

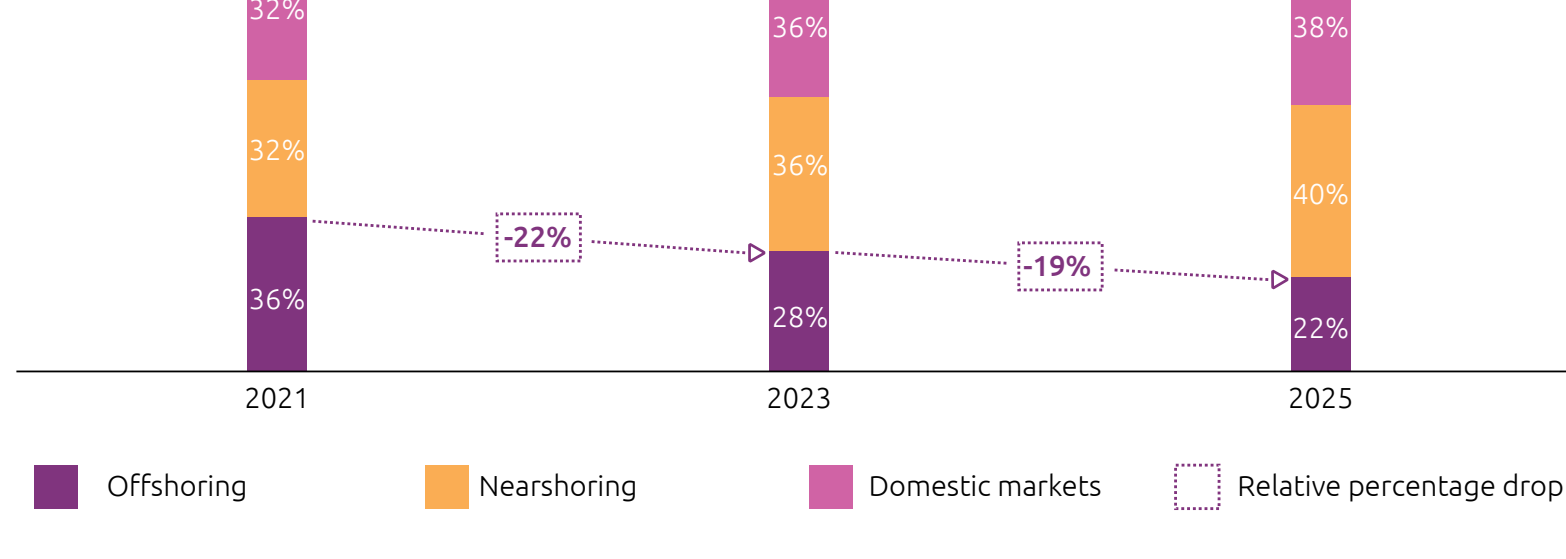
Automotive supply chain

PURSuing LONG-TERM RESILIENCE

The automotive industry has been reducing their reliance on procurement from offshore locations

Procurement from offshore locations has fallen by 22 percent over the past two years

