

Resolving pressure points & building towards resilience

May 2020

The COVID-19 pandemic has caused the largest quarantine in human history. Its impact on businesses in all sectors is unparalleled, resulting in rapid demand pattern changes throughout the market. In parallel, many businesses are struggling to maintain their end-to-end supply chains – as quarantine measures and governmental restrictions cause disruptions in operations and supply chains. These impacts on the day-to-day business cause top and bottom line effects in companies’ P&Ls, which in turn adversely influence the cash situation of many businesses.

COVID-19 impact areas – Where to focus?

Disruptions and changes in demand	Disruptions in supply chain and operations	Financial impact forecasting
<ul style="list-style-type: none"> • Look at multiple demand scenarios to evaluate high-risk areas and potential level of exposure • Create scenarios over the short, mid and long terms on customer demand to enable planning for current and potential future disruptive scenarios • Balance global inventories better in order to increase efficiency 	<ul style="list-style-type: none"> • Determine the exposure level in the supply chain for products regarding: <ul style="list-style-type: none"> • Sourcing from suppliers and extended SC up to tier 2 suppliers • Production sites • Packaging Sites • Distribution Network • Evaluate substitutions for sourcing, production capacities and distribution network • Evaluate inventory (safety stock buffers, prioritization and increase of levels) 	<ul style="list-style-type: none"> • Fully integrate financial and supply chain data to ensure full supply chain control and cost transparency • Make visible financial impacts and forecasts based on changes in demand and supply immediately • Identify highest financial exposure based on high-risk demand and supply scenarios • Outline cash requirements and networking capital effects of the different scenarios

KPMG has been involved in the supply chain and finance testing approaches in view of COVID-19 from the very beginning, which is why we have experience in handling situations called forth by the pandemic. We found that the best way is to address the areas in demand and supply planning most impacted, while maintaining transparency and better understanding how this will change financials going forward.

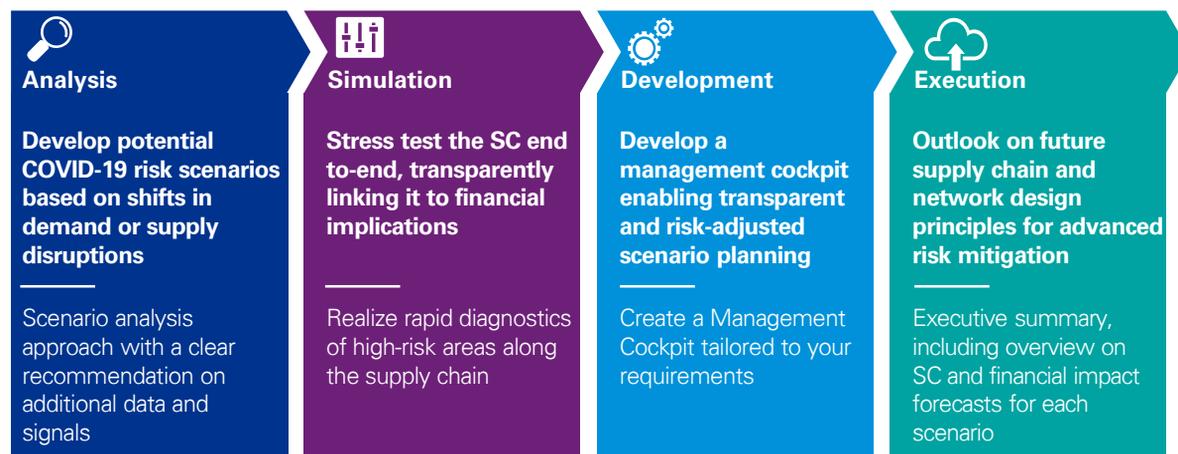
We support our customers in identifying the areas that need to be addressed immediately, while implementing the tools they need to build more supply chain resilience over the medium to long terms.

Following a four-step approach to assess pressure points and build towards more resilience

Almost all companies in all industries are affected by the COVID-19 crisis and need to carefully monitor their supply chains and financials to avoid shocks and disruptions, while planning for future resilience. KPMG supports businesses on the critical mission of demand and supply management throughout COVID-19 and beyond, while transparently outlining the P&L forecasts for each one of the supply chain scenarios.

Below, find KPMG's proven four-phased approach for COVID-19 Supply Chain and Finance Stress Testing and Simulation. We support our customers in identifying the areas that need to be addressed immediately, while implementing the tools they need to build more Supply Chain resilience over the medium to long terms.

COVID-19 supply chain and finance stress testing



Immediate action is required to reap your COVID-19 supply chain and finance stress testing solution benefits, such as:

- ✓ Immediate visibility in the P&L based on the different supply and demand forecast scenarios
- ✓ Best-in-class resources to help create financial models and demonstrate the "Economic Contribution" of the supply chain
- ✓ Access to our global markets insights database, AI algorithms and extensive research team, which provide you with short, medium and long-term market perspectives and innovations during COVID-19
- ✓ Extensive commercial and supply chain expertise provides you with fit-for-purpose recommendations on the future supply chain and network design principles

Find additional KPMG COVID-19 resources here

<https://home.kpmg.ch/en/home/insights/2020/03/coronavirus-business-continuity-plan.html>

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