



Digital Transformation of Supply Chain Risk Management



Case Study from BT Sourced
Innovation with Sphera Supply Chain Risk Management



Executive Summary

Digital transformation is the heart and soul of BT Sourced, the standalone procurement arm of BT Group Plc. Their procurement processes are built around managing supply chain risk digitally and enabling teams to perform efficiently should serious risk events hit.

In this case study, you will learn how BT Sourced drives its digital transformation of procurement and supply chain risk management. Discover how Sphaera Supply Chain Risk Management [formerly riskmethods] plays a key role in the company's cycle of continuous innovation and improvement. Among other goals, through digital procurement, BT Sourced aims to:

- **Enable responsible and more diverse sourcing.**
- **Create value with new opportunities.**
- **Use technology to optimize risk management.**

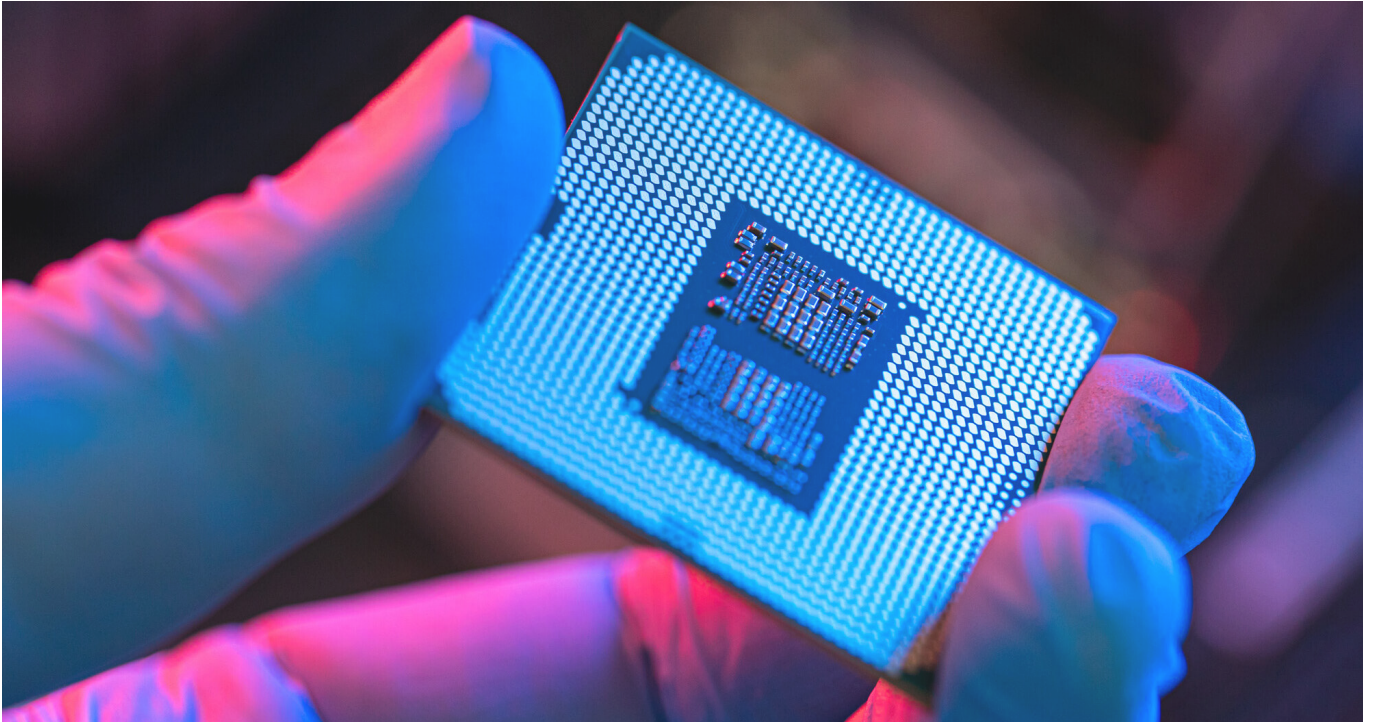
For BT Sourced, to “Go Digital” is, above all, a new way of working. This case study explores how BT Sourced implemented new supply chain technology for managing risk and how they scaled their processes. By visualizing risk on an interactive world map, along with ongoing, real-time monitoring, their procurement teams can quickly assess the impact of risk events and have ready-made action plans for critical alerts. This includes sub-tier visibility across its vast supplier network.