DISTRIBUTION OF PROCUREMENT LOCATION IN TERMS OF DOLLAR VALUE

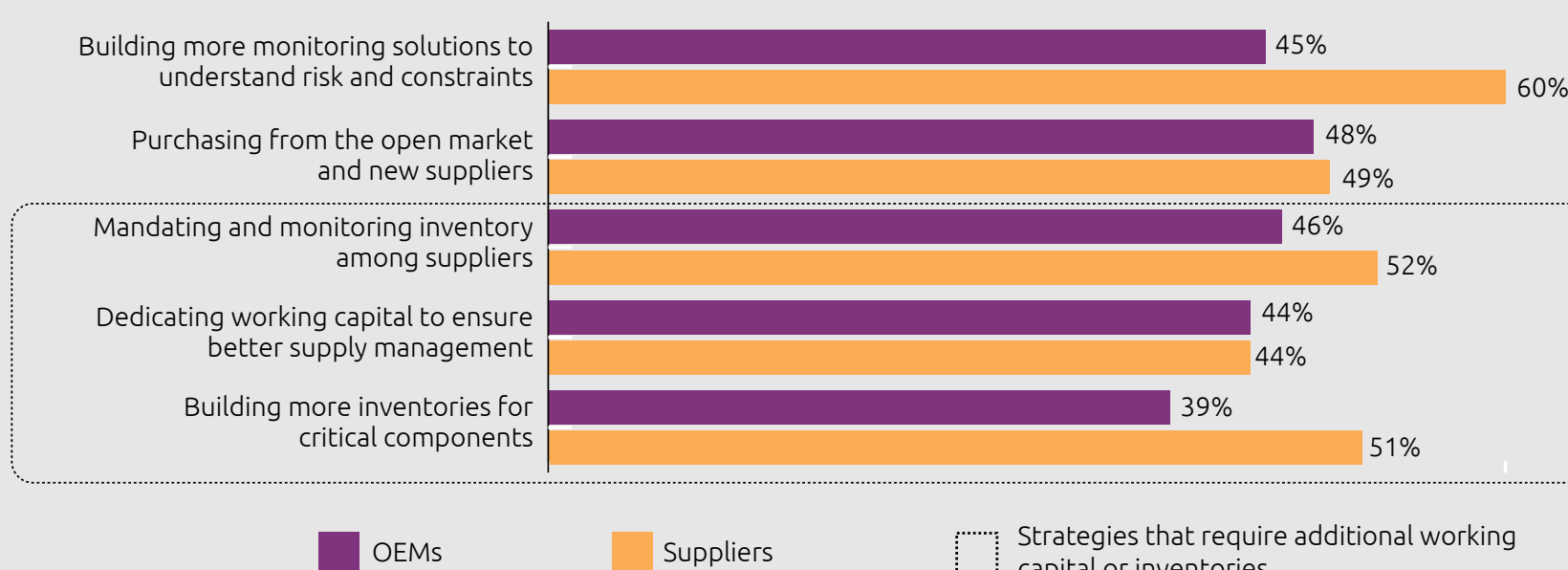


Source: Capgemini Research Institute, Automotive supply chain survey, June-July 2023; N = 592 respondents, primarily from the supply chain function.

Automotive organizations are also boosting inventories, as a short-term resilience strategy

Three of the top five short-term crisis-management strategies require additional working capital

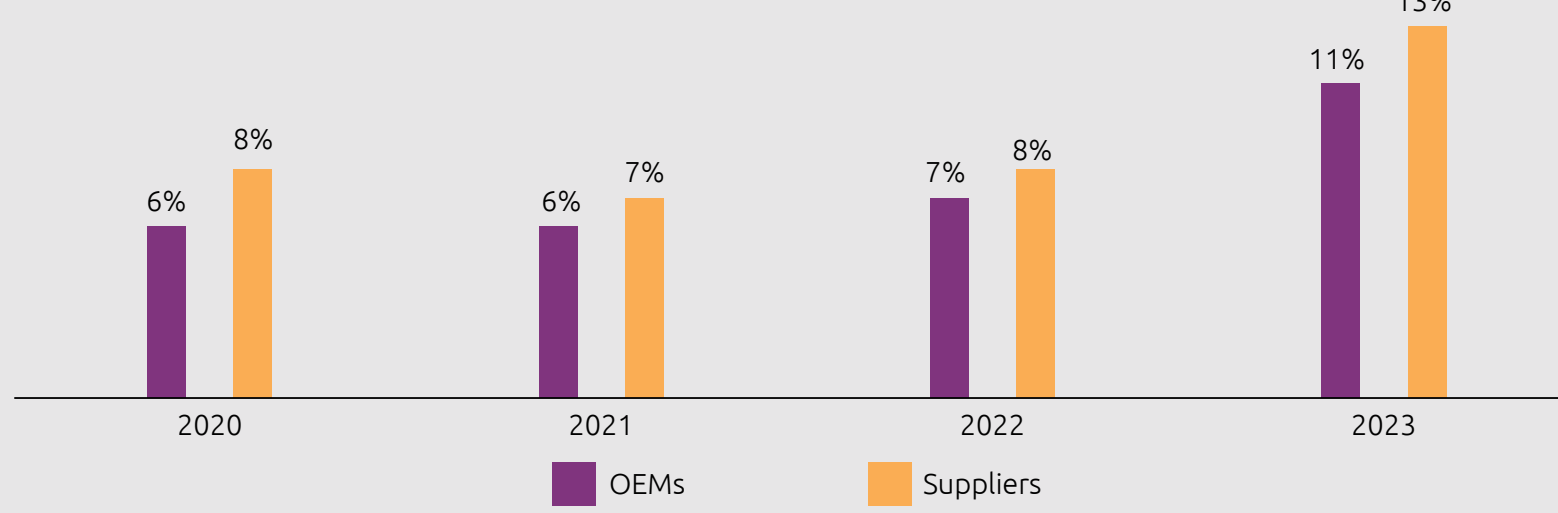
PERCENTAGE OF EXECUTIVES ADOPTING THE FOLLOWING SHORT-TERM STRATEGIES TO IMPROVE RESILIENCE



Source: Capgemini Research Institute, Automotive supply chain survey, June-July 2023; N = 1,004 respondents.

