



Airmic Academy: Supply Chain Management

October 2020



Insurance | Risk Management | Consulting

Meet the speakers

Coca Cola, Gallaghers and Zurich



Alex Mitchell

Zurich Commercial Insurance
Team Leader International Property

Alex has worked in the Property market for 32 years. Predominantly Alex's experience is with large and complex International and multinational risks. As well as leading a team of underwriters, Alex is the chairman of the Property Underwriters Group of the International Underwriters Association.



Dr Gerold Knight

Coca Cola
Chief Risk Officer – Coca-Cola Japan

Gerold was the Group CRO for Coca-Cola HBC in Europe until his appointment to his Japanese role last month. He has been part of TCCS for 21 years leading risk, crisis management, security and insurance responses in Australia, APAC, Europe and Africa.



Iain Bell

Gallaghers
Director, Major Risks Practice

Iain's role involves supporting organisations in the development and implementation of effective risk management strategies and risk retention/transfer solutions across a range of complex and challenging risk exposures.



Dr Otto Kocsis

Zurich Commercial Insurance
Principal Business Resilience

Otto serves as Principal Business Resilience global corporations within a network of 800 Risk Engineers worldwide, to minimize overall cost of risk in the value chain and to strengthen organizational resilience. Otto has developed and implemented the segmented business interruption standard for our Risk Engineering network on how to assess risk exposures associated with interruptions along the value chain.



Learning objectives

- Overview of Supply Chain Challenges in times of Covid-19: challenges & opportunities
- Risk intelligence as a competitive advantage
- How AI-Tools, SC-Expertise and Insurance can be leveraged to support Supply Chain Risk Management

Understanding and managing your supply chain

Complexity

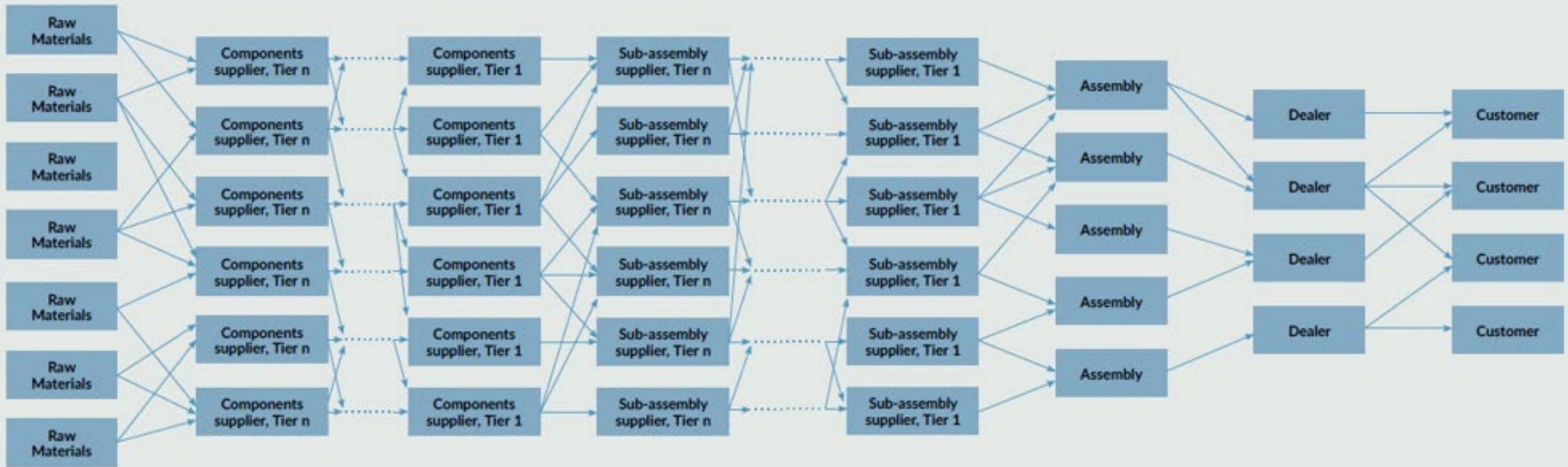


Figure 2: High-level view of a complex supply chain: automobile manufacturing

Source: Hidden Vulnerabilities in Supply Chain Risk: A Quantitative Risk Modelling Framework

Understanding and managing

Internal actions	External actions
Do I understand our supply chain exposures? Obtain list of all known suppliers and customers (external and internal)	Research business profile of all known suppliers and customers - who else do they supply and who supplies them?
How are these being managed across the supply chain?	What are the key risks presented?
What is our exposure in the event of an interruption across the supply chain?	Loss-scenario planning, financial impact.
Can I verify that any risk is being effectively managed?	Are suitable contracts in place with suppliers/customers to protect us?
What is our strategy if suppliers/customers are found to be deficient?	Identify back-up/dual source or supply, diversify, etc.
How can we tell if we are getting there in driving improvements?	Service and quality measurement.

