



tesisquare.com

2024 U.S. SUPPLIER RELATIONSHIP  
MANAGEMENT SURVEY

# Supplier Relationship Management: U.S. Businesses Need to Step Up Collaboration

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A national survey from Tesisquare reveals lagging efforts to control the mounting complexity of today's supplier networks, and a simple solution.

## Introduction

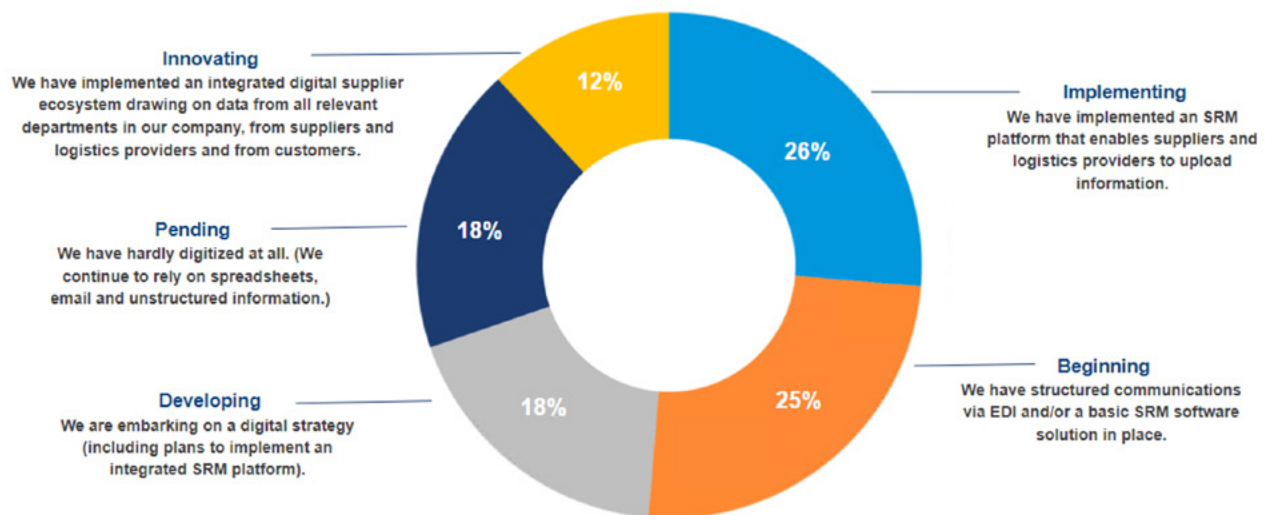
The dramatic supply chain events of the past five years have taught U.S. businesses an important lesson: Companies that fail to prioritize supplier relationships do so at their own risk.

Businesses that have successfully weathered the unprecedented supply chain disruptions and market volatility since the pandemic have leveled up to advanced supplier relationship management (SRM) as a core competency. They've restructured their supplier networks for more strategic sourcing while digitizing SRM to protect and advance business operations.

Yet for every American company that has doubled down on SRM, many more continue to fall short, according to a 2024 national survey of U.S. procurement and supply chain professionals. In fact, 6 in 10 survey respondents say their companies are only in the early stages of digitizing SRM, if they've even started (Fig. 1). That leaves them exposed to significant business risk, with supply chains continuing to face forces as unpredictable as consumer demand and as severe as climate change, geopolitical tensions, global inflation, and heightening regulation.

**Figure 1: U.S. Companies Have Far to Go With Digitizing SRM**

*To what degree has your company digitized and/or automated supplier relationship management today?*



Base: Total respondents n= 76

Source: Infuse Tesisquare U.S. Supplier Management Research, 2024

Tesisquare, a leading international innovator in supplier relationship management, engaged INFUSE to survey U.S. businesses' current usage of SRM, in an effort to help them understand the SRM opportunities and obstacles ahead. These findings can help companies benchmark their own supplier relationship management and strengthen SRM for better business outcomes.

## What Is Advanced SRM?

Supplier relationship management is the heart of the supply chain, in which companies must carefully identify and systematically work with an optimal group of suppliers to mitigate supply chain disruptions, control costs, and achieve other business goals.