However, this is a risky strategy considering the increasing cost of capital

COST OF CAPITAL/SALES (WACC), OEMS VS. SUPPLIERS

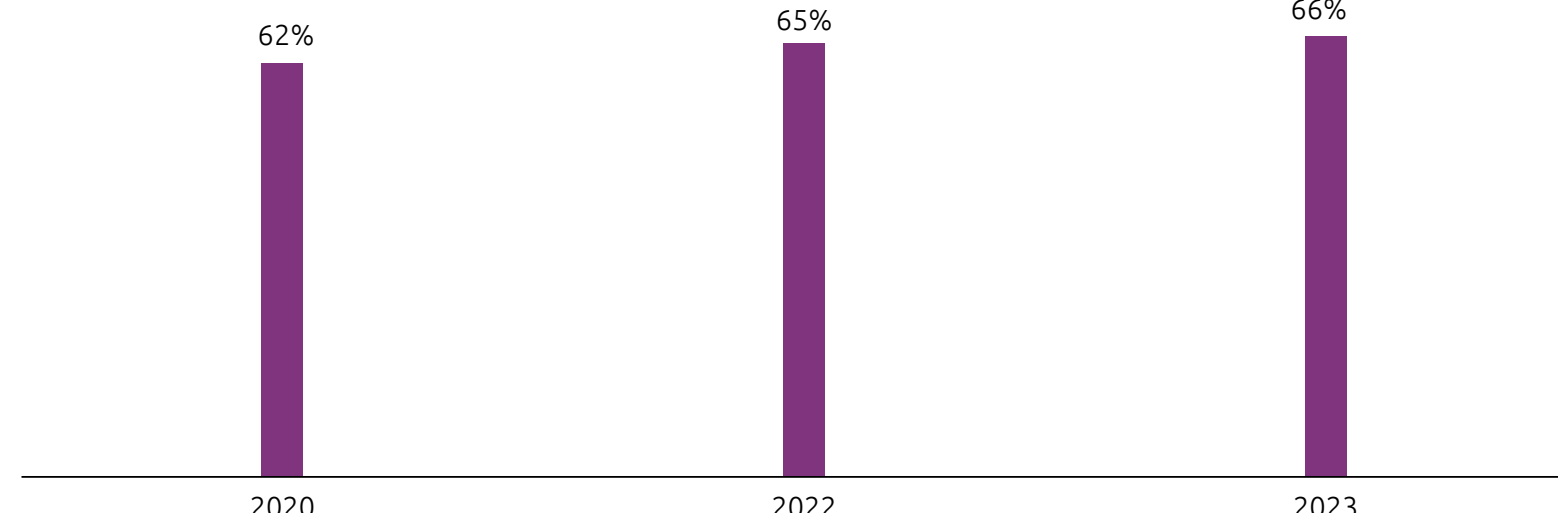


Source: New York University – Stern, financial datasets created and maintained by Prof. Aswath Damodaran, July 2023.

Sustainability efforts have taken a backseat for organizations amid supply chain crises.

Sustainable strategy adoption for supply chains has been stagnating.