Source: Gallagher

Risk Intelligent

Raising the risk management bar

Underpinning concepts

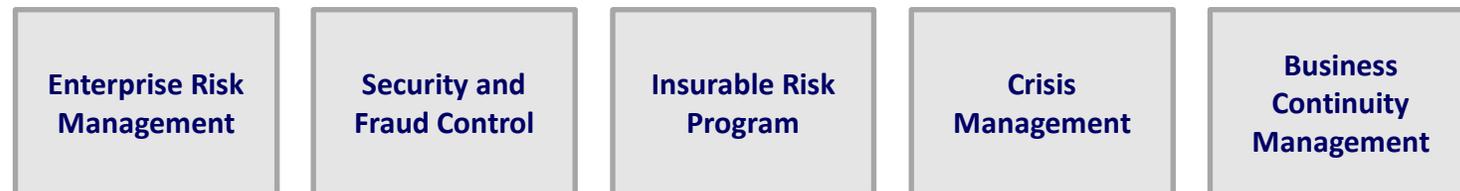
Growth enabler

Asset protector

Barriers that challenge us!

- Lack of agility
- Inadequate vigilance and situational awareness
- Leaders not challenging assumptions
- Poorly understood concepts and focus on regulation versus value creation
- Lack of a common language across the business
- Intolerance for failure stifling smart risk taking
- Risk management is not part of the enterprise's DNA
- Lack of skills and capabilities to effectively manage a crisis

ERM process ownership and leadership of five business resilience streams



Proactive



Reactive



Gallagher



Risk Intelligent

Growth Enabler

Asset Protector

The Step Change

- Common language and culture where our people account for value and risk in key decisions and activities.
- Encourage risk taking for value creation without a fear of failure.
- Discussions on value and risk are part of business management.
- Risk management built into the core ways of creating future value while protecting existing assets
- Turbulence (crisis) is inevitable and investment in prevention and preparedness is critical.
- Evaluate interaction and interconnectivity between risks and the impacts that could come from multiple threats.
- Vigilant for a broad range of growth opportunities and risks across the business.



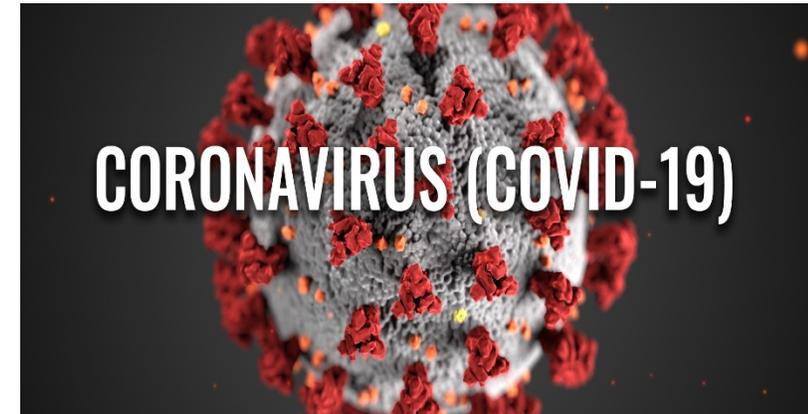
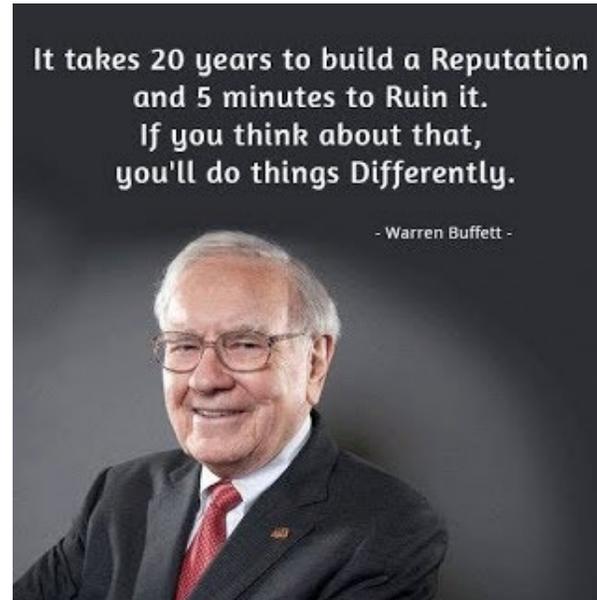
Gallagher

Insurance | Risk Management | Consulting

Crisis Management

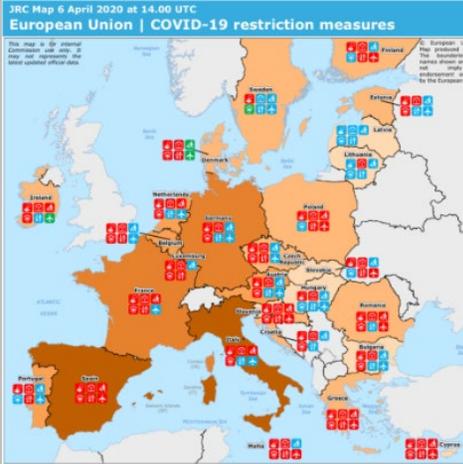
Crisis means different things to each of us.