Learn how procurement teams at BT Sourced incorporate risk in all decisions and processes to ensure business continuity and simplify third-party risk management. Read how company leaders developed unique Risk Simulation Workshops as a way to test, assess and deepen procurement's skills for managing risk and crisis.

Who is BT Sourced?

BT Sourced is a standalone procurement company within the BT Group to challenge the traditional ways of buying goods and services by simplifying processes and introducing new technology and partnership-based approaches to the way BT Group works with suppliers and start-ups.

- **Just under 300** employees across the BT Sourced Together team.
- **Multi-billion GBP** global sourcing operation for BT Group.
- **180 countries** where BT Group customers are located.



Digital Transformation of Supply Chain Risk Management at BT Sourced

With mature supply chain risk management already in place, procurement at BT Group aimed to become more efficient and agile by digitizing processes. They started by reorganizing the procurement unit of the British telecommunications giant into the standalone company, BT Sourced. At its innovation hub in Dublin, Ireland, the team's motto is "#WeSourceForABetterFuture." The meaning of the hashtag covers their "digital first" mindset, making the process more agile and easy to use for their business stakeholders. BT Sourced operates under a strict digital-sourcing-only mandate: "We have digitized the procurement process. That is what we do."

When Cyril Pourrat joined BT Group in 2019, he established the Digital Procurement Garage in partnership with the Group's Digital Architecture team. When digitizing processes, rather than try and catch up, BT Sourced intended to leapfrog the competition: Bring in radical change, focus on best-in-breed, multiple tools and technologies including blockchain, robotics and artificial intelligence. In short, try to find a way to completely reframe the way the company does procurement.

Pourrat, CPO at BT Group and Head of BT Sourced, cites two main objectives for this innovative approach:

Be a transformation platform for BT Group. Prove that the company as a whole and procurement in particular are capable of and bold enough for radical change.

Be an open platform. The key criteria we applied when evaluating platforms are that they are digital-first, deliver a consumer-grade user experience and interface and are so intuitive that our stakeholders can use them with minimal or no training.

"We have digitized the procurement process. That is what we do."

BT Sourced Digital Procurement Garage

With its start-up mentality and open platform, BT Sourced is able to partner with start-ups and early age innovators who drive innovation and co-develop products. Becoming a standalone unit gives procurement trailblazers the freedom to reinvent processes and unlock value. Digitization enables teams to make fast, data-driven supply chain decisions.

The company’s procurement journey is set to deliver on strategic objectives. Two of these are responsible sourcing and value creation:

Responsible Sourcing

- 1 *Next-gen dynamic risk management capabilities.*
- 2 *Opened-up supplier base to more potential partners and SMEs.*
- 3 *Diverse supply chains.*

Value Creation

- 1 *Standalone company to work more closely with suppliers and partners.*
- 2 *Improve and develop efficiencies.*
- 3 *Leading-edge procurement capabilities including the Digital Procurement Garage, Smart Sourcing Team, design-to-value (D2V), negotiation analytics and best-cost country sourcing.*

How BT Sourced Implemented Sphera Supply Chain Risk Management

At BT Sourced, digital procurement can be summed up in one word: fast. Digitize fast. Fail fast. Learn fast (from your mistakes). However, the company does not digitize just for the sake of going digital. BT Sourced manages third-party spend worldwide for BT Group. The drivers of the transformation have business objectives and customer experience in mind.

Choosing Sphera as a Partner

Why does BT Sourced, a non-manufacturing company, need a supply chain risk management solution? It sources and procures several billion GBP in goods and services annually. “We do not really manufacture goods,” says Pourrat “We connect the world. For that, we need risk management.”

