

Navigating Complexities: EAC's Global Sourcing Chronicles



In today's interconnected world, sourcing managers are still grappling with the challenges of establishing a reliable, resilient and cost-efficient global supply chain. The supply chain has emerged as a critical differentiator for achieving success across continents and industries. As competition intensifies and global supply chains become increasingly complex, navigating the ever-evolving sourcing landscape

requires expertise, foresight, and a commitment to continuous improvement.

In recent years, EAC has supported multiple companies in global and regional strategic sourcing projects across various industries, including industrials, mobility, building & construction, energy and environment, chemicals, and consumer goods. While executing these sourcing projects, we have encountered unique challenges and unexpected opportunities. With this article we would like to summarize select observations and learnings of our EAC sourcing experts.

Success Factors for Building Supply Chain Resilience in Addressing Geopolitical Supply Chain Vulnerability

With global supply chains increasingly susceptible to disruptions arising from market volatility, geopolitical tensions, and political instability, enhancing resilience is paramount. In one of the recent assignments, we closely worked with a client in the energy sector to assess their existing sourcing practices and identify critical vulnerabilities. Our task was to evaluate geopolitical risks, including the Russia-Ukraine conflict, Covid-19, climate change, political instability, and the China-Taiwan conflict and assess their impact on the existing supply chain from countries such as China, Ukraine, Russia, India, Vietnam, Brazil, Taiwan and Turkey. Employing a structured tool, we mapped critical risks associated with existing supply chains, validating them through in-depth discussions with industry stakeholders. Our recommendations included mitigation options like alternate sourcing destinations and companies.

India's Advantages for International Procurement Office Setup

While mitigating risks remains crucial, we believe in unlocking new growth opportunities for our clients. Our expertise extends to identifying promising emerging markets like India as potential sourcing destinations. In a recent project for a leading machine manufacturer, we established an International Procurement Office and Proof Of Concept for pilot product categories (castings, forging, etc). We conducted a comprehensive assessment of various parameters, including supplier competence, infrastructure, logistics, raw materials, workforce, competition, export potential, cost competitiveness, etc. with China. The study revealed key advantages of sourcing in India, such as exports from India to current markets at competitive logistics rates compared to China and relatively relaxed environmental norms, offering greater flexibility in the manufacturing process.

The study identified a potential initial cost reduction of ~40% for one of the client's product categories, exceeding their target price.

Rising Importance of Sustainable Sourcing Practices

In today's environmentally conscious world, sustainability is no longer a secondary concern; it is an integral part of a successful business strategy. We observed this while assisting a leading European company in identifying potential suppliers for four different product categories. Environmental

responsibility, with relevant environmental certifications, became a primary criterion for supplier selection. European companies are increasingly adopting sustainable sourcing practices to integrate environmental considerations into their entire supply chain cycle.

Sourcing in Southeast Asia: Diversifying Your Supply Chain for More Resilience

More and more manufacturing MNCs and SMEs have now started to take additional actions to diversify supply chains, especially in SEA. For example, the Federal Ministry of Economics and Climate Protection (BMWK) and Germany Trade and Invest (GTAI) launched their 1st Southeast Asia Purchasing Initiative on March 9, 2022. Their aim is to showcase the supply capabilities of SEA to German companies. As a result, more than 250 meetings were conducted with selected suppliers from Vietnam, Malaysia, Thailand, and Laos for the discussion of purchasing opportunities over a wide range of production materials, including metal, castings, plastics, and electronic components. EAC has executed several sourcing projects to identify the best cost countries in Asia for global procurement needs based on a systematic assessment of the supply base vis-à-vis country competitiveness.

Companies Seeking Opportunities in China in a Risk-Reduced Manner

Despite increasing risks, recent decoupling developments also present opportunities in China for European players. The country's dependency on Europe is as strong as Europe's on China, and amid internal challenges like increasing debt levels, youth unemployment, and an aging population, China prioritizes stable economic development. For foreign companies, it is crucial to find the right positioning in the Chinese eco-system and make sound preparations for the future.

EAC Euro Asia Consulting: Your Partner in Sourcing Excellence

With a strategic presence in key Asian markets and long-standing sourcing expertise, EAC is well positioned to support companies with their strategic sourcing plans for a reliable, resilient, and cost-efficient global supply chain.

At EAC Euro Asia Consulting, we are committed to providing our clients with the expertise and resources they need to thrive in the challenging and ever-changing world of sourcing. Our comprehensive range of services covers the following:

- Supply chain strategy development and optimization
- Risk assessment and mitigation planning
- Supplier identification and qualification
- Cost reduction and value engineering initiatives
- Sustainability consulting and implementation

Whether you are looking to enhance your supply chain resilience, explore new sourcing avenues, or embrace sustainable practices, EAC Euro Asia Consulting is your trusted partner. We believe in building long-term relationships with our clients and provide them with customized solutions that deliver tangible results and drive sustainable growth.



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