



Navigating Tariff Uncertainty

5 strategies,
1 new approach



5 strategies

In the midst of turbulent times, supply chain leaders find themselves once again in the hot seat. Yet another curve ball, this time in the form of tariffs, is dominating the mind share and focus of supply chain professionals across industries and geographies. Time is short, so let's cut to the chase. Here are five strategies and one key approach that can help you navigate the unpredictable.

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Assess current network risk

4

Collaborate and re-negotiate existing contracts

2

Diversify sourcing

5

Pass-through costs

3

Evaluate your product mix and rationalize SKUs

Strategy 1: Assess current network risk

Understand your supplier network and exposure, evaluate alternate suppliers in your current network, and run scenarios to understand the cost, timing, and service level impact of changes in your current network of suppliers.



Strategy 2: Diversify sourcing

If you haven't already, start now. Reduce dependency on any single country by shifting sourcing and product to multiple regions. Explore tariff-free or lower-tariff alternatives like nearshoring or manufacturing in free trade zones.



Strategy 3: Evaluate your product mix and rationalize SKUs

Evaluate product groups by cost to serve so you can uncover opportunities for rationalizing SKUs or variables like flavor or color. You should also consider if modifications to product design could allow for the use of alternative components in your Bill of Materials, allowing you to change sourcing in ways that minimize tariff exposure.



Strategy 4: Collaborate and re-negotiate existing contracts

Build a “good citizen” network model that shows the combined costs of suppliers and OEMs, and look for win-win situations. From there, negotiate with suppliers to share tariff-related costs or explore long-term agreements to lock in favorable pricing. You can also work with logistics partners to optimize shipping routes and reduce total landed costs.



Strategy 5: Pass-through costs

In some cases, price increases will become a necessity. If this becomes true in your case, get creative with value-added services or product bundling to justify price increases and maintain competitiveness. Closely monitor demand to adjust as needed.

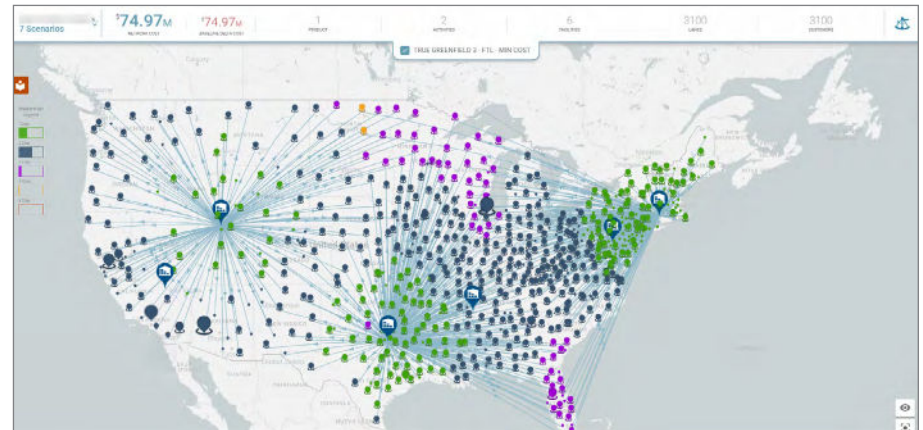


1 New Approach

There are a number of supply chain technologies that can help manage the impact of tariffs, and you'll be familiar with most or all of them – multi-echelon inventory management, supplier management, supply planning, network optimization. **But there's one new approach that's starting to gain steam – Continuous Network Optimization.**

What?

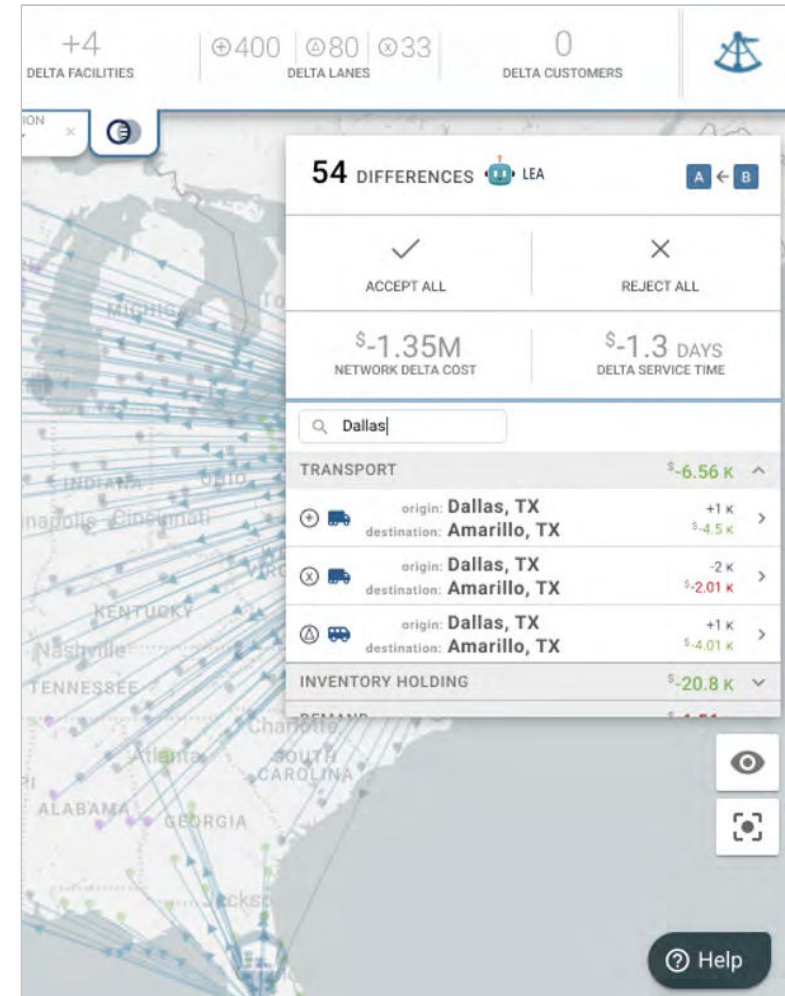
Continuous Network Optimization is a process whereby the optimum flow in a network given the options and costs is continuously evaluated. Unlike traditional Network Design (lengthy one-off projects, yearly or bi-yearly revision), Continuous Network Optimization analyzes constantly changing factors – like sourcing options, freight costs, service requirements, emissions, and resiliency scenarios – to continually find the most efficient way to move products through the supply chain.