Irrespective of perspective elements are
Readiness, Response,
Recovery



Corona Virus Response 2020

Response and Innovation



- People safety and employee communication and engagement
- Focus on production and supply disruption minimization
- E2E supply chain risk awareness
- Crisis management activation and process adherence
- Implications of emerging risks of government interventions

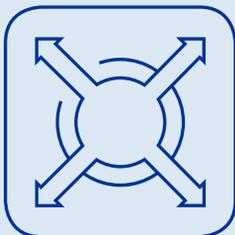
WE'RE IN THIS TOGETHER



Claims in Supply Chain

Have a proven track record to ...

.. be **huge** in size



Z-Largest: 500 MUSD
typical: 20-50 MUSD

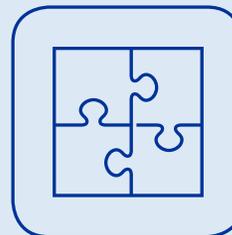
.. impact many customers simultaneously



multiple customers impacted by one event

Shortage of supply for many customers downstream

.. be related to **exposed industries**



CBI claims load from exposed industry groups

- Automotive
- Chem-Pharm
- Electronics
- Food

.. **increase in size & frequency**



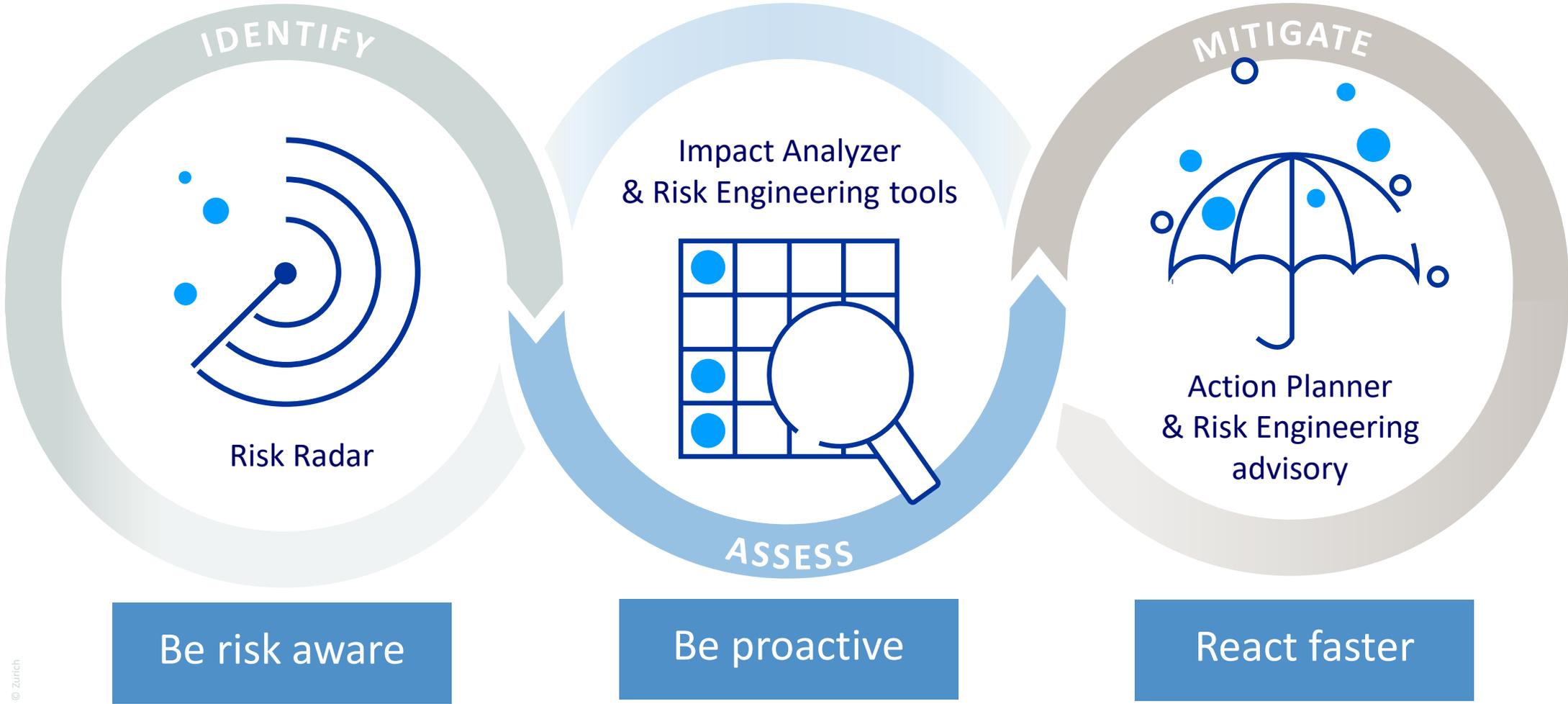
CBI claims increase in size and frequency