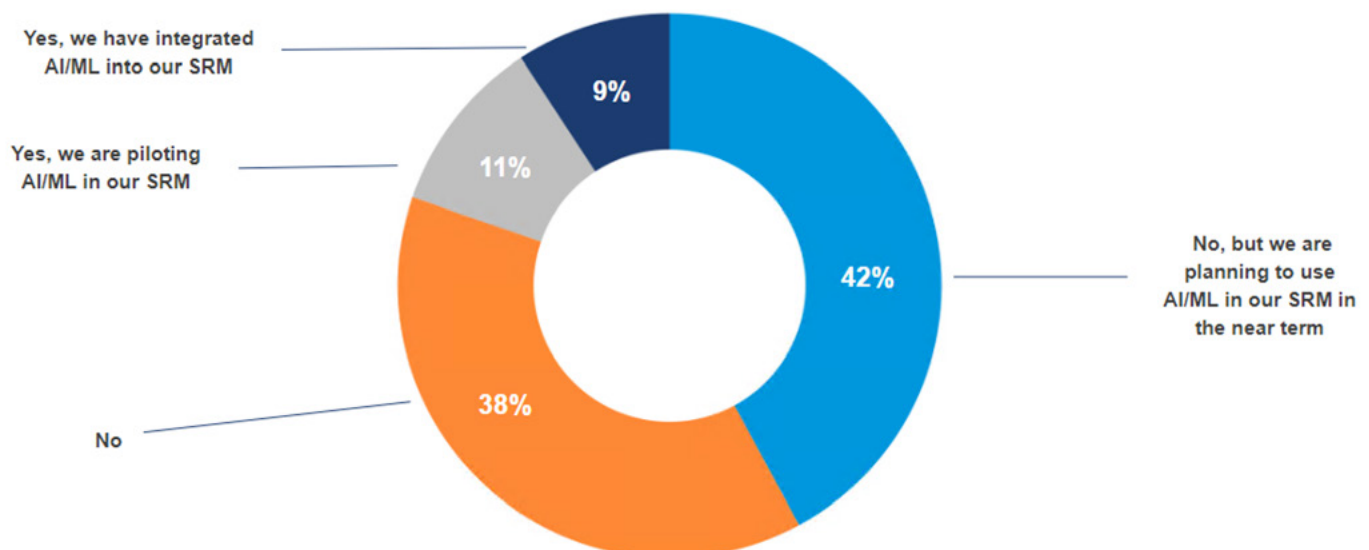
Digitizing SRM helps reduce operational risks such as delivery delays, inventory stockouts, and quality issues — in turn, preserving production schedules and customer satisfaction with products and services delivered on time and to spec. Advanced SRM can also strengthen buyer-vendor collaboration and innovation, as well as constructive problem solving when issues arise.

All this is possible as the real-time data shared in advanced SRM systems fuels faster, better decision-making for both buyers and suppliers. SRM software consolidates essential procurement and supply chain management functions as it integrates internal and external data flows into a single hub. This consolidation then enables the automation and enhancement of processes including supplier selection and onboarding, the source-to-pay cycle, vendor monitoring, and buyer-supplier collaboration.

These days, SRM is being supercharged with artificial intelligence (AI), for which Tesisquare's findings indicate a growing appetite. In fact, our survey shows that 62% of respondents have either integrated AI for SRM, are piloting it, or plan to implement it soon (Fig. 2).

**Figure 2: Interest in AI Surges**

*Do artificial intelligence and machine learning (AI/ML) play a role in your supplier relationship management?*



Base: Total respondents n= 76

Source: Infuse Tesisquare U.S. Supplier Management Research, 2024

## The New Geography of American Supply Chains

Advanced SRM has become essential amid the growing complexity of supply chains and unprecedented frequency of supply chain disruptions.

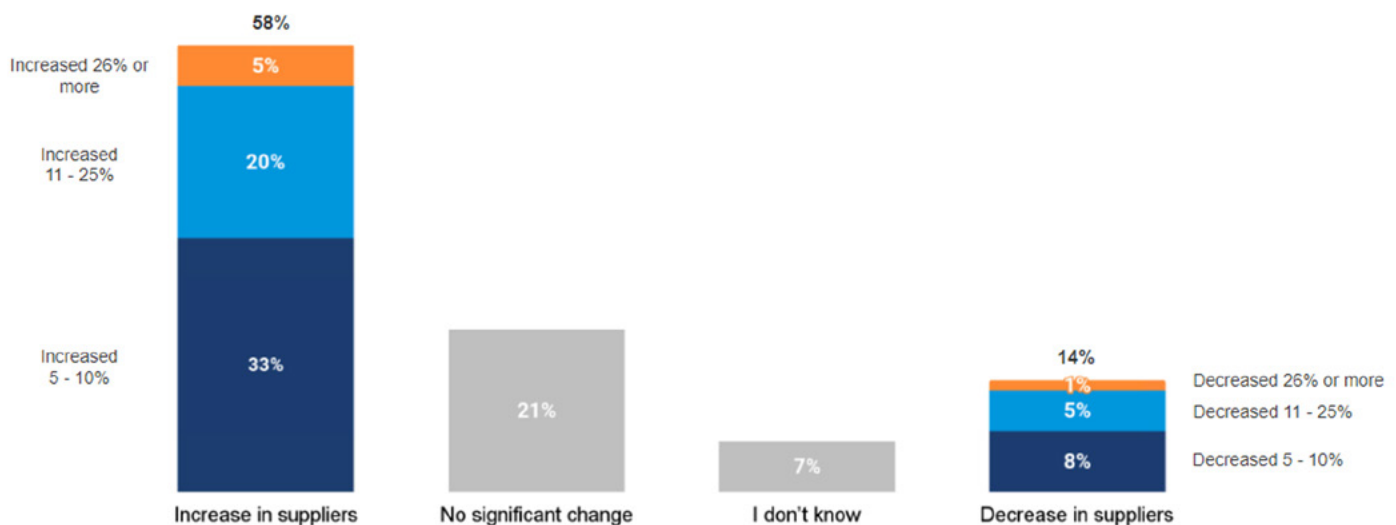
U.S. companies have had to restructure their supplier networks, as geopolitical tensions, price spikes, transportation bottlenecks, and other pressures have mounted on the globalized supply chains they've built over the past several decades. Many businesses have recently started bringing on alternative vendors to increase operational resilience, including a 2020s “multi-shoring” trend that combines near-shore and on-shore vendors with far-shore suppliers such as those in China.

