

What's Next for the World's Supply Chains in 2022?



Here's what buyers can expect over the next 6-12 months as the labor shortage, global pandemic and ongoing disruptions continue to impact the world's supply chains.

With the global pandemic about to enter its junior year, procurement professionals are reflecting on the events of 2021 and doing what they can to ensure good sources of supply over the next 6-12 months. With no certain end in sight to the pandemic, labor shortage or supply chain disruptions, predicting the future has become more difficult than ever.

“If there is one thing that is certain about a crisis, it is that there is rarely anything that is certain about how, when—or whether—it will end,” Edward Segal writes *in Supply Chain Experts Weigh In: What Could Happen In 2022 as the Crisis Continues*. Some of those expert predictions include ongoing difficulties procuring products, particularly for semiconductors and electronic components. Raw material prices will continue to rise in some categories, inflation is here to stay and political decisions may have a sizable impact on supply chains.

“Over the past two years, the COVID-19 pandemic created some unique challenges and opportunities,” IDC points out in *IDC FutureScape: Worldwide Future of Operations 2022 Predictions*. “Demand for many products plummeted and then accelerated past previous levels. Companies were forced to send workers home and then struggled to staff back up.”

At the same time, supply chains developed numerous choke points, some internally created and some externally imposed. “The crisis forced rapid changes in operations – what would normally have emerged over a decade took place in a matter of months,” IDC says. “That accelerated the move to more remote operations, the development of more distributed decision-making processes, and a shift to data-driven operations.”

Exactng a Heavy Toll

In *The Great Supply-Chain Crisis Looks Like It Will Be a 2022 Story as Well*, Barron's discusses the heavy toll that the pandemic took on global economies in markets in 2021 and explains how 2022 may be a carbon copy of what we've witnessed over the last 12 months. It says that both Samsung Electronics and Micron Technology have issued warnings about how lockdowns in the Chinese city of Xi'an, which has tightened restrictions to the strictest level, will affect production of memory chips.

“Samsung said it would temporarily adjust operations but will leverage its global manufacturing network to ensure customers aren't affected,” Barron's reports. “Micron issued a similar statement, though it conceded there may be some near-term delays even as it taps subcontractor partners to help meet demand.”

On the transportation front, there's little doubt that demand will continue to exceed capacity in 2022. “Demand for shipping and home delivery will exceed industry's capacity to deliver due to consumers' increased appetite to spend on physical goods,” FarEye's Paul Greifenberger told Forbes, which also spoke to SAS' Stu Bradley about trends in cybercrime and virtual threats.

“While supply chain fraud is nothing new, it will be a major challenge globally in 2022 as the ongoing pandemic continues to disrupt everything,” Bradley said. “Businesses have focused on the agile activation of alternative supply sources and organic versus well-planned supply chains.”

The New Post-Pandemic Normal

Knowing that 2022 may bring many of the same issues that procurement professionals were already dealing with in 2021, Ambi Robotics' Jim Liefer offers up some advice for dealing with the uncertainty while also planning for the future in *The 2022 Supply Chain: Prioritizing People, Customers, Technology*. He sees the use of automation to reduce reliance on labor; a bigger focus on resiliency, with an eye on the present and the future; and strong leadership buy-in as just some top priorities that organizations should focus on right now.

“With the quick advancement of technology in the workplace in response to COVID-19, businesses must have buy-in from all levels of the organization when implementing change,” Liefer writes. “Develop a plan, identify key stakeholders and provide transparency. Communication is key, as well as educating on new technologies where applicable.”

With manufacturers competing for a limited supply of key commodities and logistical capacity, Liefer expects problems like empty store shelves and longer purchase lead times to continue in the coming months. But on a positive note, he says the pandemic has intensified the focus on supply chain evaluation and evolution. “Industry is evaluating and investing in their long-term supply chain strategies,” Liefer writes, “paving the way for a new post-pandemic normal.”