



# Signify Automates, Standardizes and Innovates Supply Chain Risk Management



 **signify**

Competitive Advantage with Sphera Supply  
Chain Risk Management [formerly riskmethods]



## The Company

Signify is the world leader in lighting. Headquartered in the Netherlands, the company provides professional customers and consumers with quality products, systems and services. Today, Signify's connected lighting solutions bring light and the data they collect to devices, places and people – redefining what light can do and how people use it. The company's innovations contribute to a safer, smarter and more sustainable world. With 2022 sales of 7.5 billion euros, approximately 35,000 employees and a presence in over 70 countries, Signify unlocks the extraordinary potential of light for brighter lives and a better world.

## The Challenge

Signify is the market leader in an extremely competitive market. To lead, procurement teams have to manage their time well, particularly when unexpected events occur, so they can concentrate on strategic tasks. In recent years, a series of disruptions including COVID-19, shortages of key components and soaring freight and energy costs have put even greater demands on procurement. "Managing these risks takes time and effort,"

says Arnold Chatelain, Transformation Program Director at Signify. "To lead, you also need to innovate constantly, and to do this, you need a robust procurement platform combined with real-time risk monitoring to onboard and manage the best suppliers."

 **When a risk event occurs, it is not sufficient to know about it. What really matters is how you respond to it.**

Rob Van Grinsven,  
Procurement Leader Performance and Compliance  
at Signify

"For example, if your capacity is down because of a fire at a factory, you need to find capacity elsewhere. And to do that, you need to know which suppliers can provide the components quickly and in the required quantity. This is why we have integrated Sphaera Supply Chain Risk Management [formerly riskmethods] for managing supplier risk. This results in a powerful procurement tool," says Van Grinsven.



## Implementation

While preparing to streamline its procurement and risk management processes, Signify carried out a thorough analysis of its digital landscape in terms of cost and performance. How long did it take, for example, to onboard a supplier or create a contract? It benchmarked its findings against best-in-class companies. “The results were not where we wanted to be,” says Chatelain, who headed the transformation.

Based on these findings, Signify designed its roadmap for change. But this was not done in an arbitrary way. “We listened to users inside the organization, and we listened to suppliers. We collected and listed all of their issues, and for each issue we designed countermeasures,” Chatelain explains.

Signify was surprised and delighted at how quickly the Sphaera Supply Chain Risk Management [formerly riskmethods] solution could be implemented. “Whereas many companies try to build a customized solution from the start, we decided to take the standard package that includes Sphaera Supply Chain Risk Management and start using the software modules included immediately, since they met our needs. We only customized what needed to be in the next cycle,” says Chatelain. “This agile approach gained us a lot of time.”

Signify handled all the digital transformation work itself, without the assistance of a consultancy firm.

## User Adoption

User engagement was even more important in the execution phase, which involved transforming processes and workflows, along with the introduction of new technologies. “Adoption is the key to success,” says Van Grinsven. “We are not introducing a tool for its own sake. We are creating an efficient process. Using Sphaera Supply Chain Risk



Management [formerly riskmethods] has to help users in their day-to-day work, making them more efficient so that they can pay more attention to the really strategic part of the procurement process.”

When the head of procurement performance and compliance and the head of digital transformation talk about “users,” they are not simply referring to the 450 procurement specialists that Signify employs around the world. “A procurement platform is at the center of a network of buyers and suppliers. So, the suppliers must also feel that there is a benefit in using the software,” Chatelain explains. Signify introduced performance scores into supplier contracts. These scores measured supplier progress on digitalization and risk management, in particular, the use of Sphaera Supply Chain Risk Management [formerly riskmethods] platform, as well as issues such as sustainability and innovation.

Internally, Signify trained users and communicated the reasons for the transition to team members. To optimize uptake, the company also tracked adoption against a special KPI and incentivized managers to hit adoption targets. “You need both the carrot and the stick!” Chatelain says. Signify also engaged with users and encouraged them to submit ideas for improvement. Each idea is analyzed and if approved, it is included in the next cycle of system development. “An implementation is not a once-and-for-all act, but rather a process of continuous improvement. If people can influence this process, they feel part of it,” Chatelain says.