A 2023 survey by the U.S. Chamber of Commerce<sup>1</sup> found that 9 in 10 U.S. companies had already begun or were likely to begin sourcing from multiple suppliers in the coming five years, to reduce reliance on any one supplier. More than three-quarters said the same thing about relying on suppliers from multiple geographies, to reduce exposure to disruptions in any one region.

Our research bears this out; most respondents say their companies have already grown their portfolio of suppliers, bringing on alternative suppliers and/or near-shoring (Fig. 3). By the numbers, 58% have added tier 1 (direct) suppliers to their network over the past two years. They're primarily bringing on alternative suppliers for supply chain resilience (39%), with nearly a third shifting at least part of their sourcing to near-shore suppliers (Fig. 4).

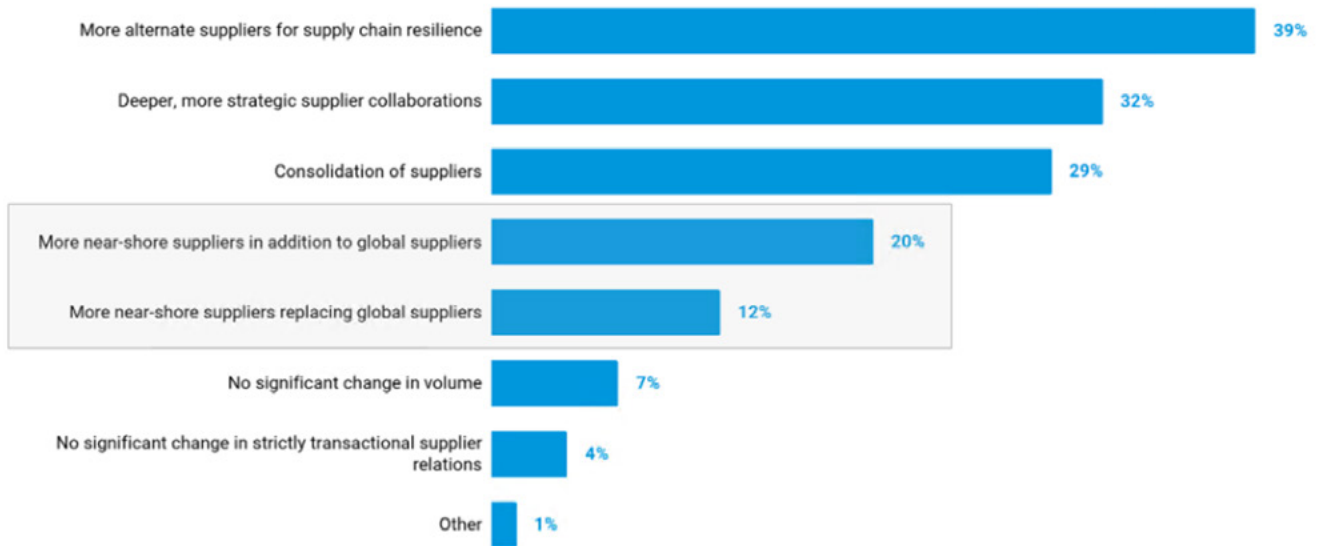
**Figure 3: U.S. Companies Have Increased Supplier Alternatives**

*How has the number of suppliers in your network (tier 1) changed over the past 24 months?*



Base: Total respondents n= 76

Source: Infuse Tesisquare U.S. Supplier Management Research, 2024

**Figure 4: U.S. Companies Focus on Supply Chain Resilience***How have your supplier relationships changed over the last two years? (Select all that apply)*

Base: Total respondents n= 76

Source: Infuse Tesisquare U.S. Supplier Management Research, 2024

Adding suppliers can be a heavy lift at the outset, and it means managing more vendors in the long run. In other words, it increases complexity in return for greater resilience. And the jury is still out on how well the newly reconfigured supply chains will perform.

A case in point is Mexico, where many U.S. companies are turning today, hoping for a more reliable source of critical supplies amid global transportation bottlenecks and trade protectionism. However, Mexico saw a 220% increase in supply chain risk events from 2018 to 2023, according to the Moody's credit rating agency<sup>2</sup>, including weather-related disruptions, criminal activity, and others.

Meanwhile, compounding the need for more strategic sourcing has been the resurgence of "just-in-time" supply chain operations. This approach had fallen out of favor in the U.S. when companies began stockpiling goods in the immediate wake of the pandemic. But now leaner operational strategies are being re-prioritized to lower costs by stocking only the minimum quantity of goods needed at any particular time and place.



