An aerial photograph of a circular track with a green outer ring and a red inner ring. Several people are seen from above, each carrying a large cardboard box. The people are positioned at different points around the track, suggesting a continuous cycle or process. The background is a dark, textured surface.

Gartner for Supply Chain

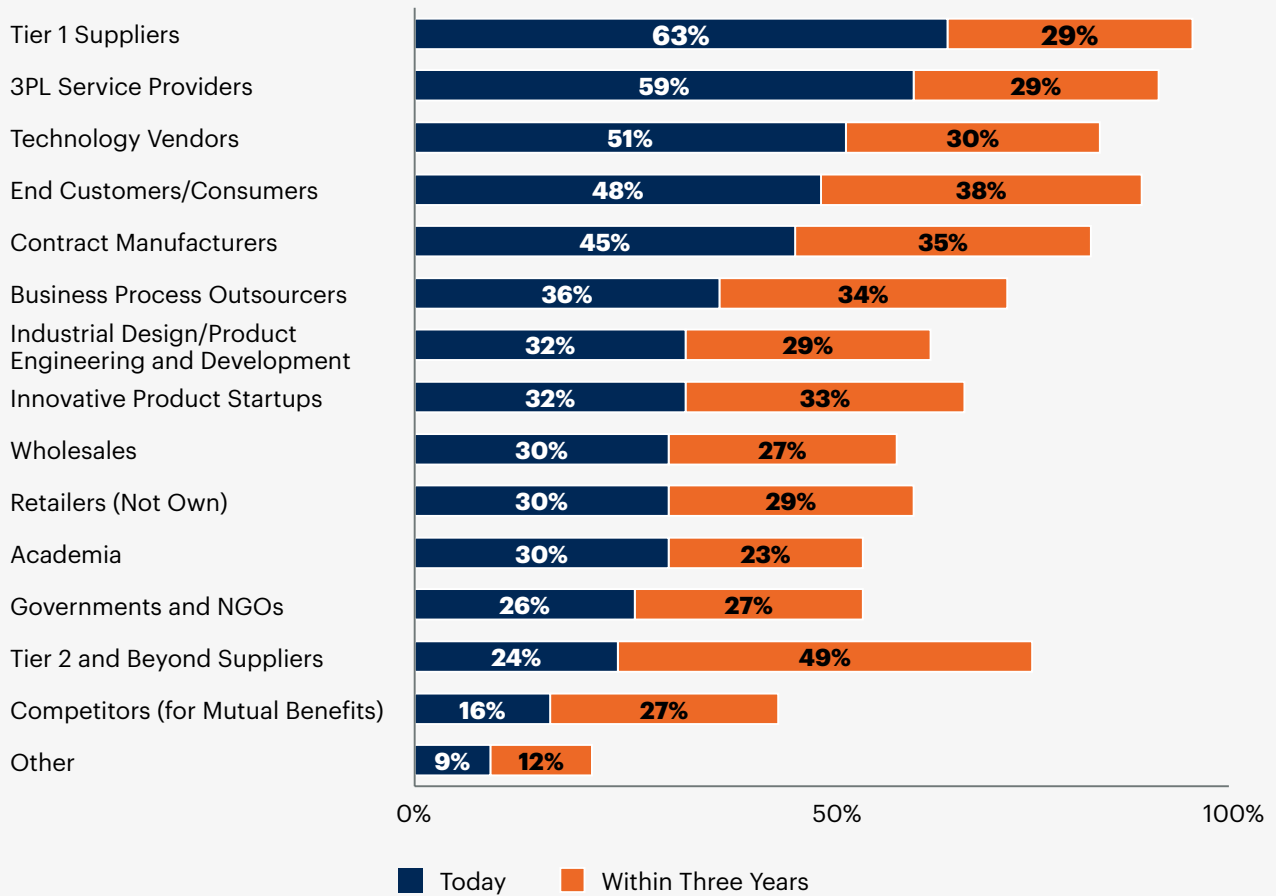
# How to Build a Supply Chain Ecosystem

The future supply chain hinges on effectively engaging Tier 2 suppliers and beyond.

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Supply chain leaders interact daily with trading partners such as suppliers, third-party logistics or 3PLs, and customers. **Increasingly, supply chain leaders are engaging the broader trading network**, which includes startups, government agencies and even competitors. Figure 1 shows the trading partners that supply chain leaders are engaging today: The top 3 are Tier 1 suppliers, 3PLs and technology vendors. Figure 1 also shows with whom they expect to be engaging come 2025: The top 3 in this case are Tier 2 and beyond suppliers, end customers/consumers and contract manufacturers.