Supply Chain Risk Management (SC RM) to be integrated into PROCUREMENT / Supply Chain Management

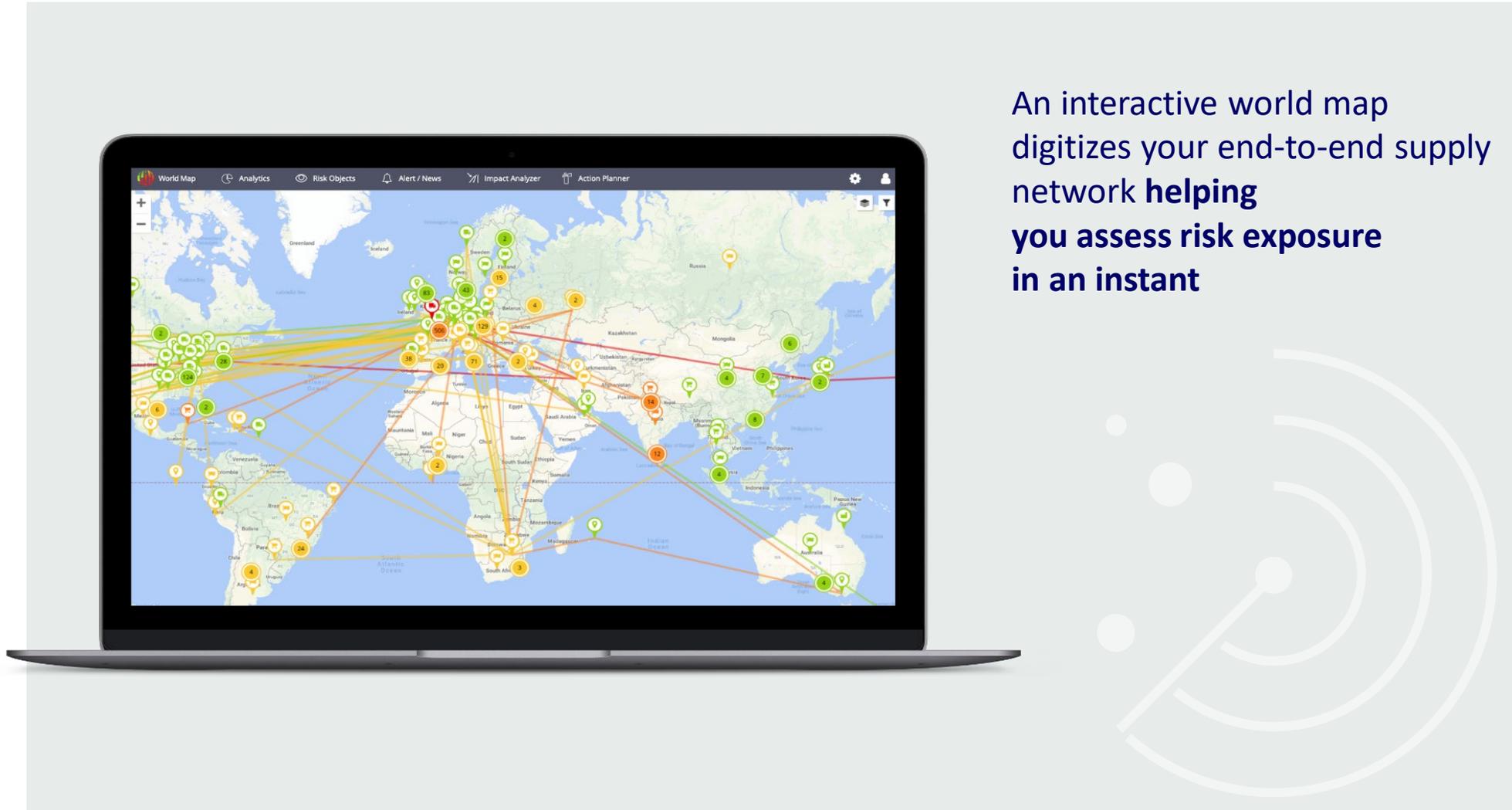
It is our ambition to **Make SC RM easy to manage!**