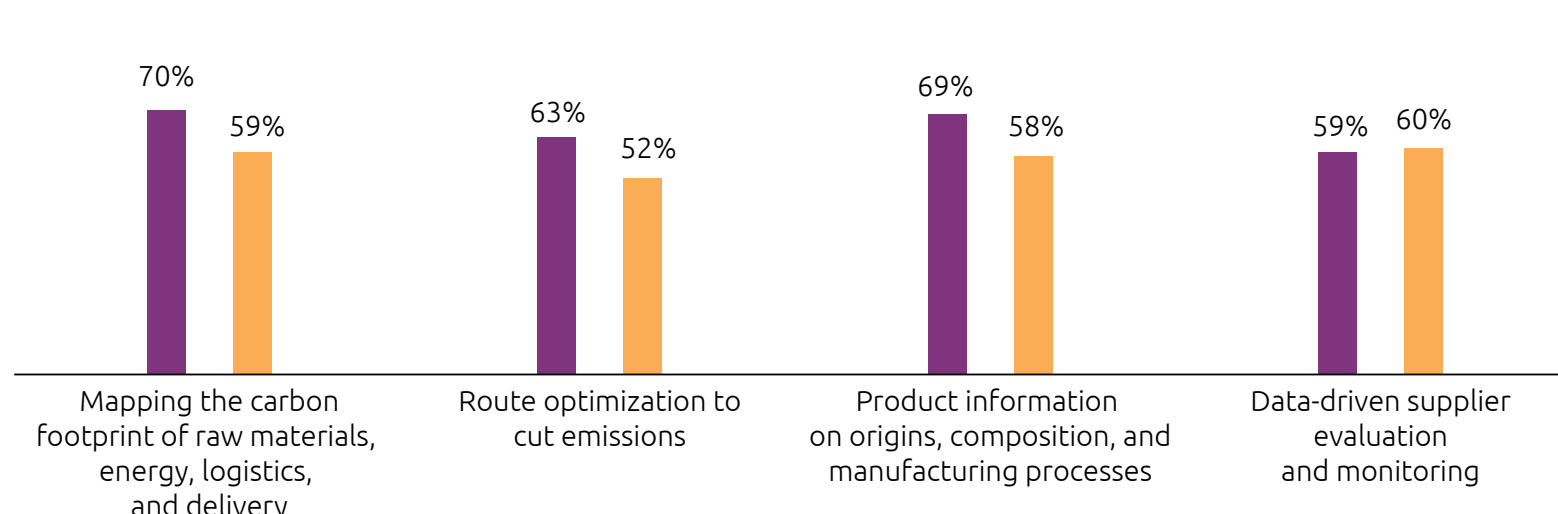
PERCENTAGE OF RESPONDENTS WHO STATE THAT THEY HAVE A COMPREHENSIVE SUSTAINABILITY STRATEGY IN PLACE FOR THEIR SUPPLY CHAIN



Sources: Capgemini Research Institute, Automotive supply chain survey, June-July 2023; N = 196 respondents primarily from the sustainability, general management, and product management functions; Sustainability in Automotive Executive Survey, July-August 2022, N = 1,080 respondents; The Automotive Industry in the Era of Sustainability, Executive Survey, November-December 2019, N = 503 respondents.

With sustainability initiatives in supply chain showing signs of decline

PERCENTAGE OF RESPONDENTS WHO ARE FULLY OR PARTIALLY DEPLOYING THE FOLLOWING SUPPLY CHAIN SUSTAINABILITY INITIATIVES, 2023 VS. 2022