## Digitizing SRM to Tame Complexity

The combination of supply chain complexity, just-in-time operations, and disruptive market forces is driving the need for more real-time communications and collaboration with suppliers. That's where advanced SRM comes in. But while the digital transformation of SRM is underway, it remains a work in progress.

Most American companies started modernizing their supplier communications years ago. Witness the demise of the previously ubiquitous fax machine — printing out purchase orders, invoices, and shipping notifications — when electronic data interchange (EDI) transmissions began handling these and other documents.

Today, though, the journey to transform SRM has become an arduous voyage in a sea of data coming from all directions. Companies now find themselves navigating disparate systems and channels to receive, process, and track orders, including one or more enterprise resource planning (ERP) systems and multiple buyer, vendor, and logistics portals, in addition to EDI, email, text, cloud-based spreadsheets, and phone calls.

The next stage of evolution in SRM will see companies consolidate today's ocean of structured and unstructured data into one multichannel system, with AI analytics parsing the data for critical insights.



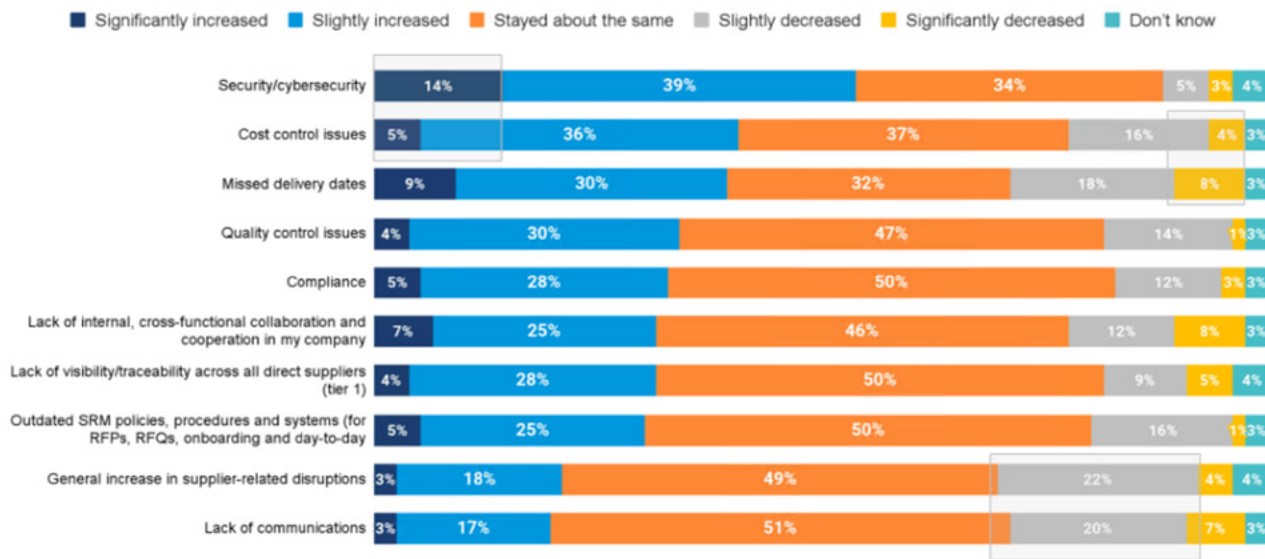
## Companies Rank Risks, Prioritize Resilience

A well-worn business cliché could apply to the current situation: The restructuring and digitizing of supplier relationships is like changing an airplane engine in mid-flight. Through it all, companies continue to face unrelenting business pressures on the supply chain. It is both a cost center and a value-creation center, which draws attention from the board of directors, C-suite executives, and shareholders. Today more than ever, the supply chain plays a significant role in determining a company's success in highly competitive markets.

In this challenging environment, respondents to our survey have seen an increase in risk from several factors over the past year (Fig. 5). Topping their list are security/cybersecurity, cost control issues, missed delivery dates, and quality control issues. Roughly a third also struggle with compliance, a lack of internal collaboration across departments, and insufficient visibility/traceability across suppliers.

**Figure 5: Risks From Several Sources Increase**

*How has SRM risk changed for your company in the following areas during the past 12 months?*



