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Enhanced Supplier Discovery powered by AI

The guide for reducing time spent on supplier searches from months to days.

Procurement doesn't have to be the last in line for AI adoption.

In the past 12 months, 89% of companies reported being adversely affected by cost/spend risk due to inflation, and a close 79% experienced significant supply shortages. ([Deloitte 2023 Global Chief Procurement Officer Survey](#))

As these statistics underline, there's an urgent need for innovation in procurement processes to mitigate such risks and enable new growth avenues.

Leveraging AI as early as possible in your sourcing process can yield substantial results.

This guide will give you a framework for implementing AI in your organization's supplier discovery journey to unlock cost savings opportunities without sacrificing product developments and innovations.

Building the case for Enhanced Supplier Discovery powered by AI.

Global supply chains now face constant volatility, making rigid procurement organizations vulnerable to vendor risks and shifting markets.

One of the solutions at the forefront is the integration of AI in Supplier Discovery processes. However, it's essential to understand that AI tools aren't a silver bullet solution. These tools don't fit every company identically and don't magically solve pre-existing issues within a company's procurement process.

What AI does offer, however, is a dynamic acceleration to those processes that are already well-functioning. **AI is an invaluable asset for businesses with structured data policies and proactive teams that can radically transform their operations.**

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Adapting to volatile environments.

In modern supply chain challenges, AI can serve as a sentinel, constantly scanning and analyzing the economic environment.

By doing so, AI can provide actionable insights, trend forecasts, and even strategy suggestions for new sourcing events and initiatives.

In an era where information is critical, having AI as an ally ensures that companies remain proactive rather than reactive, always a step ahead of unforeseen challenges.

To explore this kind of use case in a sandbox environment, use the following prompt in Chat GPT or your go-to AI chatbot.

[Give a brief description of your company (for privacy concerns, don't mention specific company identifications like commercial names or brand names); Add to this description details like your job title, the product you want to source, product requirements, and the geography you are interested in]

Drawing from historical events that impacted global supply chains, which critical elements should we prioritize when assessing potential suppliers, including aspects like cost, quality, dependability, and geographical positioning?

Gaining back the time spent on supplier discovery.

Time is a luxury many businesses can't afford to waste, especially regarding supplier discovery.

With AI, companies can sift through millions of supplier records in a fraction of the time it would traditionally take. More than just speed, AI offers granularity, ensuring that each search is detailed and the suppliers identified meet each criteria of your sourcing needs.

To go beyond the "**AI can solve anything**" kind of talk, we can go deeper into the technical details of machine learning models that power this "magical" AI tool.

At Veridion, we use multiple AI models to understand unstructured data from billions of web pages and make this collected data actionable in supplier discovery scenarios.

Gaining back the time spent on supplier discovery.

One good example is the models that can extract product details. Compared to manual supplier searches, where human operators have to scan through big blocks of useless text to find the relevant snippets of information, AI models can do this type of task quickly with the speed of thousands of records per second.
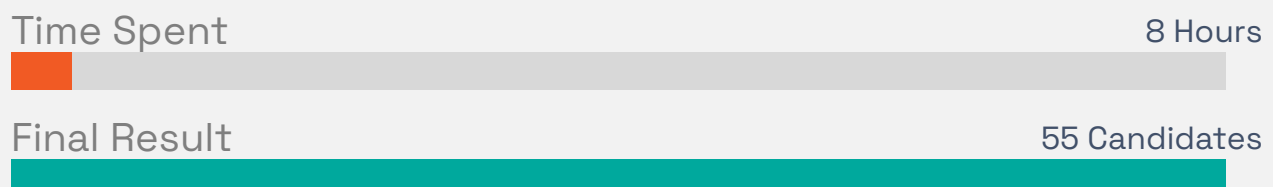
An essential methodology for finding these product details is **Named-entity recognition (NER)**, an information extraction algorithm trained to identify and label named entities in unstructured text. The labels can represent product types, technical specifications, or even quality certificates; this way, classifying suppliers at scale becomes easier based on the labels associated with their products.

To put the difference between manual and AI search into perspective, the graph below compares the time spent by two full-time employees working on a supplier discovery initiative and their results compared to a Veridion-powered search conducted by one of our data analysts.

Manual supplier search.

Time Spent   160 Hours

Final Result   22 Candidates

Veridion supplier search.

Time Spent   8 Hours

Final Result   55 Candidates

Maximizing the impact of procurement teams in product development and innovation.

Innovation is the lifeblood of many industries. The need for specialized suppliers grows as businesses seek to introduce new products or venture into uncharted market territories. AI can streamline this search process by identifying suppliers who meet specific criteria for the prototyping and proof of concept phases. This means businesses can focus on innovation and product development with the assurance that their supplier base can meet these new demands.

When diving into the intricacies of product development, it becomes evident that sourcing teams are constantly searching for potential suppliers, followed by an extensive screening process to find those that align perfectly with the project's requirements. This traditional method often poses challenges, leading to blind spots where potential ideal suppliers could be overlooked. Moreover, the sheer time and resources consumed in the initial search phase can be staggering.

By leveraging AI in this process, companies can swiftly eliminate these blind spots, ensuring a comprehensive and efficient initial search. This way, procurement teams are freed from the drudgery of manual searches and can instead pivot their focus to more strategic aspects of sourcing.

This includes diving deep into optimizing every vendor relationship to ensure symbiotic growth and gleaning insights from spending data to identify opportunities for further cost savings and improved efficiency.

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Now, let's check a real-world scenario. According to McKinsey, "On average, it takes about three months to complete a single supplier search, with a sourcing professional logging more than 40 hours of work - and yet able to consider only a few dozen suppliers from a total population of thousands"

So... what can be the AI alternative?

