BLOG

The Breakdown of Supply Chains—and the Digital Transformation It Demands

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A break in a supply chain can cripple a business or an entire industry—and when the global supply chain breaks down, the repercussions are felt around the world. It happened when the COVID-19 pandemic caused bottlenecks in the global supply chain. And it happened again when Russia's invasion of Ukraine compounded supply chain problems in critical sectors worldwide.

But these global crises merely tipped over a domino that was already set to fall. For years, globalization has been stretching supply chains thin, with materials, factories, and customers spread across the globe. Forces beyond the control of businesses have long posed serious risk to their supply chains, from natural disasters to closures of ports, borders, and factories.

Global events exposed just how vulnerable and fragile the supply chain is. Further strain has been caused by the post-pandemic economic recovery, as a massive uptick in consumer spending has further widened the gap between supply and demand.

For businesses struggling with supply chains stretched beyond the breaking point, conditions are made even more precarious by a lack of visibility into contracts with suppliers across multiple tiers. Multi-tier supply chains provide strategic advantages to companies that need to scale up, lower costs, and become faster to market. However, multi-tier supply chains also cultivate higher risk by limiting visibility and placing critical operations beyond the direct control of businesses.

Transitioning to Digital Technology: A Strategic Starting Point

Clearly, the legacy systems and old ways of working will continue to leave enterprises exposed to ongoing disruptions. So how can a business manage a global, multi-tier supply chain while ensuring visibility and risk management? It is a challenge that is compelling many enterprises to accelerate their digital transformations.

Making the transition from legacy systems to digital technologies provides enterprises with potent tools to monitor and manage their supply chains—and respond effectively to the inevitable breakdowns. Many enterprises are jump-starting their digital transformations by deploying a contract lifecycle management (CLM) program driven by artificial intelligence (AI).

As vital assets that define and govern virtually every business transaction—including supplier relationships—contracts provide an ideal springboard for a successful digital transformation. CLM technology effectively transforms an entire enterprise by digitizing all phases of the contract lifecycle, and allows organizations to take greater control over their supply chains.

Harnessing the Transformational Power of CLM

The AI-powered technology of a CLM system is unmatched in its ability to launch and sustain a digital transformation. CLM software delivers a wide range of cutting-edge features, which include:

- A centralized, searchable repository of thousands of digitized contracts that serves to optimize workflows, boost productivity, reduce error rates, and achieve a faster time-to-contract at a lower cost

- Critical contract intelligence collected with AI-based auto extraction that delivers valuable insights on risk factors

- 360-degree, direct visibility into an entire multi-tier supply chain that enables businesses to closely monitor risk as well as detect and address supplier failures before problems emerge

- Real-time monitoring of contract compliance that expands awareness of contract deviations and provides alerts when a supplier deviates from contractual commitments
- Automated tasks related to contract authoring, negotiation, and execution that eliminate human error, mitigate risk, and ensure that obligations as well as compliance requirements are met

Changing how Supply Chains are Managed with CLM

It is clear that global, multi-tier supply chains require businesses to adapt, transform and modernize their technologies. And many organizations have discovered that integrated, AI-led CLM is the technology with the firepower and functionality to drive a digital transformation. But how does that transformation apply to supply chain management? Just consider a few of the foundational attributes that a CLM platform reinforces in an organization:

Responsiveness—With global supply increasingly unstable, businesses must remain prepared to respond swiftly to sudden spikes or drops in supply. CLM platforms provide easily accessible data and advanced analytical capabilities that enable prompt, precise responses to supply chain issues.

Preparedness—Contracts provide insurance against disruptions through clauses that specify remedies for unforeseen supply shortages. The templates and standardized clause libraries furnished by CLM programs ensure that enterprises can author, negotiate, analyze and manage consistent, comprehensive supplier contracts.

Visibility—Businesses require visibility of their entire supply chain across multiple tiers.
CLM programs enable enterprises to closely monitor supplier risk and detect supplier failures before they become problematic.

Resiliency—Reacting effectively to any spike in demand requires organizations to quickly onboard suppliers. CLM technology improves resiliency by providing early detection of supply chain failures, helping businesses respond to unforeseen black swan events and develop contingencies.

An AI-Driven Solution for Managing Your Supply Chain

As a best-in-class CLM solution, Sirion delivers complete visibility and deep contract intelligence to help you author and negotiate smarter contracts while automatically monitoring vendor performance, identifying risks, and unlocking insights to strengthen your supply chain. Its formidable AI engine provides advanced automation and intelligence delivered through an architecture designed for scale and security.

Request a demo to learn more about Sirion's AI-driven CLM solutions.

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