

From Compliance Burden to Competitive Advantage

Why transparent supply chains win in the era of volatility

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CRISIS REALITY

Tick-Tock...

Companies with Opaque Supply Chains

Spent thousands of dollars flying in inventory that may not be needed

Days to determine risk

Reactive scrambling, incomplete data

Companies with Transparent Supply Chains

Made informed decisions in hours, not days

AI-enabled real-time intelligence

Strategic advantage, not compliance cost

\$3.8B+

Goods Detained

Under UFLPA since 2022

200%

Penalty Rate

For incorrect Section 232 declarations

5-6x

ROI

For mature transparency programs



NEW REALITY

Volatility Is Systemic

The mandate shifted from cost optimization to provability—evidence of classification, origin, and ethical sourcing at regulatory speed.

COVID Disruptions

A product may contain components from over 20 countries

Globalization and JIT was challenged

Geo-political risks

Changes in Free Trade Agreements

Section 232 requires mill test certificates proving smelt-and-cast origin

Chokepoint Disruptions

Panama Canal transits down 40%

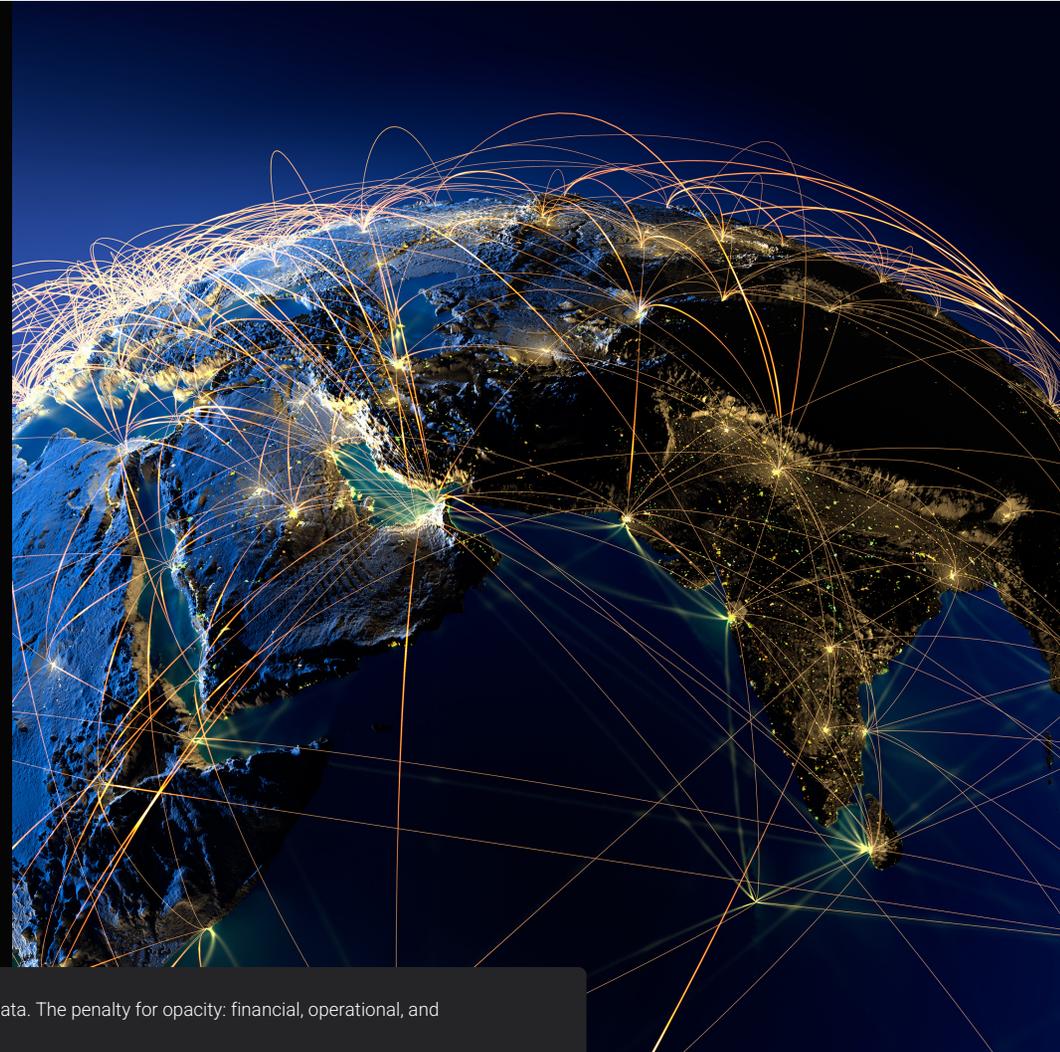
Red Sea conflicts pushed container rates above \$6,000/FEU

Climate Mandates

EU Digital Product Passports demand SKU-level material composition

Auditable Scope 1-3 emissions data required

The Pattern: Regulators worldwide converge on one requirement—line-item, evidence-grade supply chain data. The penalty for opacity: financial, operational, and reputational damage.



The ADAPT™ Framework

Five capabilities for supply chains in the regulatory era



Aligned Organization

Organizational priorities including **one plan** (S&OP) and revenue/margin expectations

Continuously running optimization

incorporating tariffs, labor, transport, inventory, and customer willingness-to-pay in an aligned **cost to serve** model



People Strategy

Building **balanced teams** with strong supply chain and business expertise with the attitude to drive change
Data scientists who understand supply chains



Data Architecture

Master data as strategic asset, **end-to-end integration**, digital twin, AI decision engine

Four-level operating model from foundation to autonomous intelligence



Agile Supplier Eco-system

From vendors to intelligence **partners**

Suppliers as compliance co-authors with real-time data sharing and **aligned incentives**



Transparent Performance Systems

KPIs that align, not distort

Measure true cost-to-serve and **transparency health**, not isolated metrics

90-Day Playbook* – ADAPT™ Framework

1

2

3

Month 1: Assess & Align

Deliverable: Executive briefing with quantified risk and proposed investment including DOM Level Assessment

Month 2: Foundation Build

Deliverable: Clean data set; supplier commitment letters

Month 3: Proof of Value

Deliverable: ROI report showing savings; enterprise roadmap

*Sample plan – may vary based on current status and industry. Modifications may be required

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Using the ADAPT Framework and driving to a minimum of Level 2 of the DOM over 90 days will be a differentiator



Companies That Act Now

- Clear customs 40-60% faster than competitors
- Avoid \$10M-50M annually in penalties and detention costs
- Free 5-10% of working capital from safety stock reductions
- Win contracts competitors can't bid for
- Enter markets competitors must avoid



Companies That Wait

- Pay transparency tax reactively at 10-100x the cost
- Lose market access as regulations tighten
- Face customer and investor pressure they can't address
- Watch competitors pull ahead with cost advantages they can't match

The question isn't whether to invest in supply chain transparency and key partnerships... the question is whether you'll build this capability before or after your next shipment is detained.

The choice is yours. The clock is ticking.

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Organizations that win the next decade won't be those with the deepest pockets - but ones that can prove the truth of their supply chains at the speed of risk and be prepared for the opportunities presented to them.

ADAPT™ or perish