Supply Chain Risk Management Services

Your supply chain risks – be prepared and prevent loss



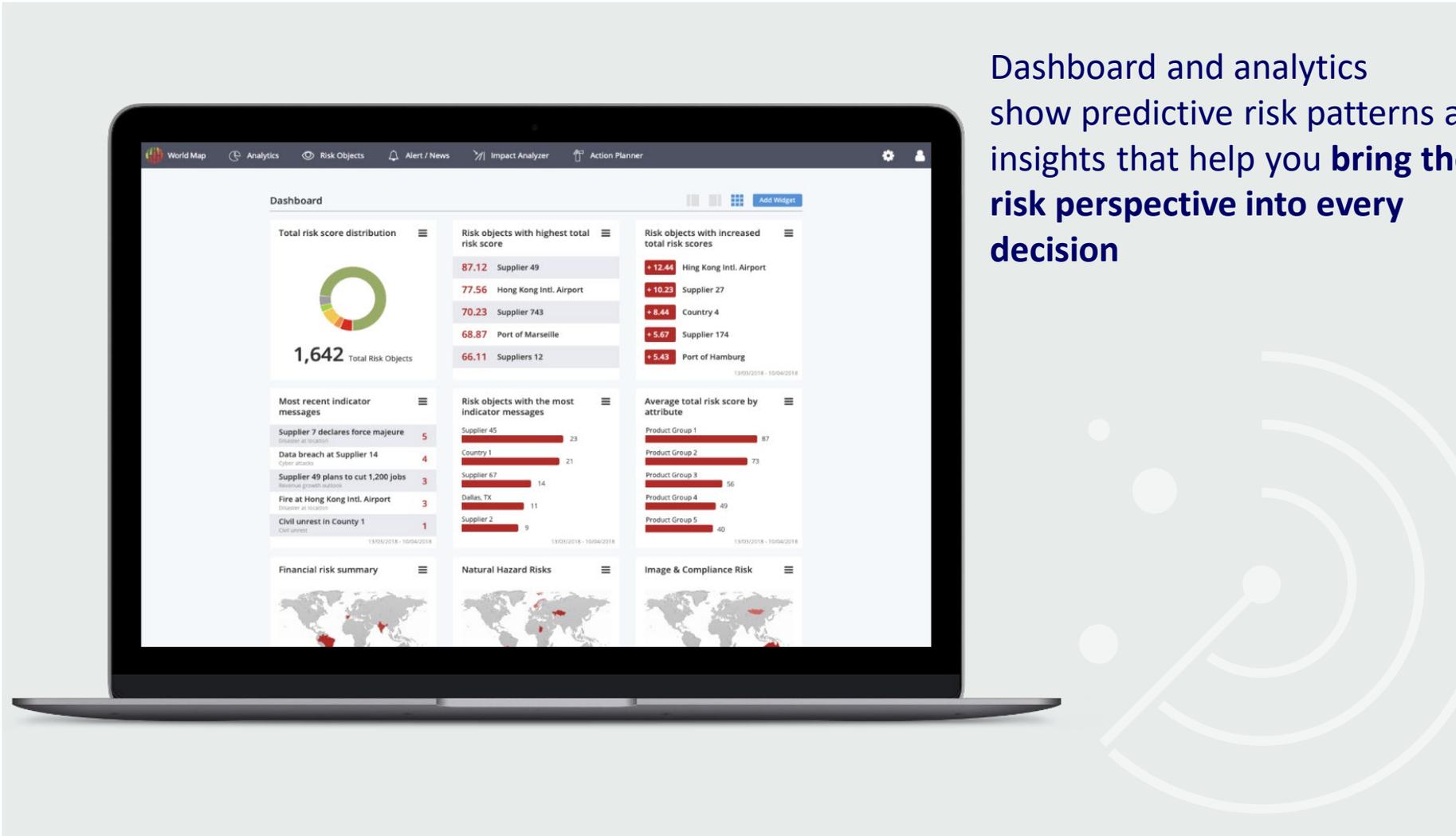
Identify your supply chain threats



An interactive world map digitizes your end-to-end supply network **helping you assess risk exposure in an instant**

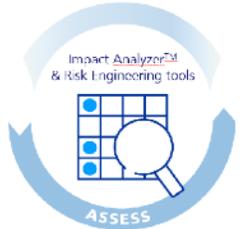
Identify risky trends within your supply network

Dashboard and analytics show predictive risk patterns and insights that help you **bring the risk perspective into every decision**