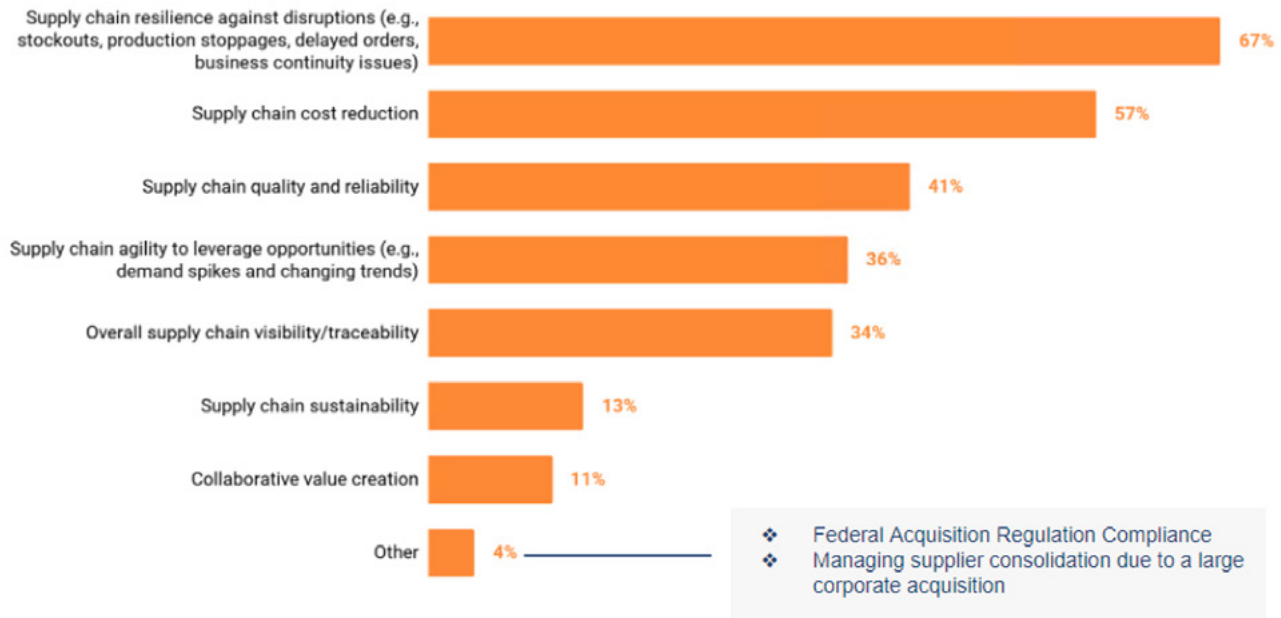
Base: Total respondents n= 76

Source: Infuse Tesisquare U.S. Supplier Management Research, 2024

SRM can help businesses de-risk complex networks of suppliers to achieve supply chain goals. The survey shows that resilience against disruption ranks as the primary goal, followed by cost reduction, quality, and reliability (Fig. 6). More than a third also want to increase supply chain agility and visibility/traceability.

### Figure 6: Resilience Ranks #1 in Supply Chain Goals

What are your company's current top goals in managing supplier relationships? (Select up to three)



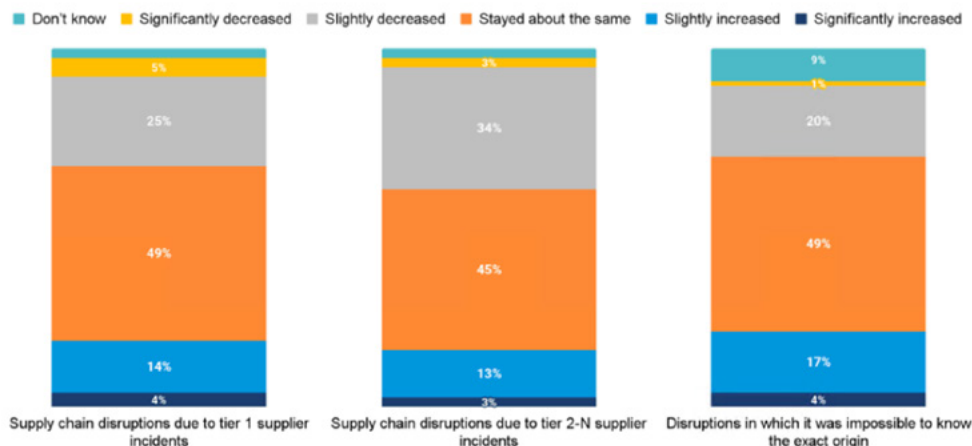
Base: Total respondents n= 76

Source: Infuse Tesisquare U.S. Supplier Management Research, 2024

However, with most companies still in the early stages of transforming their supplier networks, the percentage of survey respondents who report significant reductions in supplier-related risk in 2024 remains in the single digits, with the volume of responses reporting “significantly decreased” for all types of risk listed all tallying to less than 10% (Fig. 5). The majority have seen little to no change in the number of supply chain disruptions over the past year (Fig. 7).

### Figure 7: No Significant Reduction in Supplier Incidents

How has the volume of the following types of incidents changed in the last 12 months?



Base: Total respondents n= 76

Source: Infuse Tesisquare U.S. Supplier Management Research, 2024



## Compliance Risk Elevates SRM Mandate

One of the most rapidly rising business risks today involves the heightening regulation of supply chains for their environmental, social, and safety provisions. U.S. companies are feeling it: A third of survey respondents say their compliance risk increased in the past year (Fig. 5). And there's more regulation on the horizon in the U.S. and worldwide, including:

**Digital product passports (DPP):** The European Union's proposed DPP will have a profound effect on U.S. companies doing business internationally as well as domestically. A DPP is a QR code or other form of scannable technology affixed to a product — and integrated with supply chain management systems, such as SRMs — to convey information including the sustainability of the product's sourcing. As with European privacy legislation, Europe's DPPs are expected to become a de facto global standard. Batteries will be the first product category to legally require them, in 2026, with apparel and consumer electronics soon following. Companies can also use DPPs to combat the counterfeiting of luxury goods, for instance, and to satisfy increasingly environmentally conscious consumers.

