

**“Geo-Politics” and “Geo-Economics”
Reshaping the Supply Chain**
Berlin, September 14th, 2023

A hand in a white lab coat points upwards towards a glowing lightbulb. The lightbulb is surrounded by a network of white dots and lines, symbolizing technology or innovation. The background is a soft, warm glow.

New Reality

- For the past 30 years, business leaders have been mostly unencumbered by geo-political constraints.
- This unencumbered environment no longer exists.
- **This decoupling presents an opportunity to present your value proposition to a reorganized global economy.**
- Alternative choices exist for company leaders to mitigate the operational and financial risks of economic regionalization.

Three Factors of Change

1. Rise in Deglobalization
2. Rise in Protectionism
3. Climate Change Commitment

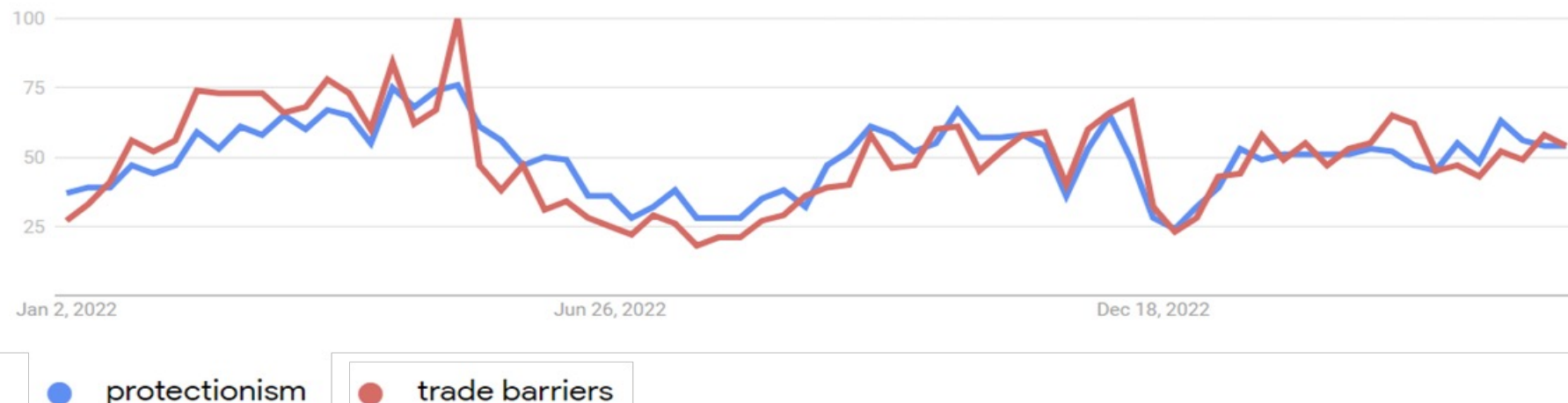


1. Rise in Deglobalization

- The fragility of supply chains that was highlighted during the pandemic, combined with a recent rise in both deglobalization and protectionist policies has created a distrust in international trade.
- There is now a “growing preference for less reliance on imports and for expanding indigenous sources of supply, called **supply chain sovereignty**.”
- IMF has stated that global economic fragmentation would slow the pace of innovation and hinder its ability to “tackle global challenges such as climate change or pandemic preparedness”

2. Rise in Protectionism

- Protectionist policies are on the rise
 - U.S. and China trade war
 - U.S. increasing tariffs on imports from the U.A.E.
 - Biden's Executive Order 14017
- Japan's Minister of Economy stated the G7 countries should take a coordinated approach to counteracting the economic coercion China has implemented against its trading partners
 - This will likely draw an adverse reaction from China
- Carbon border taxes gaining momentum in United States and the European Union
- As countries implement protectionist policies, public support for both cooperation and trade with other countries declines, increasing the likelihood for protectionism in both locations.



3. Climate Change Commitment

- Countries have begun to curb the negative effects of climate change through the implementation of new taxes and regulations
 - Inflation Reduction Act – United States
 - New-Zero Industry Act – European Union
 - Carbon Border Adjustment Mechanism – European Union
- Climate change is expected to decrease the productivity of all production factors (i.e., labor, capital and land)
 - Will ultimately result in output losses and a decrease in the volume of global trade
 - Need increased agility to overcome changing weather patterns



The Path Toward Solutions

- The changes will reshape markets and global economics for decades to come.
- The changes are requiring companies to learn through testing and collaboration with others they trust, and to begin their transformation with disciplined urgency.





Practical DSCI Solution Constellation of Value

- Modern supply chains have transitioned from a linear model to a multidimensional model consisting of numerous supply chain nodes, including customers, shipping and logistics, suppliers, business intelligence providers, and other vendors. DSCI's "Constellation of Value" framework helps businesses optimize this transition of enterprise supply chains.
- Just as early naval navigators relied on a mapped group of stars to guide their journeys, DSCI collaborates with its members to map the right supply chain nodes for their business, referred to as a constellation, that can inform, guide and create value for their supply chain operations.



The Constellation of Value – WHAT?

- **Selected and designed network** - chosen to advance the efficacy and security of the supply chain owner
- **Value Membership based** - comprised of suppliers, manufacturing and service partners, logistics service providers, and supply chain stakeholders
- **Customer Value Focused** - Together they contribute to the visibility, predictability, and security of company's customer delivery requirements
- **Three-dimensional** - networks that resemble a constellation and their connected stars (or nodes) that can evolve in any direction based on customer and constellation members needs



The Constellation of Value – WHY?

- **New Customer Expectations** - supply chains are required by customers to be more “present” to improve customer happiness and loyalty.
- **Happy and Loyal Customers**– new processes are needed for new models to retain supply chain decision making flexibility and mitigate external constraints.
- **New Employee** – B2B and B2C expectations are the same. A new generation employees are coming who see the business value through extended collaboration.



The Constellation of Value – HOW?

- **Flipping the supply chain** - from the back end of the business to the front side – or completing a Frontside Flip – the supply chain can be extended beyond the enterprise to create a more expansive Constellation of Value.
- **Not your typical supply chain network** – Constellations bring advanced digital capabilities, functional boundaries are less of a barrier, as there is increased collaboration and data sharing.
- **Connecting and Sharing Data-** Constellations contain operational nodes, such as warehousing, 3PL fulfillment or component manufacturers, connected through critical pieces of data between members.

Thank you



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