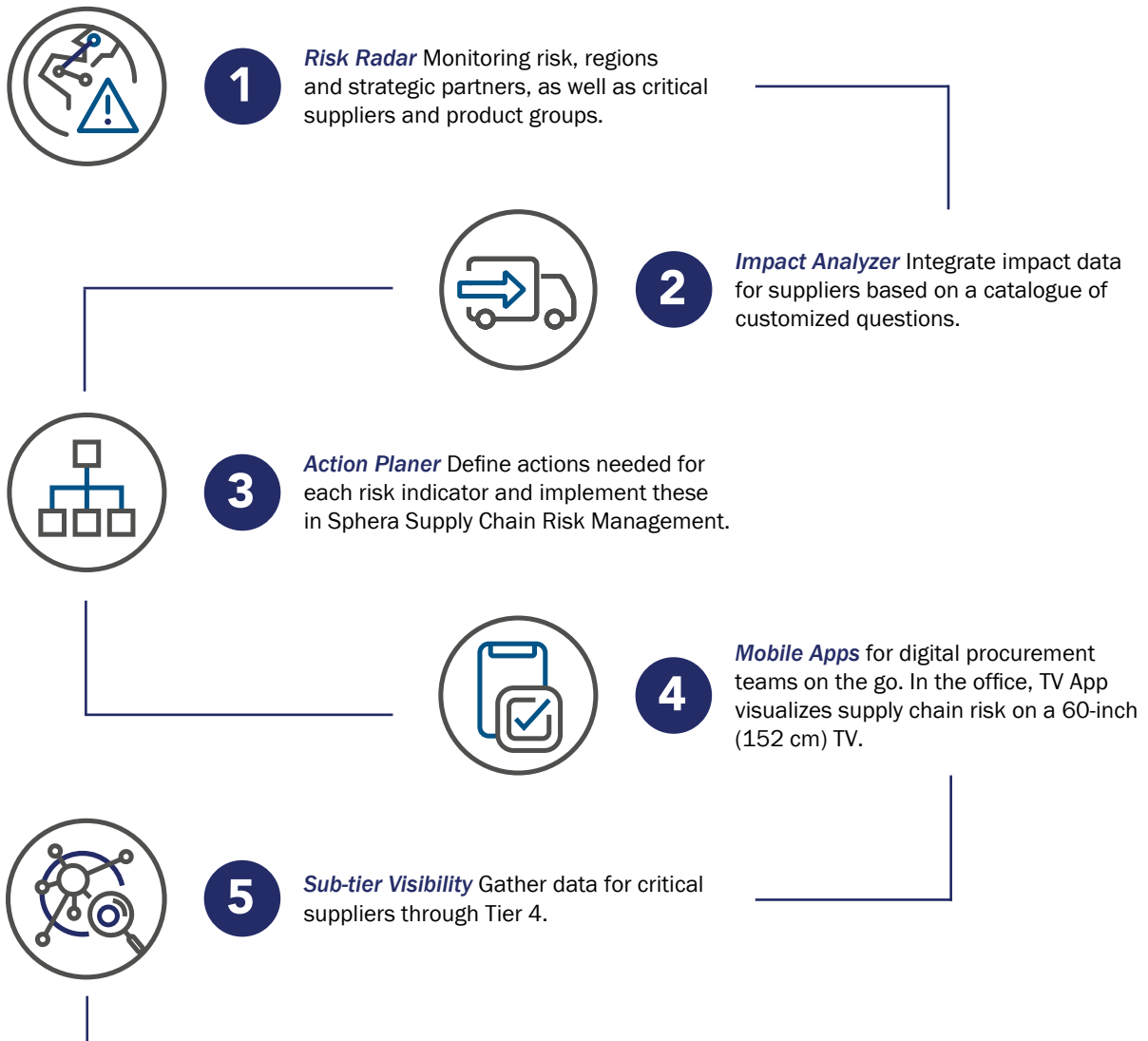
Pourrat quickly identified Sphera as a leader in supply chain risk management. Sphera Supply Chain Risk Management, a software-as-a-Service (SaaS) solution, was a natural fit for the company’s transformative effort. It was neither a monolithic software product nor would it require massive investments in time and resources. This empowers the procurement team to respond quickly.

Sphera Supply Chain Risk Management (SCRM) is intuitive, easy to navigate and requires a minimum of training. During implementation, BT Sourced team leaders introduced the features of Sphera Supply Chain Risk Management one module at a time. Users first learned how to populate and use the world map, then build dashboards and customize risk alerts, before moving on to other functions such as action plans.

Step by Step

Timeline for Sphera SCRM Implementation

Sept 2021 BT Sourced begins using Sphera Supply Chain Risk Management. This includes the following Sphera SCRM modules:



Since mid-2022, all global divisions have had access to Sphera Supply Chain Risk Management. They have mapped all suppliers and analyzed impact of risk events in advance, so they can react quickly when receiving notifications. BT Sourced is also investigating collaborative risk management with suppliers through Sphera SCRM Supply Risk Network.