Customer Servicing & Risk Transfer

Hand in Hand Collaboration

	YOU	EXPERTISE	INSURANCE COVER
	RISK RADAR Application <ul style="list-style-type: none"> As usual you share suppliers (customers & own sites) names + addresses 	<ul style="list-style-type: none"> Cleansing of supplier data / geocodes Selection of critical suppliers SC Risk Mngt consultancy <ul style="list-style-type: none"> Summary of trends of SC alerts Support to Improve SC Maturity 	<ul style="list-style-type: none"> CBI cover determined based on industry risk profile and SC insights
	IMPACT ANALYZER Application <ul style="list-style-type: none"> IMPACT on business for key suppliers / sites / customers assessed 	<ul style="list-style-type: none"> Understand VULNERABILITIES + IMPACT (“business at risk”) with critical suppliers Support with identification of key vulnerabilities and recovery characteristics for industry/ and specifically Create RISK SCENARIOS for exposed suppliers 	<ul style="list-style-type: none"> CBI cover and CAPACITY customized for selected suppliers / sites / customers based on IMPACT assessment & RISK SCENARIOS
	ACTION PLANNER Application <ul style="list-style-type: none"> Efficient MITIGATION of Supply Chain risk exposure of critical suppliers / sites / customers where necessary 	MITIGATION of “business at risk” through supportive consultancy on: <ul style="list-style-type: none"> Identification of smart mitigation actions. Shortening own recovery times, Identification of a alternative suppliers,... 	<ul style="list-style-type: none"> Continuous updated CBI COVER and CAPACITY for selected suppliers / sites / customers based on MITIGATION of SC risk scenarios, even dynamically

Embed risk everywhere

On the office wall

Showcase your supply chain risk management practice internally and to clients.



Embed risk everywhere

On the go

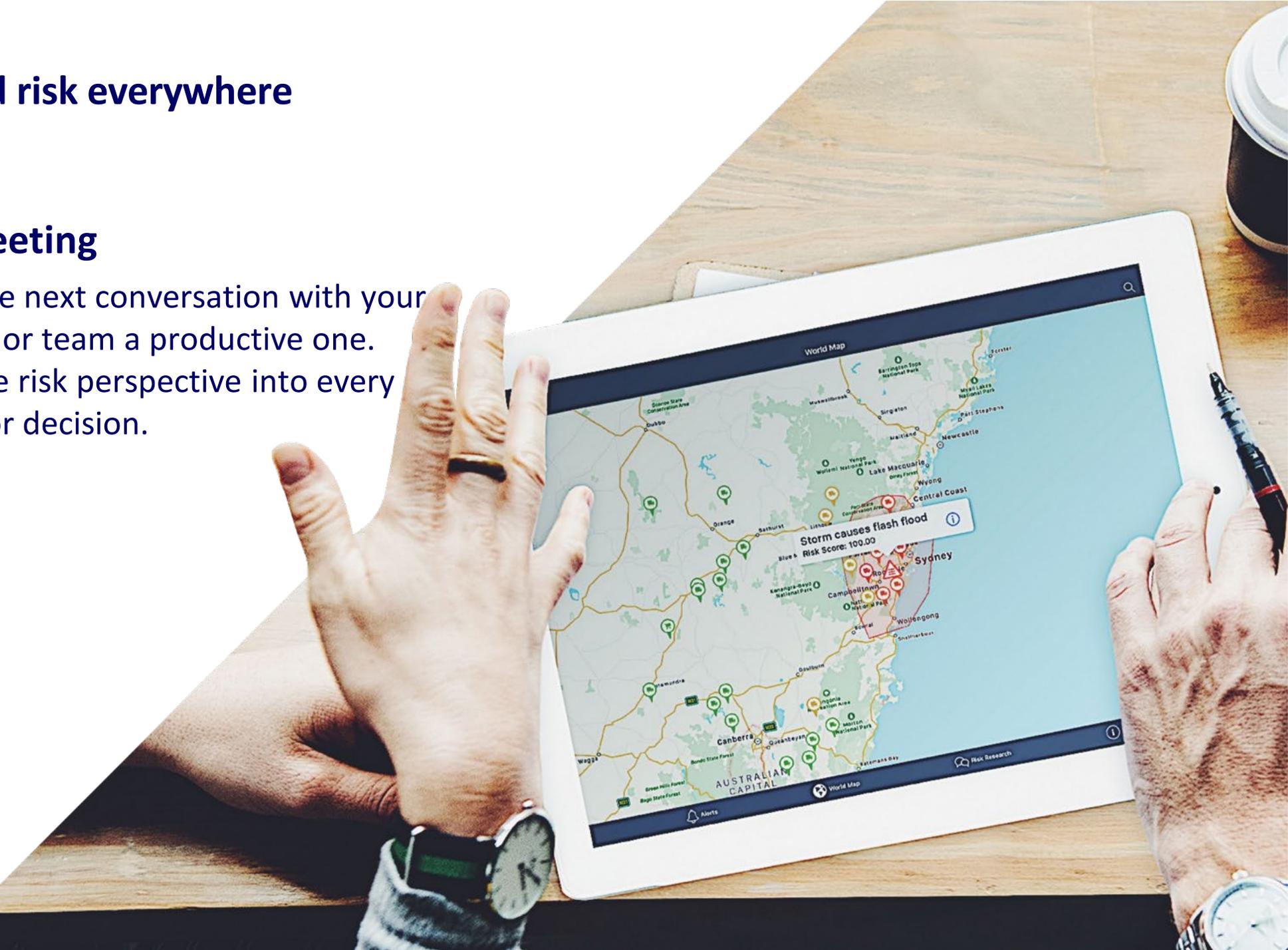
Receive timely risk notifications so you can stay informed of new and evolving threats wherever you are



Embed risk everywhere

In a meeting

Make the next conversation with your supplier or team a productive one. Bring the risk perspective into every review or decision.