How?

Continuous Network Optimization automatically senses disruptions, demand shifts, supply shortages, and cost/ capacity changes, then recommends optimized scenarios and model adjustments that can be accepted or rejected. Think of it as a “check engine” light for your network – providing a proactive, tightly coupled, iterative process that:

- Continuously monitors demand, supply, and logistics signals to automatically sense the need for network changes
- Provides optimized recommendations for iterative supply chain network adjustments
- Uses GenAI to alert planners and provide details about the impact of potential adjustments
- Realigns the operational planning model for approved adjustments to improve future demand and supply plans



Why?

News around tariffs is changing constantly. Continuous Network Optimization can mitigate the impact by:

- Making it faster/easier to model various scenarios through...
 - Built-in reference data with real-time access to information about facilities, transportation, logistics, and lead time
 - Maps, data, and drop-and-drag design tools
 - Proactively alerting you to potential issues
- Enabling you to model the impact of decisions and options across all business areas through integration with S&OP and IBP
- Providing recommendations (powered by GenAI) to mitigate the impact of changes
- Accelerating decision making
- Quickly making a business impact with rapid implementation and ROI

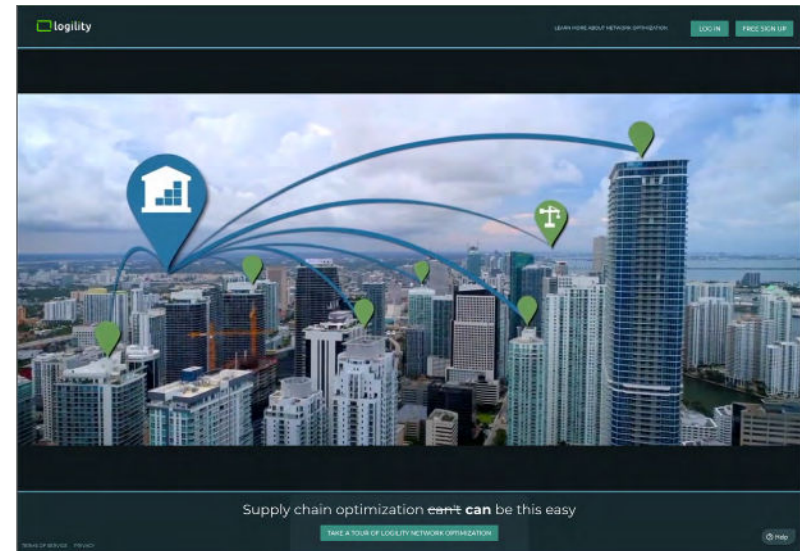
Want to learn more about Continuous Network Optimization?

Explore an [interactive demo](#) or request a personalized demo today at Logility.com.

Take an Interactive Tour of Logility Network Optimization

Ensure network decisions are in lockstep with your supply chain operations.

With Logility's Network Design and Optimization solution you can significantly reduce the time and effort required to build and execute network models as frequently as needed rather than waiting weeks or months. You'll have the ability to quickly evaluate shifts in demand, impact of tariffs, plant shutdowns, supplier shortages, port closures, government mandates and more. All while optimizing cost, service, risk, and emissions tradeoffs.



Take an Interactive Tour

Tour Link: <https://ndo.mylogility.com/>

REIMAGINE SUPPLY CHAIN

About Logility

Logility is a market-leading provider of AI-first supply chain management solutions engineered to help organizations build sustainable digital supply chains that improve people's lives and the world we live in. The company's approach is designed to reimagine supply chain planning by shifting away from traditional "what happened" processes to an AI-driven strategy that combines the power of humans and machines to predict and be ready for what's coming. Logility's fully integrated, end-to-end platform helps clients know faster, turn uncertainty into opportunity, and transform the supply chain from a cost center to an engine for growth. With over 500 clients in 80 countries, the company is headquartered in Atlanta, GA. (NASDAQ: LGTY). Learn more at www.logility.com.