Sphera Supply Chain Risk Management is among 11 digital platforms implemented at BT Sourced, including Darkbeam and versed.ai. This flexibility allows BT Sourced to fine-tune their risk management needs. For example, as a technology company, BT Sourced and their supply network have a clear emphasis on cybersecurity. But BT Sourced’s customers include government agencies, so monitoring for geopolitical risks, corruption and bribery are critical as well. The company is also sharpening its focus on sustainability and environment, social and governance (ESG) criteria.

Making Sure Teams Adopt the Technology

Previously, BT Group had employed a centralized approach, with its teams monitoring and raising actions. When implementing Sphera Supply Chain Risk Management, team leaders and procurement staff at BT Sourced joined up to look at how risk management is evolving and how company culture and processes would change. In short, with comprehensive tools at their fingertips, category teams became responsible for managing supply chain risk.

To help staff make the transition, the BT Sourced knowledge campaign held activities and forums. Customer success managers at Sphera supported users and the wider procurement team with demos showing Sphera Supply Chain Risk Management in action, as well as video calls and live Q&A.

Supply chain risk management is made of three components: data, technology and people. You cannot rely on one without the others. Implementing the technology step by step gives users the chance to gain risk management experience and skills. Mileposts are set so that everybody knows how to use the tool. These allow procurement team leaders and IT to assess progress in the teams:

- Are people using it as you expect them to?
- Do we have the configuration right?
- How do we get data in, and from which sources?
- Is our support standardized?



With the AI-powered technology of Sphera Supply Chain Risk Management, BT Sourced minimizes the effort of managing risk.

We see our role as risk hunters. This is why we partner with Sphera.

Diarmuid O' Donoghue,
Senior Procurement Manager, Digital Transformation at BT Sourced

BT Sourced has created the hashtag #WESOURCEFORABETTER FUTURE

[WE] – The BT Sourced team. Composed of very talented, innovative, highly skilled and diverse of procurement professionals present on every continent.

[SOURCE] – It's simply what we all do for living. We source the best technologies and services to Connect For Good and to support BT Group's bold ambition to become the world's most trusted connector of people, devices and machines.

[FOR A BETTER FUTURE] - Sourcing with Purpose. As part of BT Group we are championing with our partners all BT Group's Manifesto commitments to connect for good. We are taking Procurement into a new era. Being a digital native procurement company is not enough for us. Our Negotiation Analytics team is already preparing the future of procurement.

Leveraging Data-Based Supply Chain Risk Management

At BT Sourced, each buyer has 30 to 50 suppliers in their portfolio, so checking supplier portfolios and media outlets to track all the ongoing risks with manual effort is impossible. Digitized, automated and integrated supply chain risk management can aggregate millions of data points into one central location, for greater risk awareness and fast, accurate decision-making.

Supply chain risk management at BT Sourced is based on a Level of Assurance Framework. Alerts or indicator messages received from Sphera Supply Chain Risk Management have a color classification and risk level. These trigger a pre-defined action. All buyers have already received guidance on what to do, and who to notify and involve, for all classifications.

With data-based and AI-powered supply chain risk management supported by Sphera Supply Chain Risk Management,

- **Map supply chains on an interactive global map.** Users can immediately identify and understand risks. Teams are enthusiastic about the visualization, broadcast on 60-inch TV (152 cm).
- **Make better decisions.** Receive automated alerts in real time. Risk information, including scorecards and other advanced analytic tools, is available on every mobile device.
- **Save time and effort.** Automate for greater efficiency. Having standardized formats for risk data makes reporting faster and easier.
- **Gain competitive advantage.** Use instantly available risk scores for strategic decisions or employ risk assessment and due diligence prior to supplier onboarding.
- **Achieve sub-tier visibility.** Connect hundreds of suppliers and sub-suppliers through Supply Risk Network. This provides a wealth of data and analytics for strengthening the entire supply network.

BT Sourced Risk Simulation

Supply chain risk continues to evolve. Colleagues at BT Sourced have a critical role to play in preparing the business and supply chain for uncertainty and risks. Implementing Sphera Supply Chain Risk Management involved a risk simulation to test the teams' risk readiness and ability to handle a crisis.