AGCO Corporation

*“Thanks to The riskmethods Solution we instantly saw **which of our suppliers were impacted** when the Coronavirus hit Northern Italy. This allowed us to switch to alternative sources **before our competition** to ensure business continuity.”*

Josip T. Tomasevic

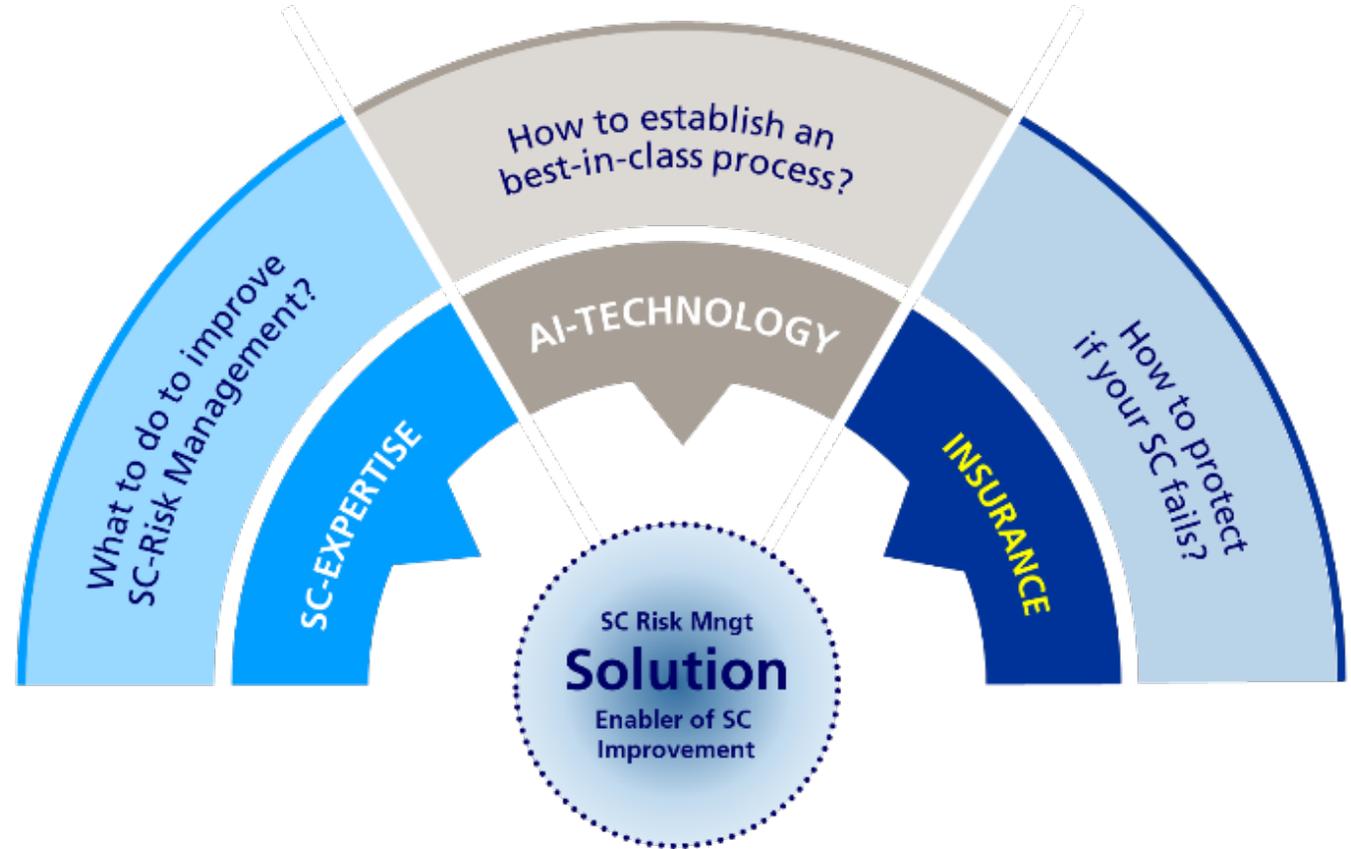
Senior Vice President & Chief Procurement Officer,
Global Purchasing and Materials Management,
AGCO Corporation