Enter **Veridion's Complex Search API.** What used to be a months-long process can now be condensed into mere days.

A case in point? The widely-discussed chip shortage in the automotive sector. With a pressing demand and a limited supply, especially for advanced driver-assistance system (ADAS) chips—critical for safety features like parking sensors and emergency brakes—finding suppliers can be a herculean task. However,

Veridion's API identified 30 manufacturers for these specialized chips with instant access to insights about the companies. For those keen on a deeper dive, here's a link to access a data sample from this supplier search.

Let's embrace AI-powered supplier discovery.

Today's volatile global supply chains require swift innovation and adaptability. As disruptions arise, timely supplier sourcing becomes an essential competitive edge. AI's integration in supplier discovery is now a crucial game-changer.

Enhanced Supplier Discovery, powered by AI, drastically reduces search times from months to days, providing accuracy and helping businesses navigate market shifts.

Tools like Veridion's Complex Search API demonstrate AI's efficiency, ensuring uninterrupted business innovation. However, AI's full potential shines when combined with good internal data policies and proactive teams. In this AI-driven procurement age, forward-thinking businesses will undoubtedly lead the market.
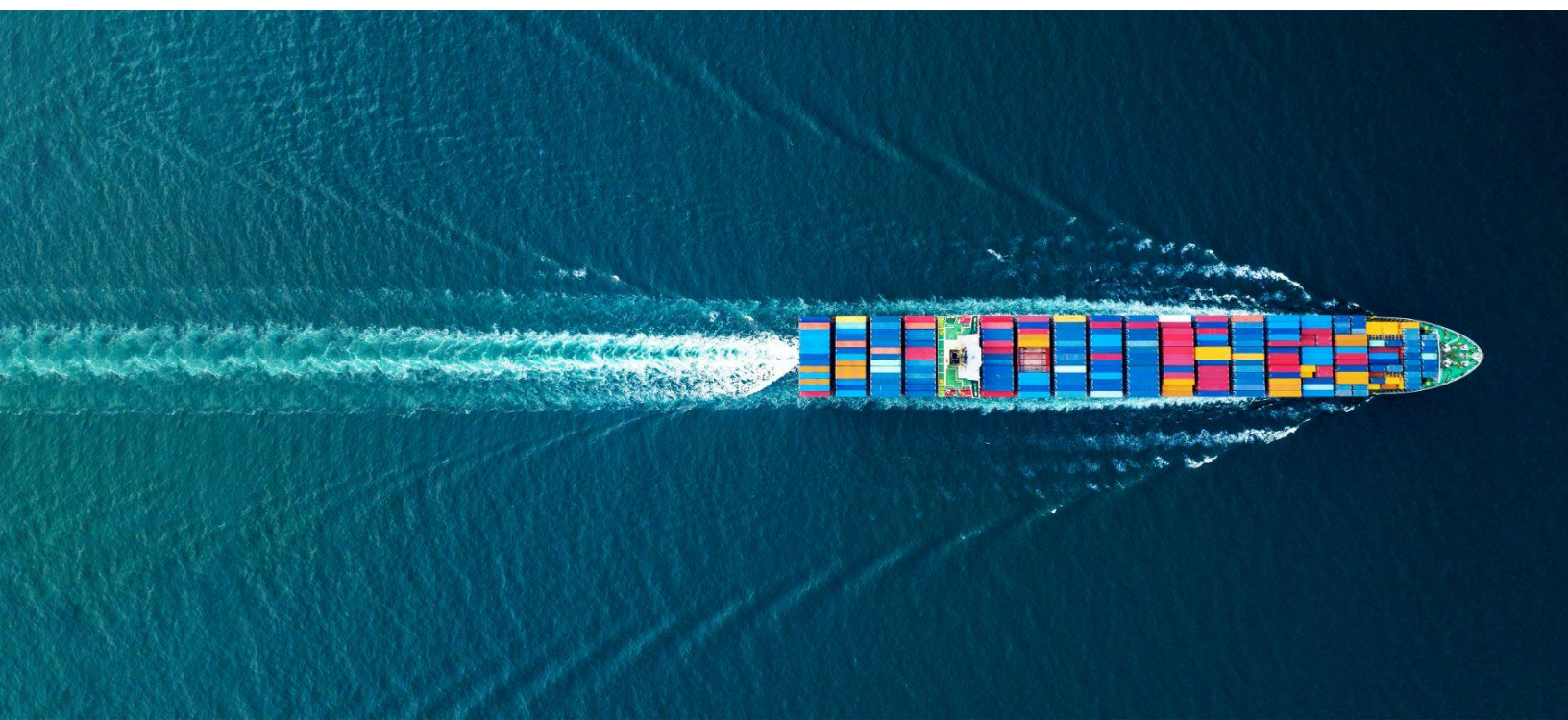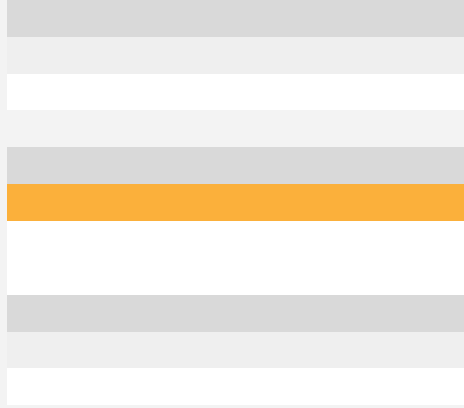
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*Are you ready to fuel your Procurement Solutions with next-generation global, fresh **company** and **product** data?*

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