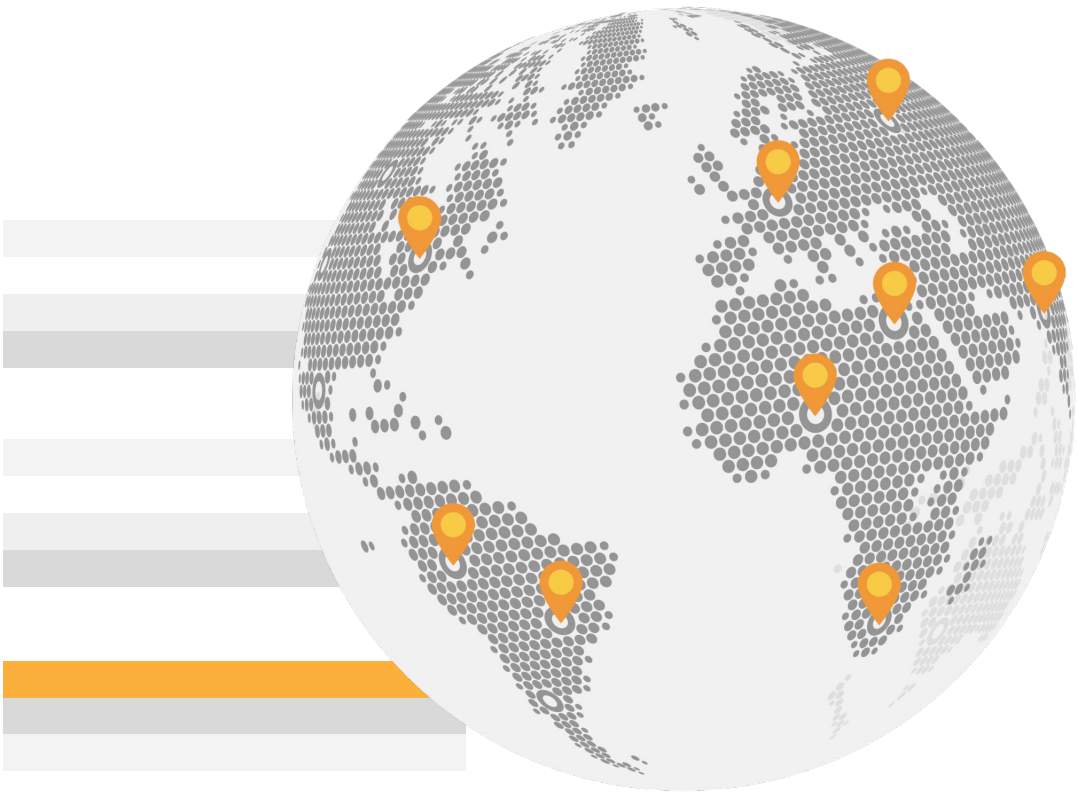


Data-Driven Nearshoring Strategies

A Guide for Analytical Procurement Leaders



The circumstances that made nearshoring a viable option

According to a survey by Capterra, **88% of supply chain professionals plan to switch some of their suppliers to ones closer to the U.S. 45% plan to switch all of them.**

Recent events, such as trade tensions caused by geopolitical animosities, record-high inflation rates, and rising transportation costs, have made nearshoring a feasible option from a cost and operational perspective.

Thought leadership pieces from top consulting firms such as McKinsey, EY, and Deloitte position nearshoring as a top priority for supply chain and procurement leaders, as it can reduce:

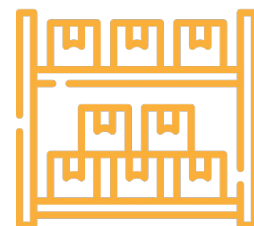
Transportation Cost



Lead Times



Inventory Carrying Costs



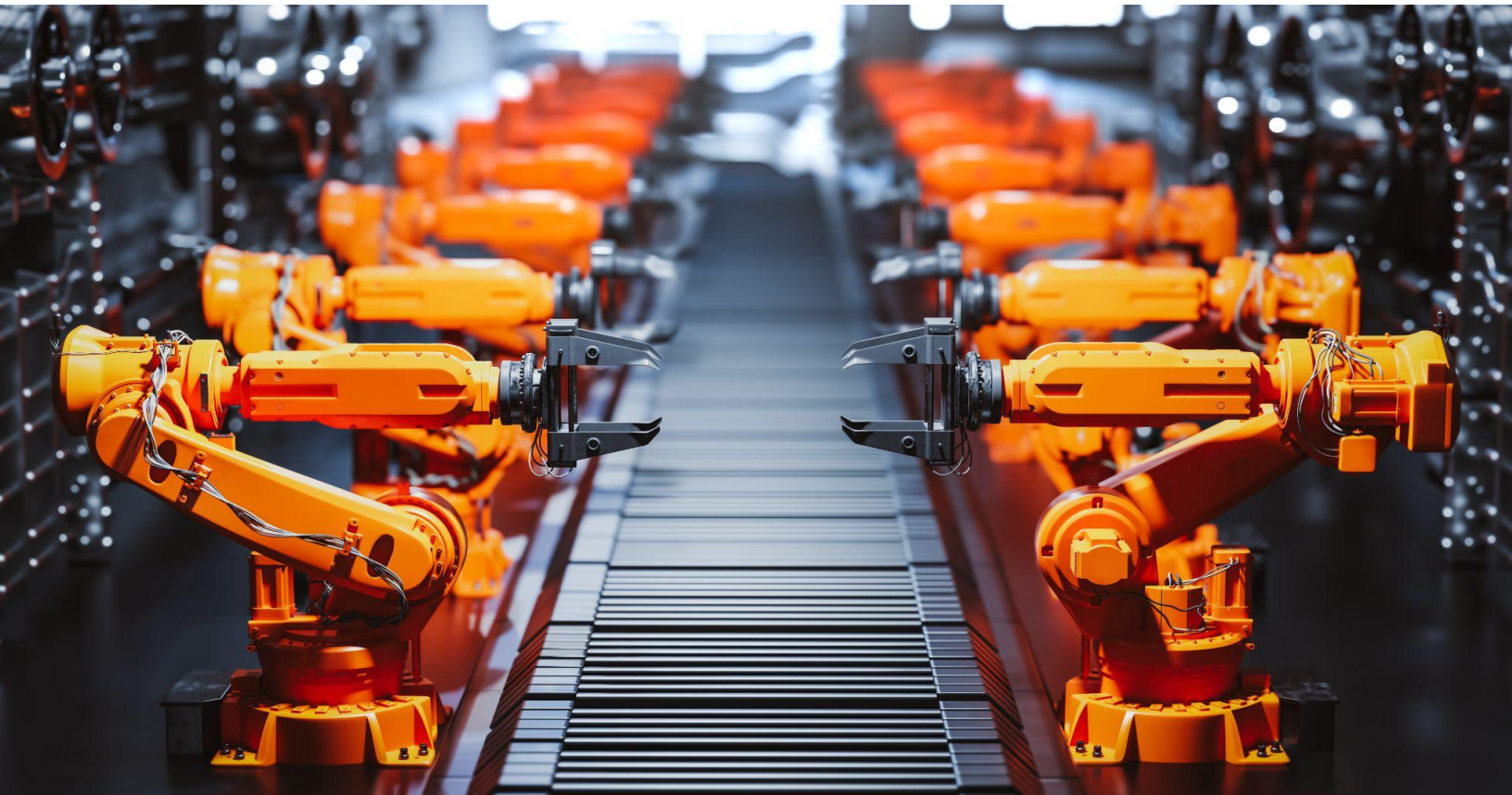
These benefits have moved nearshoring from a nice-to-have initiative blocked in the backlog to a must-have "feature" for companies that want to adopt the new supply chain resilience model.

Demystifying Nearshoring Misconceptions

It's not about moving all the production lines from one side of the globe to the other.

In today's globalized economy, supply chain resilience has become a top priority for businesses. Companies are increasingly focusing on diversifying their supply chains rather than relocating their entire operations from one side of the globe to the other.

This approach allows organizations to mitigate risks associated with geopolitical tensions, rising transportation costs, and natural disasters. By diversifying their supply chains, companies can maintain operational efficiency and adapt to fluctuating market demands.