## High on the Agenda: Sustainability

Environmental, social and governance (ESG) issues were also central to the transition at Signify. The company has ambitious sustainability targets. This includes working with suppliers to have a positive and lasting impact, for example, on tackling climate change. Signify has embedded sustainable practices across its business for years. It has been carbon neutral in its operations across the globe since September 2020 and uses 100% renewable electricity. Signify has been included in the Dow Jones Sustainability World Index for six consecutive years. “‘Lighting for circularity’ is an important element in our vision of a sustainable future, and already, 29% of the company’s revenues come from circular products, systems or services,” Van Grinsven states. “All of this starts with purchasing and with our suppliers.”

As part of the transformation of procurement, Signify introduced a strategy based on four pillars to encourage best practices by its suppliers. To verify these, Signify sends independent external sustainability auditors to suppliers. The auditors’ progress report is based on these four pillars:

- **Responsible Business Code of Conduct:**  
Signify verifies that suppliers operate ethically, which includes a Declaration on Sustainability
- **Materials and Components:**  
Signify checks on substances contained in materials and components to ensure the health and safety of workers across the supply network, in terms of legislation and even beyond legal requirements
- **Due Diligence:**  
Signify also actively conducts due diligence checks to ensure that the company does not indirectly contribute to human rights abuses in cobalt, lithium, mica and graphite mining
- **Carbon Footprint Reduction:**  
Signify monitors what suppliers do to reduce their carbon footprint

Buyers at Signify have all this information in front of them to ensure that they do business only with the most responsible and compliant suppliers. “This means it is not just words, but action. And that is really motivating,” Chatelain says.



## Immediate Alerts, Faster Reactions

Monitoring supply chain risk in real time enables a proactive approach and faster reaction time. Supply chain risk intelligence provided by Sphaera Supply Chain Risk Management [formerly riskmethods] enables Signify to assess new or existing customers on all types of risk. These include financial, regulatory and geopolitical risks, exposure to natural hazards or man-made risk such as explosions, as well as reputational risks linked to ESG. And it does this in real time, feeding risk scores into the solution, where they can inform processes such as sourcing and category management. “There are simply too many risks out there to keep track of them effectively using manual tools and human knowledge alone,” Van Grinsven says.

Signify currently monitors its tier-1 suppliers, as well as a significant number of its tier-2 and some tier-3 suppliers thanks to Sphaera Supply Chain Risk Management [formerly riskmethods]. “We integrated our supplier factory database directly in the tool, which gives us an overview of our supply chain on a map at one glance,” explains Van Grinsven. “When a risk event occurs, we immediately get an alert, and can check which suppliers located in that area might be impacted. Our supplier account managers are notified immediately. They can take preventive actions and react to new risk events quickly. That is a real added value for our procurement team.”

## A New Mindset

Moving forward, Signify’s supply chain risk management journey will follow three tracks: standardization, automation and innovation.



### Standardization

**This means breaking free from the ‘silo’ mentality to ensure data is shared.** Reporting and risk data analysis need to be consistent across the organization. Departments and IT-business systems, such as enterprise resource planning (ERP) and source-to-pay solutions (S2P), should be able to access and share risk information.



### Automation

**Procurement processes and reports are automated, leading to greater standardization and efficiency.** Employing automation to gather risk information and using a real-time data flow drive faster and more accurate decision-making.



### Innovation

**“We are harnessing the power of artificial intelligence to negotiate with our suppliers,” Chatelain explains.** Another innovation is what Signify calls ‘cognitive buying’, whereby users are guided to the best buying decisions using artificial intelligence to analyze data from years of activity. Decisions are also influenced by supplier risk scorecards and supply chain risks.



In short, Signify is embracing a completely new mindset for procurement, made possible by technology. "Since implementing Sphaera Supply Chain Risk Management [formerly riskmethods], we have seen a real shift in skills from people who used spreadsheets to people who are really comfortable working with big data and data analytics and visualization tools that drive forward progress in automation," Van Grinsven says. He is pleased that the procurement overhaul is having such a positive effect.

Signify's Transformation Program Director Arnold Chatelain concludes:



**The buyer of the future will offer a perfect combination of analytical and data skills on the one hand, and soft skills to build effective personal relationships on the other.**

Arnold Chatelain,  
Transformation Program Director at Signify



## About Sphera

Sphera is the leading provider of Environmental, Social and Governance (ESG) performance and risk management software, data and consulting services focusing on Environment, Health, Safety & Sustainability (EHS&S), Operational Risk Management (ORM), Product Stewardship and Supply Chain Risk Management (SCRM). For more than 30 years, we have served over 6,700 customers and a million-plus users in 80 countries to help companies keep their people safe, their products sustainable and their operations productive.



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