**Figure 1: Extending the Ecosystem to Incorporate Multitiered Suppliers and Customers**



n = 419

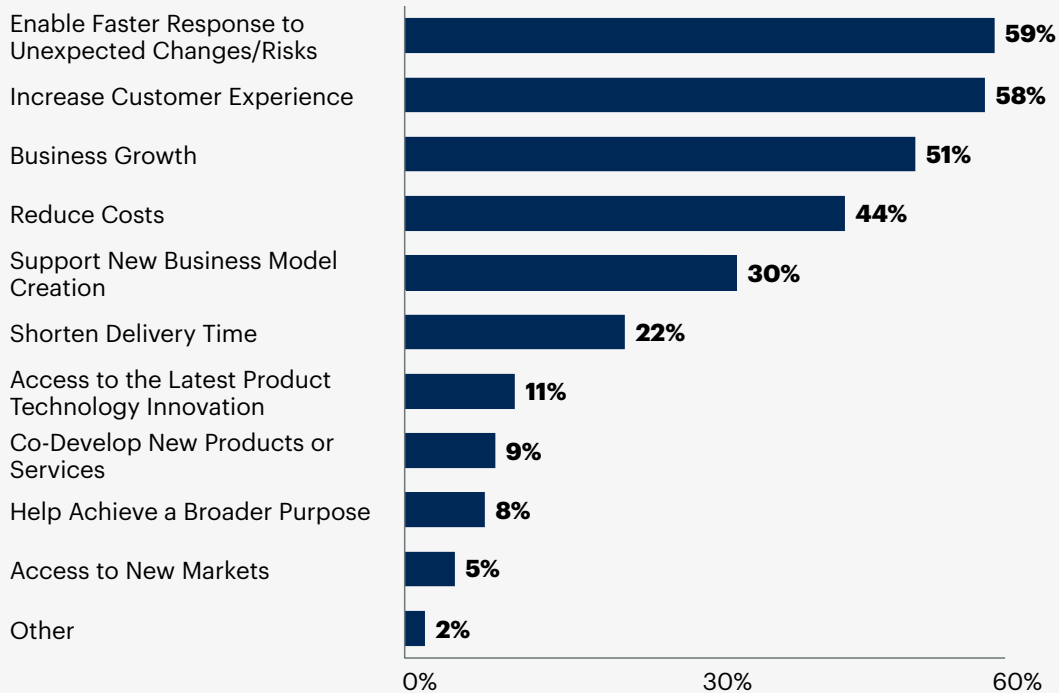
Q. What type of partners are you looking to engage within a digital supply chain ecosystem? Select one response per row.

Source: 2021 Gartner Sustaining a Customer-Centric Digital Supply Chain Ecosystem Survey

The shift toward Tier 2 and beyond suppliers is particularly significant: The number of supply chain leaders engaging this group will more than double over the next three years. And the shift away from engaging with Tier 1 suppliers and 3PLs is also remarkable: The number of supply chain leaders engaging these groups come 2025 will be less than half of what it is today.

What do supply chain leaders expect to gain from engaging the broader trading network? At a high level, a **more cost-effective, end-to-end supply chain that supports new business model creation**. More granular benefits include greater agility, more-effective risk management, enhanced customer experience and business growth (see Figure 2).

**Figure 2: Business Benefits From a Digital Supply Chain Ecosystem**



n = 419

Q. Please select the key business benefits you are expecting to achieve from participating or orchestrating a digital supply chain ecosystem. Select top three.

Source: 2021 Gartner Sustaining a Customer-Centric Digital Supply Chain Ecosystem Survey

The key question then is: **How will supply chain leaders make the shift away from engaging Tier 1 suppliers and 3PLs and toward engaging Tier 2 and beyond suppliers?**

By **crafting a supply chain “ecosystem”** in which every participant in the end-to-end supply chain is connected through one common data platform. This includes all internal functions (e.g., R&D, procurement, manufacturing, logistics, marketing, sales), as well as all trading partners (e.g., suppliers across tiers, 3PLs, customers). Rather than a linear chain, where data is transferred from one stage to the next, data in a supply chain ecosystem is readily available to all, providing near-real-time access to critical information, supporting informed decision making and enabling process execution across the network.

Over the next two years, more than 50% of chief supply chain officers (CSCOs) plan to invest in digitalization (data, process, platform) because it greatly accelerates the creation of and participation in supply chain ecosystems. CSCOs must work with IT leaders to **identify and adopt technologies that engage in real-time, secure data sharing and multienterprise process execution**, as this will grow and scale the business value of the supply chain ecosystem.



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