**U.S. regulation:** The sweep of U.S. supply chain regulation is widening, as three examples demonstrate. First, the Securities and Exchange Commission in 2024 issued a rule requiring public companies to disclose their climate-related risks, most of which are found in their supply chains. In an example of more targeted regulation, the U.S. Trade Representative expanded its monitoring of forced labor and other human rights violations in the supply chain, which exposes companies to penalties, supply chain disruptions, and reputational damage. Even broader is the White House's ongoing "whole of government" initiative to strengthen the nation's supply chains, including an examination of the standards and regulations needed to support supply chain resilience. These and many other regulations on cybersecurity, anti-money laundering, export controls, and more carry significant compliance implications in areas such as the selection and monitoring of suppliers.

**FDA's Food Traceability Rule:** By January 2026, America's food industry will need to begin tracking and maintaining information on certain foods, reporting any requested data to the Food and Drug Administration within 24 hours for faster identification and removal of potentially contaminated products. As is the case with DPPs and other sustainability regulations, this represents a challenge for many companies because it requires greater transparency and collaboration from suppliers and business partners.

## Realizing the Benefits of Advanced SRM

Several benefits accrue to companies deploying advanced SRM, as buyer-vendor information exchanges and transactions are automated and synchronized. Among them:

**Optimized operations:** The proactive management of supplier services, verification of deliveries, and timely planning of goods receipt activities all help to streamline processes and improve overall efficiency.

**Enhanced decision-making and cost savings:** The digitization and automation of operations lead to faster, better decision-making, reduced time to market, and lower costs.

**Increased visibility and traceability:** Consolidating internal and external data flows into a single hub enables real-time tracking and transparency of each phase in the supply chain.

**Improved collaboration:** The modernization of supplier selection and collaboration through digitization, integration, and automated document exchange streamlines communications and fosters stronger partnerships.

**Increased agility:** Timely access to necessary information allows for quick adjustments to arrangements with vendors and logistics providers in response to sudden market changes, ensuring flexibility and responsiveness.

Benefits such as these deliver day in and day out. For example, with operations optimized, companies can minimize stock levels and related costs. With routine supplier communications automated, staff can work by exception, focusing on solving problems or advancing business objectives. With greater visibility and traceability, the burden of managing regulatory compliance is reduced, as are the risks of fines and reputational damage.

Advanced SRM can deliver some of its biggest benefits by fostering supplier collaboration. For example, shared forecasts, contingency plans, and innovation strategies can provide mutually beneficial results in production planning, crisis management, and product development. Inventory management collaborations, such as consignment and supplier-managed stocks, represent a best practice, delivering cost, cash flow, and tax advantages as the supplier retains ownership of stock until the buyer sells it on to its customers.

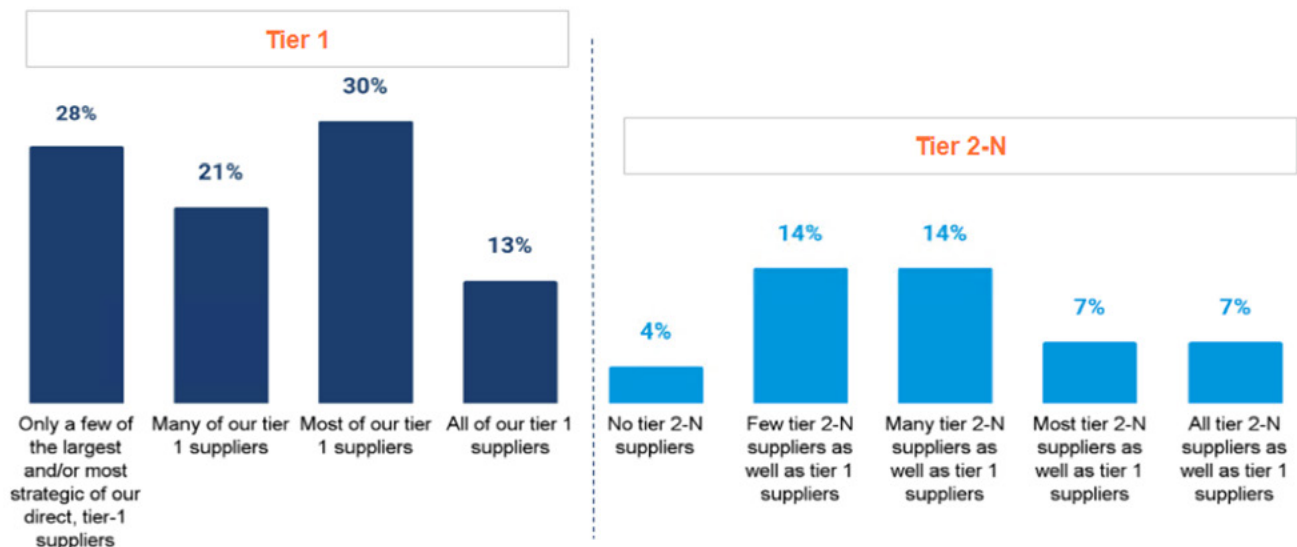
In one case, advanced SRM enabled a Tesisquare customer to decrease internal lead time by an average of 15%, along with a 10% reduction in costly inventory and 30% improvement in supply chain risk. And in a survey by the market research firm IDC, respondents cited assurance of supply and profitability as the biggest business benefits of advanced SRM and supplier collaboration<sup>3</sup>. Closely following were better use of personnel and increased customer satisfaction.