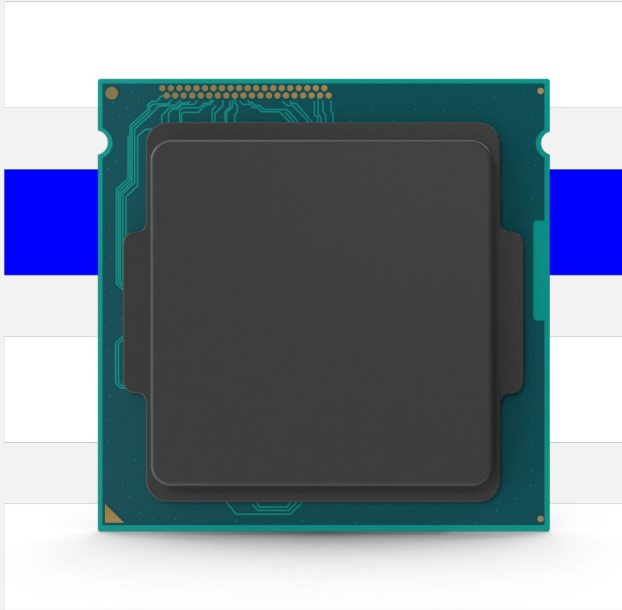
Demystifying Nearshoring Misconceptions

It's an initiative that can only fit some types of industries and sectors.

The extent to which companies pursue supply chain diversification depends on their industry, circumstances, and specific needs. Sectors with heightened requirements for resilience and national security interests, such as **semiconductors** and **pharmaceuticals**, are more inclined to diversify their supply chains.

These industries face added pressure to maintain a steady supply of critical components and products, as disruptions can have far-reaching consequences for public health, national security, and the economy.





The global chip shortage impacted various sectors, including automotive, consumer electronics, and telecommunications.

In response, many semiconductor manufacturers are exploring nearshoring and supply chain diversification to minimize future disruptions and meet the growing demand for chips.

Similarly, the pharmaceutical industry has faced disruptions in raw material supplies, affecting drug production and availability.

In light of the COVID-19 pandemic, the need for a more resilient supply chain has become increasingly apparent.

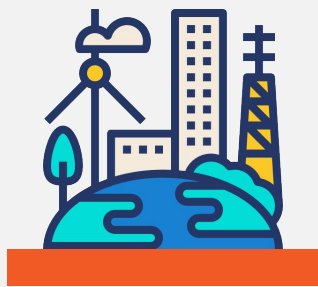
Pharma companies are consistently pursuing nearshoring and diversification strategies to supply essential medicines and vaccines.



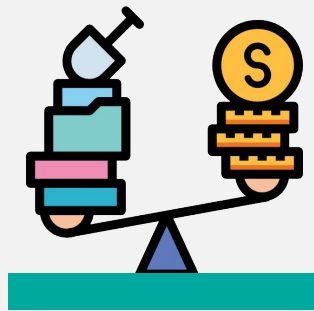
Optimizing Nearshoring with Data Insights

Procurement leaders should take a data-driven approach to identify the best nearshoring opportunities. This approach analyzes critical factors such as labor costs, infrastructure, and logistics.

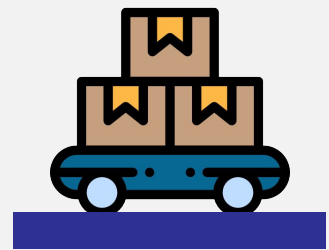
Key factors



Infrastructure



Labor Costs



Logistics

Real life use cases

Companies can utilize labor cost indices and infrastructure analysis to identify cost-effective production locations and meet procurement needs. Data analytics helps find suitable suppliers. Local market analysis offers insights into potential suppliers' track records, financial stability, quality control, and delivery capabilities. These strategies mitigate nearshoring risks and establish a reliable supply chain.

Leveraging cutting edge data solutions

To identify potential suppliers, companies can embrace advanced data solutions, such as data mining and machine learning algorithms, that can analyze multiple data sources (i.e. directories, websites, social media pages) and pinpoint specific suppliers that meet their needs.

While one of the best approaches for identifying suitable suppliers, this type of advanced data collection and processing can represent a significant technical challenge and involve development costs higher than the actual cost savings outcome.

So... what can be the alternative?

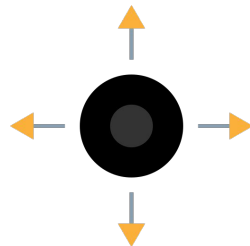
At Veridion, we addressed complex technical challenges and built data products for procurement teams requiring reliable supplier data access to make informed decisions.

With our **Complex Search API**, procurement teams can access a comprehensive database of over 25 million suppliers and 300 million products, enabling them to identify and engage with the best suppliers efficiently and cost-effectively.

