the company can now examine supplier risks in great depth, covering 49 core risk metrics to provide a complete, up-to-date view of risks associated with individual suppliers. Equipped with deep insights into supplier risks, the client's procurement team has everything it needs to act fast and prevent a costly crisis due to emerging threats.

Automatic email alerts covering lead risk indicators keep the team ahead of risks as and when they materialise, and are followed up with customised insights as required. Users of the platform can set up custom alerts to receive all or specific risk notifications.

Smart Risk is supported by The Smart Cube's AI+HI approach. The AI layer enables us to quickly extract, filter and analyse a very high volume of unstructured data to provide actionable insights using advanced algorithms and machine learning models. The HI layer comes from our experienced analysts checking all insights uploaded to the platform before they reach the client, to give their seal of approval.



Supplier risk monitoring on a huge scale

Using The Smart Cube's Supplier Risk Intelligence solution, the company has quickly scaled its risk monitoring operations to cover more than 2,500 suppliers in less than a month. And with an average of 100 alerts per week directing the Procurement team's attention where it's needed most, the organisation can now proactively mitigate risk across its expansive supplier base.

These capabilities proved incredibly useful throughout the pandemic, when the company saw new risks across its supplier base every week. In specific cases where it looked like a supplier was going to struggle with production capacity, the insights prompted the company's procurement team to buy extra stock to last an additional three to six months – ensuring no disruption to overall operations.

Plus, by working closely with The Smart Cube, the company's procurement team can explore specific risks with customised intelligence that provides deeper insights into a situation. For example, for a supplier that faced continuous revenue declines, our analysts conducted an in-depth financial assessment to provide a detailed understanding of its financial condition and business stability, to help our client make better decisions.

This all adds up to a complete and ongoing view of supplier risks. Instead of looking back at historical data and acting on assumptions, the company can now act with confidence and make decisions based on a true view of risk today – helping it navigate an extremely challenging time in an already complex and challenging industry.

Read our related supplier risk blog posts:

- ▶ Discover the [three key ingredients](#) of a successful supply chain risk management strategy – and how you can implement them in your organisation
- ▶ How you can [supercharge your supplier risk management](#) with a mix of risk expertise, analytics and AI

If you'd like to learn more about how we can help you create a clear, holistic and ongoing view of your supplier risks and mitigate threats to your supply chain, visit the [Supplier Risk Intelligence solution](#) page on our website.

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