## Modernizing SRM Processes

Fewer than half of survey respondents have most or all of their tier 1 suppliers connected using SRM systems (Fig. 8).

**Figure 8: U.S. Companies Aren't Connected to Key Suppliers Via SRMs**

*Which of your suppliers does your SRM system include? (Select all that apply)*



Base: Total respondents n= 76

Source: Infuse Tesisquare U.S. Supplier Management Research, 2024

Stepping up their digital SRM adoption would help them automate and streamline processes including:

**Sourcing:** Supplier data, vendor lists, and qualification documents can be centralized for viewing and management via dashboards, in compliance with current regulations and in combination with external data sources for risk and sustainability evaluations. Then, product documentation, technical drawings, and specifications can be published and shared with suppliers, who can reply within the system to acknowledge their ability to fulfill orders or suggest changes. Bids, e-auctions, and contracts can be automated and monitored.

**Procurement:** The management and updating of catalogs, negotiated price lists, and scheduling agreements can be handled collaboratively. This delivers accuracy and visibility, as it also automates purchase requests received internally, purchase orders placed with suppliers, invoices received from suppliers, and customs documents such as certificates of origin. Budget controls can be enforced, as well.

**Replenishment:** Collaborative inventory management and visibility into stock levels enables joint demand planning and fulfillment, as well as the automatic creation of purchase orders. This also facilitates inventory arrangements such as consignment stock, which enables suppliers to retain ownership of the goods until the buyer is ready to use or sell them, and customs warehousing, which similarly delays taxation.

**Execution:** With orders, schedules, and specifications shared by a buyer and vendor in a single hub, acknowledgments and changes can be orchestrated for more visibility into order issuance and fulfillment status. In turn, interdependencies between different component deliveries can be managed to meet the final production schedule. Invoicing and payment can be automated.

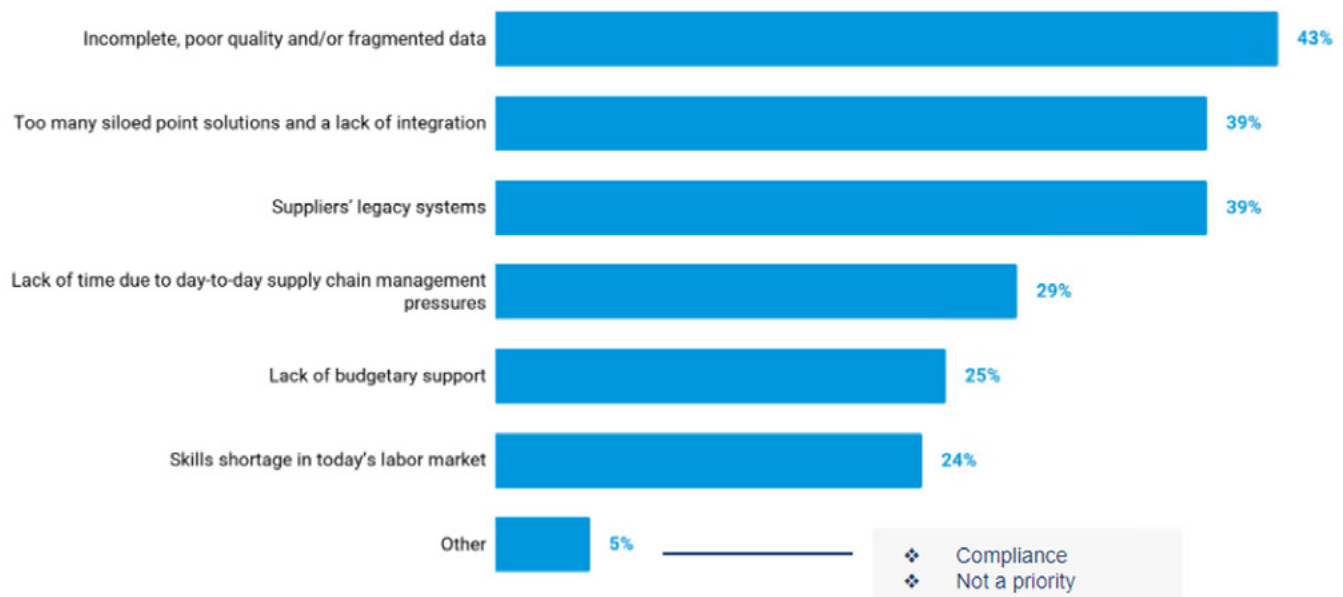


## Overcoming Barriers to Better SRM

Several factors are keeping companies from improving their SRM. Heading the list in our survey are issues with incomplete, poor quality, and/or fragmented data, and the related issues of too many siloed point solutions and lack of integration (Fig. 9). Suppliers' legacy systems are nearly as much of a problem, survey respondents say. And a quarter say they lack executive support for the budget they need for SRM.