Background: The simulation was held over two days in September 2022 in Dublin. On site, 80 people across 10 teams stress-tested their skill at using Sphera Supply Chain Risk Management, along with other digital tools.



Before the event: Teams received country briefings, including basic facts on two countries and the situational background on a potential upheaval. Significantly, the teams also were sent tips on functionalities of Sphera Supply Chain Risk Management and on BT Group Crisis Management methodology. Participants were advised to build risk mitigation plans in advance.



During the Event: No meetings or calls were allowed. Teams received alerts, clearly marked as simulation, in their inboxes. Risk scorecard(s) of suppliers were updated automatically, with selected messages on the TV screen. Tasks to complete included building dashboards, gaining visibility into sub-tiers and creating action plans.



Observations and Outcomes: For the exercise, BT Sourced built cross-category teams, which added an extra layer of difficulty. The people who had risk management experience and who used the tool to monitor risk on a daily basis supported their colleagues. This enabled the entire team to move forward quickly.

Thanks to meticulous planning over two months, the simulation itself went off without any glitches. And, because being a resilient enterprise means continuous training, BT Sourced later held a virtual three-hour simulation involving an ESG risk event to school more of its colleagues. Virtual risk simulation is beneficial for multinational corporations, where global teams collaborate across distance and time zones.

Summary: *Under normal circumstances, people tend to think procurement only signs contracts based on demand, noted one of the organizers. But during a crisis, everybody knocks on procurement's door. So, the risk simulation was a very good exercise to show how the procurement teams work regarding governance, business continuity and third-party management. Stakeholders see that we have capabilities and tools that enable us to monitor risk proactively before it happens.*

Real-Life Incident Management: Flooding in China

Thanks to sub-tier visibility, BT Sourced now has a good overview of their Tier 2, 3 and 4 suppliers. For Tier 2 and 3, they have information on half of the manufacturing sites, in addition to headquarter locations. Teams and category managers monitor potential situations and can react almost immediately.

When devastating floods hit China in 2022, mapping of sub-tier locations pinpointed that their Tier 4 suppliers had four factories in the affected area. Not only that, but these suppliers appeared 20 times within their supply chain. **“With insights provided by Sphera Supply Chain Risk Management, we could react within 24 hours of the event,”** says Diarmuid O’ Donoghue, Senior Procurement Manager, Digital Transformation at BT Sourced.

How BT Sourced Benefits from Sphera Supply Chain Risk Management

Managing risk proactively is key to avoiding damage and containing costs. With Sphera Supply Chain Risk Management, BT Sourced can rely on the power of artificial intelligence and machine learning to support its digital transformation of procurement. Procurement appreciates the real-time insights and powerful tools that enable them to shape their risk agenda. With holistic supply chain risk management, BT Sourced can be risk aware, react faster and be proactive. They ensure business continuity, build resilience and protect their reputation.

Long-Term Plans for Supply Chain Risk Management

In their continuing search for innovation, teams at BT Sourced look into disruptive technologies such as machine-to-machine procurement or predictive technology to better understand the world and be better at procurement and in managing supply chain risk.

Here, too, is where BT Sourced envisions deeper use for the capabilities of Sphera Supply Chain Risk Management:

- Drive adoption of Sphera Supply Chain Risk Management and ensure processes are being lived. In procurement, risk management is no longer just an option.
- Broaden sub-tier visibility for further suppliers in collaboration with versed.ai. This will accelerate the granting of access to customers and platforms via Sphera SCRM Supply Risk Network.



As a unit within the BT Group, procurement previously could not always accommodate all internal stakeholder requests. With its open platform, BT Sourced now has the agility to do that. Here, Pourrat values the modular flexibility of Sphera Supply Chain Risk Management, allowing the company to collaborate with other data platforms. “At BT Sourced, we have achieved great levels of transparency,” summarizes Pourrat. “Partners can all work together on ways to improve risk management along the supply chain.”

Sphera Supply Chain Risk Management empowers businesses of any size and in any industry to proactively monitor, identify, assess and mitigate all types of risk. Leveraging AI-powered risk intelligence, our cloud-based modular platform promotes insights and collaboration for building resilient supply networks. For information, just contact us or [request a demo.](#)

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 7,000 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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Contact us to learn more about how Sphera can help your business meet its safety, sustainability and productivity goals.