The Complex Search API empowers our clients and partners to reduce time to RFI and access a bigger pool of suppliers.



2-3 weeks of constant supplier discovery research reduced to 4-8 hours of query building and refining



120% bigger supplier pool on average

Complex Search in Action

To better represent how some top manufacturers use our Complex Search API, we've highlighted two searches that went through our API in the last week. You can access them through the links below.

[Optics manufacturers in the USA](#)

Manufacturers of automatic blood pressure monitors

Total count of supplier **41** Response time **3.1 S**

Suppliers with >10 000 000\$ Revenue **16** Queried Country **USA**

```

json
{
  "filters": [
    {
      "attribute": "company_products",
      "relation": "match_expression",
      "value": {
        "match": {
          "operator": "and"
          "operands": [
            {
              "operator": "or",
              "operands": [
                "optics",
                "photonics",
                "optical",
                "objectives",
                "objective",
                "lens",
                "lenses",
                "beam splitters",
              ]
            }
          ]
        }
      }
    },
    {
      "attribute": "company_location",
      "relation": "equals",
      "value": {
    
```

[Blood pressure monitors manufacturers](#)

Manufacturers of automatic blood pressure monitors

Total count of supplier **816** Response time **2.5 S**

Suppliers with >100 000 000\$ Revenue **48** Queried Countries **USA, Canada**

```

json
{
  "filters": [
    {
      "attribute": "company_keywords",
      "relation": "match_expression",
      "value": {
        "match": {
          "operator": "or"
          "operands": [
            {
              "operator": "or",
              "operands": [
                "blood pressure monitor",
                "blood pressure monitors",
                "blood pressure monitoring",
                "BP monitor",
                "BP monitors",
                "BP monitoring",
                "blood pressure device",
                "blood pressure devices",
              ]
            }
          ]
        }
      }
    },
    {
      "attribute": "company_location",
      "relation": "equals",
      "value": {
    
```

The next steps you can pursue to kick start your nearshoring or reshoring initiatives

After identifying the best nearshoring opportunities, procurement leaders should pay close attention to analytics and sketch their action plans.

They should leverage insights backed by real-world data to get stakeholders on board and start working towards implementing their nearshoring strategy.

By getting stakeholders on board, companies can ensure that everyone aligns with the company's overall strategy and has a shared vision for success.

To kick-start their nearshoring initiatives, companies should take the following steps:

- Develop a comprehensive plan that outlines the objectives, scope, timeline, and budget for the nearshoring initiative.
- Create a project team that includes representatives from different functions such as procurement, operations, finance, and IT.
- Conduct a thorough risk assessment that identifies the potential risks associated with nearshoring and develops mitigation strategies to address them.
- Engage with potential suppliers to understand their capabilities and develop a strong partnership that can drive long-term success.
- Continuously monitor the performance of the nearshoring initiative and make adjustments as necessary to ensure that it is aligned with the company's overall strategy.

Let's nearshore with data in mind

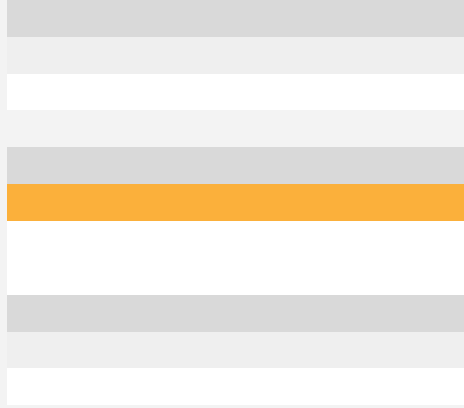
To wrap it up, nearshoring is becoming an increasingly popular for procurement leaders looking to optimize their supply chain and reduce costs.

By taking a data-driven approach, companies can identify the best nearshoring opportunities based on factors such as labor costs, infrastructure, logistics, and local market offerings.

With the right data-driven approach and action plan, companies can kick-start their nearshoring initiatives and drive significant cost savings for their organization.

By embracing nearshoring, companies can reduce lead times, transportation, and inventory carrying costs while improving their speed to market and sustainability.





*Are you ready to fuel your Procurement Solutions with next-generation global, fresh **company** and **product** data?*

Get in touch with us

Drew Doherty

Vice President, Channel Partnerships

sales@veridion.com

Riyaz Nakhoda

Vice President, Customer Solutions

sales@veridion.com

Florin Tufan

CEO

florin@veridion.com