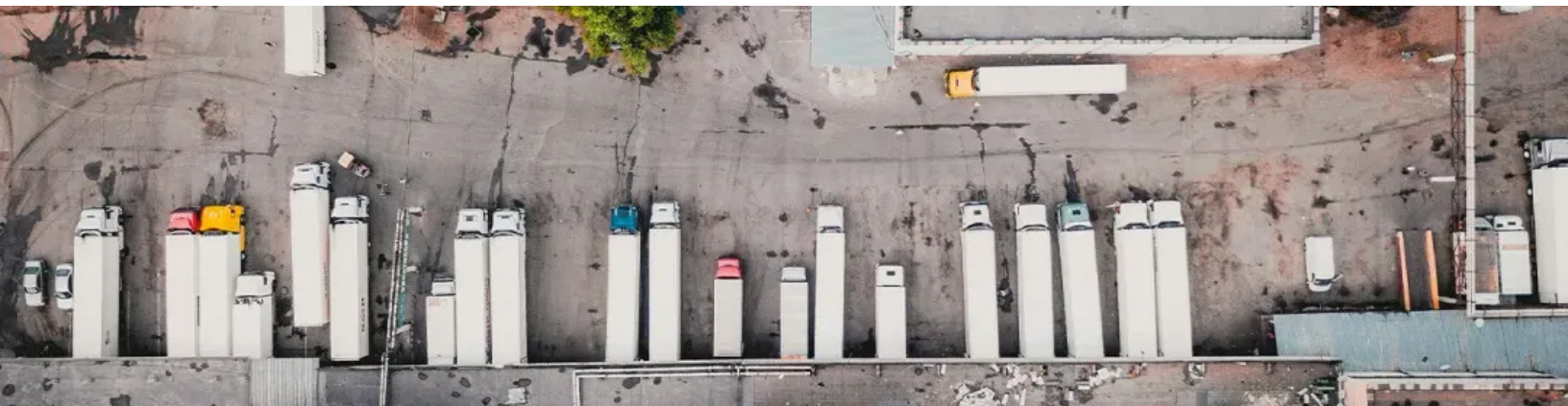
**Figure 9: Several Roadblocks Prevent SRM Improvement**

*What are the top challenges to realizing your SRM digitization/automation goals? (Select up to 3)*



Base: Total respondents n= 76

Source: Infuse Tesisquare U.S. Supplier Management Research, 2024



Companies should realize that the advantages of SRM systems make overcoming these hurdles worth the effort. Three tips can help them lower these barriers:

**Consider a modular approach:** Phasing in SRM enhancements enables progressive adoption, easing user acceptance and supplier buy-in. A staged approach can also allow the testing and refining of one newly digitized workflow, such as order management, before proceeding to another task, like forecasting, in a process of continuous improvement.

**Prioritize integration:** Companies should explore how well any point SRM solutions will integrate with and extend their existing ERP systems. Working closely with suppliers is also key in upgrading to SRM systems they can readily use.

**Explore AI as an SRM accelerator:** AI and generative AI are poised to redefine SRM, making many processes better and easier with pattern recognition and natural language capabilities. Already, a third of supply chain professionals say they use AI for supplier selection, according to a survey by the Material Handling Industry (MHI)<sup>4</sup>, a leading trade association. For example, AI is already being used to automatically verify supplier documents such as certifications, reducing manual work. AI can also analyze shipment data, container positions, and historical information to predict more accurate arrival times for goods. When it comes to AI, though, there's a catch: The fragmented data most companies complain of today would need to be consolidated in a single platform for AI to be used most effectively.





## Conclusion

Supplier relationship management is rising to the top of the business agenda in the United States, in the current era of supply chain disruption and market volatility. Yet companies have struggled to transform critical processes in supplier selection, onboarding, collaboration, and monitoring. With new advances in SRM, they can optimize operations and innovation within collaborative supply chain ecosystems of suppliers, logistics partners, and internal business units. The next few years will prove decisive.

<sup>1</sup> U.S. Chamber of Commerce, Ipsos, [Unlocking Latin America's Nearshoring Potential: Breaking Down the Barriers](#). October 24, 2023.

<sup>2</sup> Moody's, [Navigating supply chain challenges as the U.S. and China reshape trade ties](#). March 6, 2024.

<sup>3</sup> IDC, [IDC FutureScape: Worldwide Supply Chain 2022 Predictions](#). October 2021.

<sup>4</sup> MHI and Deloitte, [2024 MHI Annual Industry Report, "The Collaborative Supply Chain – Tech-Driven and Human-Centric."](#)





## About Tesisquare

Tesisquare is a leading international innovator in developing digital systems that optimize end-to-end supply chain collaboration and performance. For 30 years, marquee brands across Europe have relied on Tesisquare to build advanced supply chain ecosystems and drive their business to new heights. Now available in the U.S., Tesi systems incorporate groundbreaking capabilities in supplier relationship management, production, logistics management, and financial administration.

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