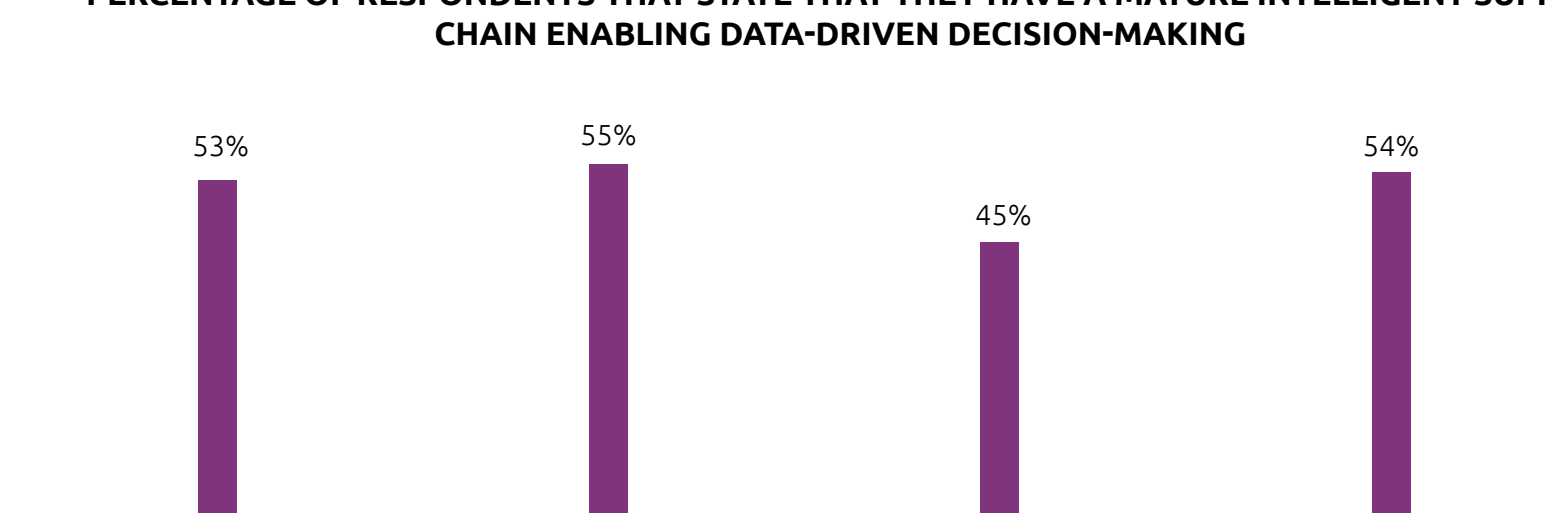


Source: Capgemini Research Institute, Automotive supply chain survey, June-July 2023; N = 196 respondents primarily from the sustainability, general management, and product management functions; Intelligent Supply Chain Research, August-September 2022, N = 120 respondents primarily from the automotive industry.

Current data-driven supply chain initiatives lack maturity and investment

Only half of our respondents have a mature intelligent supply chain to enable data-driven decision-making

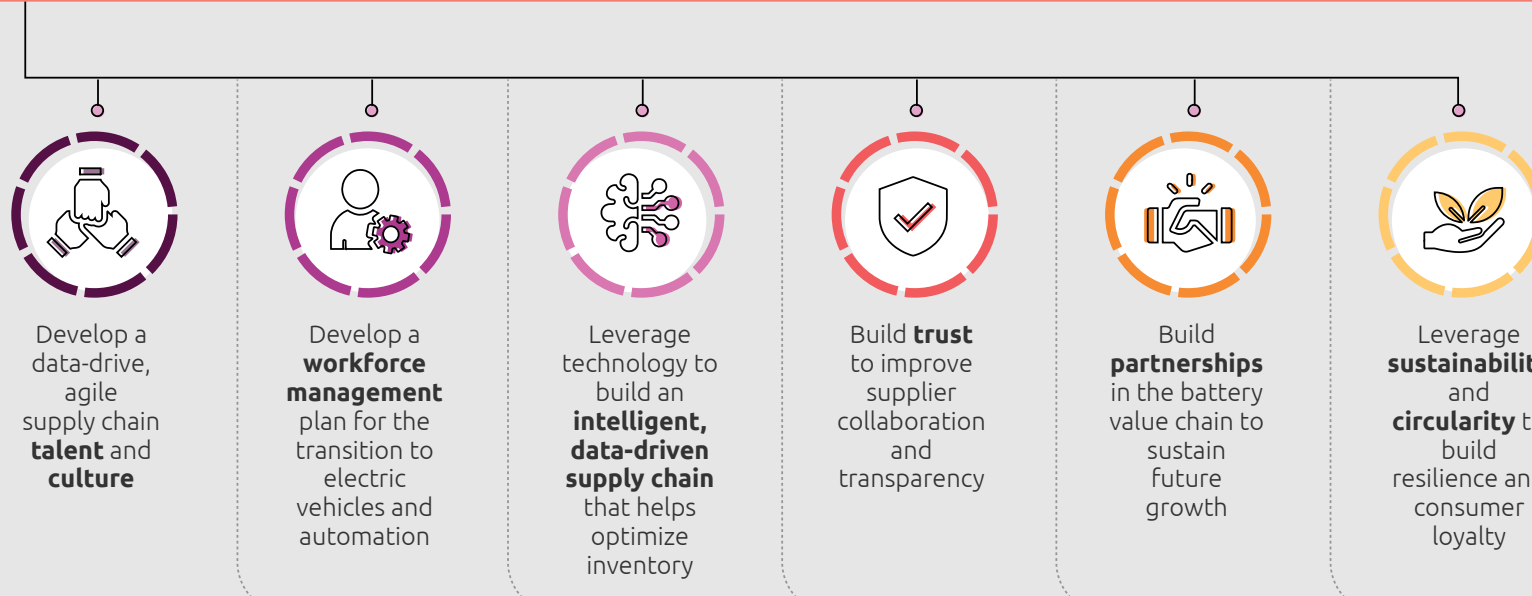
PERCENTAGE OF RESPONDENTS THAT STATE THAT THEY HAVE A MATURE INTELLIGENT SUPPLY CHAIN ENABLING DATA-DRIVEN DECISION-MAKING



Source: Capgemini Research Institute, Automotive supply chain survey, June-July 2023; N = 655 respondents primarily from the supply chain and IT functions.

How can the automotive supply chain become a source of competitive advantage?

We suggest six areas to focus on for making supply chain a source of competitive advantage



Source: Capgemini Research Institute analysis.

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