Your Benefits

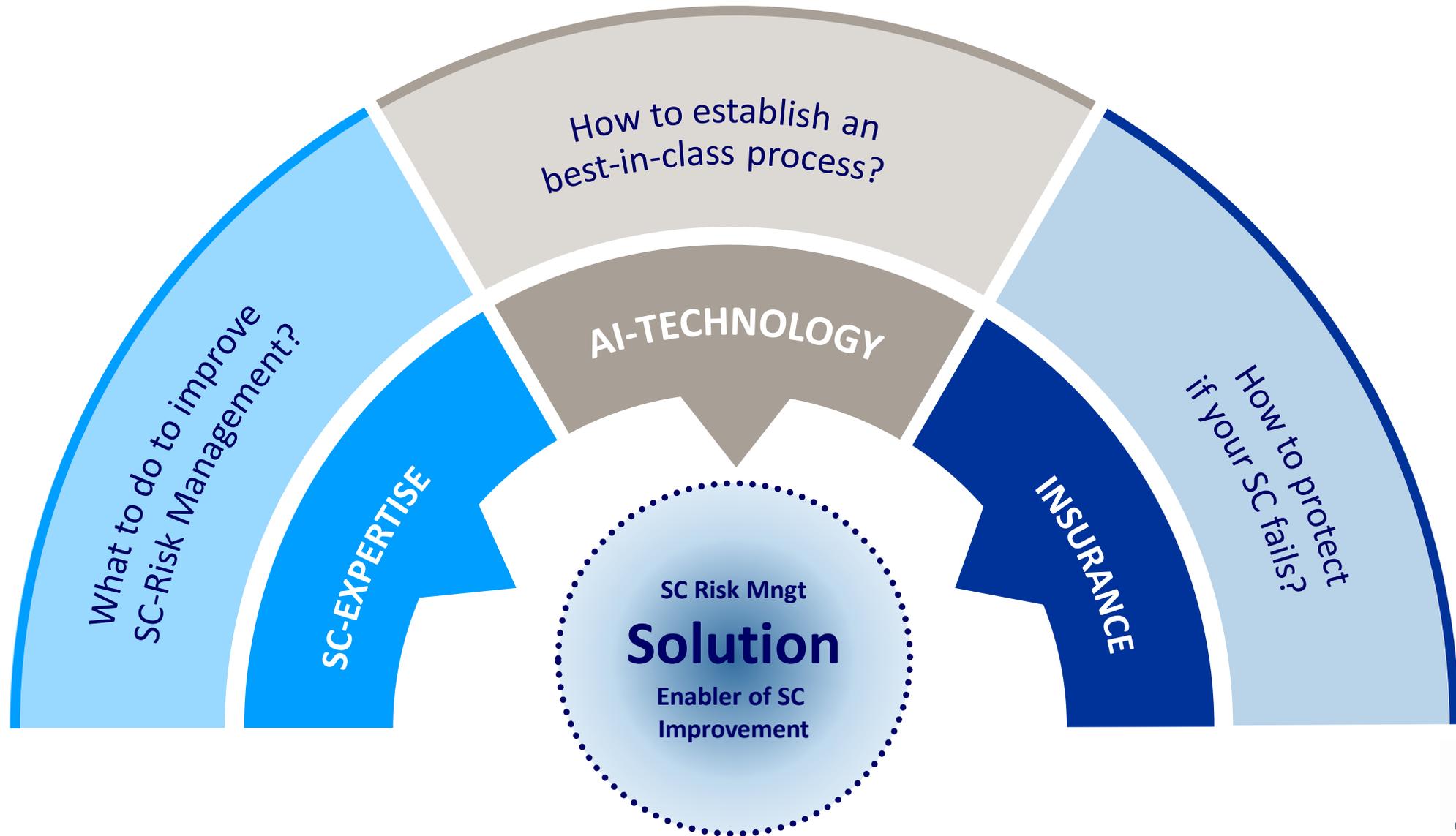
Customised CBI INSURANCE cover together for a sustainable supply chain ahead!

- Individual and Risk based consultation to identify **real CBI insurance needs**.
- **Risk management maturity & single supplier risk impact scenarios** to your business to unlock sustainable CBI capacity.
- Optimisation of CBI insurance proposition via **structured solutions** and execution on **risk-improvements** in the supply chain.



AI powered Technology & SC-Expertise & Insurance Solutions

Supply Chain Risk Management Capabilities



3 Key takeaways



- Collaborate across functions to gain full transparency of your organisations supply chain.
- Crisis management training and preparation is critical.
- Managing Supply Chain risk can be eased by today's AI-tools - complementing insurance and Supply Chain expertise.

THANK YOU

Should you have any questions regarding the content of this session, please speak to AIRMIC who will pass on your enquiries.