

A woman wearing a yellow hard hat and a high-visibility yellow safety vest over a blue denim shirt is looking down at a laptop computer. She is wearing white work gloves. The background is a blurred industrial setting, likely a factory or warehouse. A colorful, multi-colored border (yellow, orange, pink, purple, blue) frames the top left corner of the image.

The importance of business and process readiness for supply chain technology and AI implementations



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The EY logo, consisting of the letters 'EY' in a bold, white, sans-serif font, positioned on a dark background.

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Executive summary

Supply chains are undergoing a new wave of digital transformation driven by technologies such as automation, robotics and generative AI (GenAI). Traditionally, organizations would allocate resources primarily to the technology components of transformation. Today, however, that approach is no longer sufficient. Success requires a holistic business readiness strategy that equally prioritizes people, processes and governance to fully unlock the value of new digital capabilities.

This whitepaper outlines three critical focus areas for organizations preparing for transformation: reshaping processes and operating models, redefining roles and upskilling the workforce, and modernizing key performance indicators (KPIs).



Organizations are focused on transforming their supply chains with new digital technologies

Technologies such as automation, integrated platforms and artificial intelligence are fundamentally reshaping how supply chain teams plan source, make and deliver. By integrating these capabilities, organizations are building more agile, resilient and intelligent networks that can sense and respond to change in real-time.

Among these technologies, GenAI is one example of how innovation is evolving, enabling new ways to analyze information, automate workflows and enhance decision-making. Organizations are exploring GenAI use cases across the end-to-end supply chain in areas such as demand planning, strategic sourcing, procure to pay and logistics optimization. In an EY global survey conducted, three-quarters of organizations surveyed plan to deploy GenAI in their supply chains and 80% believe it will reinvent how they operate. Nearly 70% say failing to integrate GenAI will leave them at a competitive disadvantage.¹

Redefining business readiness for technology-driven supply chain transformation

“Business readiness,” in the context of a technology implementations, is often synonymous with training and communication. However, as organizations embrace a new wave of digital technologies from automation to GenAI, the scope and complexity of transformations are expanding beyond historical norms.

The full value of advanced technologies cannot be realized through isolated use cases or piecemeal adoption. Instead, it calls for an integrated transformation where technology, people, processes and governance evolve together within a redesigned operation model. Without this comprehensive approach, organizations risk slow adoption and leaving significant value on the table.

The following sections explore three critical dimensions of the supply chain operating model that organizations will need to consider when assessing their business readiness for technology transformation:

- Reshape processes and governance.
- Redefine roles and upskilling.
- Realign and modernize personal and organizational KPIs.

Reshape processes and governance

When integrating new technologies into the supply chain, value leakage can stem from failing to reimagine processes and governance structures that surround them. Many organizations try to layer new technologies on top of outdated workflows.

Digital technologies thrive in environments where data flows freely between functions; decisions are made in real time or near real time; and automation is trusted within clearly defined boundaries. If these conditions do not exist, technology remains a bolt-on enhancement rather than a transformative capability. For example, if planning processes still rely on weekly batch cycles and manual approvals, even the most advanced AI-driven forecasting tool will be underutilized.

To ensure the business is ready for digital transformations, supply chain teams will need to:

1.

Review end-to-end processes, not just those directly impacted by new technology. New solutions will affect upstream and downstream activities, so processes must be connected and optimized holistically.

2.

Simplify decision-making by removing unnecessary handoffs or approval steps that slow down responsiveness. Many initiatives fail because governance frameworks do not clearly define who can act on system-generated insights or automated recommendations. Establishing exception-based governance, where only high-risk or low-confidence outputs require human escalation, can help maintain speed and control.

3.

Build trust in advanced models by establishing clear validation and transition practices. Realizing the full value of digital tools and AI models requires creating an environment where model-driven insights can be relied upon without excessive manual re-verification. This requires involving key business users early. This includes participating in model logic design, contributing to test scenarios and validating outputs during pilot and post-go-live phases. By defining when human review is necessary and when automated outputs can be accepted with confidence, teams can build trust in the technology, accelerate adoption and prevent unnecessary re-evaluation cycles that slow down decision-making.

4.

Update policies and controls that restrict automation and data-driven decision-making. Many policies were written for manual processes and can unintentionally limit capabilities for digital tools. For example, this could be an outdated procurement policy that required three-bid comparison, even though GenAI can identify the best supplier based on real-time performance and cost simulations. Organizations will need to review existing policies with a new lens to identify where rules may prevent automation or AI-led decisions.

Organizations will also need to involve critical stakeholders across the business. This includes defining the impacted stakeholders with the perspective of end-to-end process and policy changes, building an understanding of how they are impacted and creating robust engagement plans to build and maintain their buy in. Everyone from visible leaders to quiet but influential colleagues will be important to map and engage.

Redefine roles and upskilling

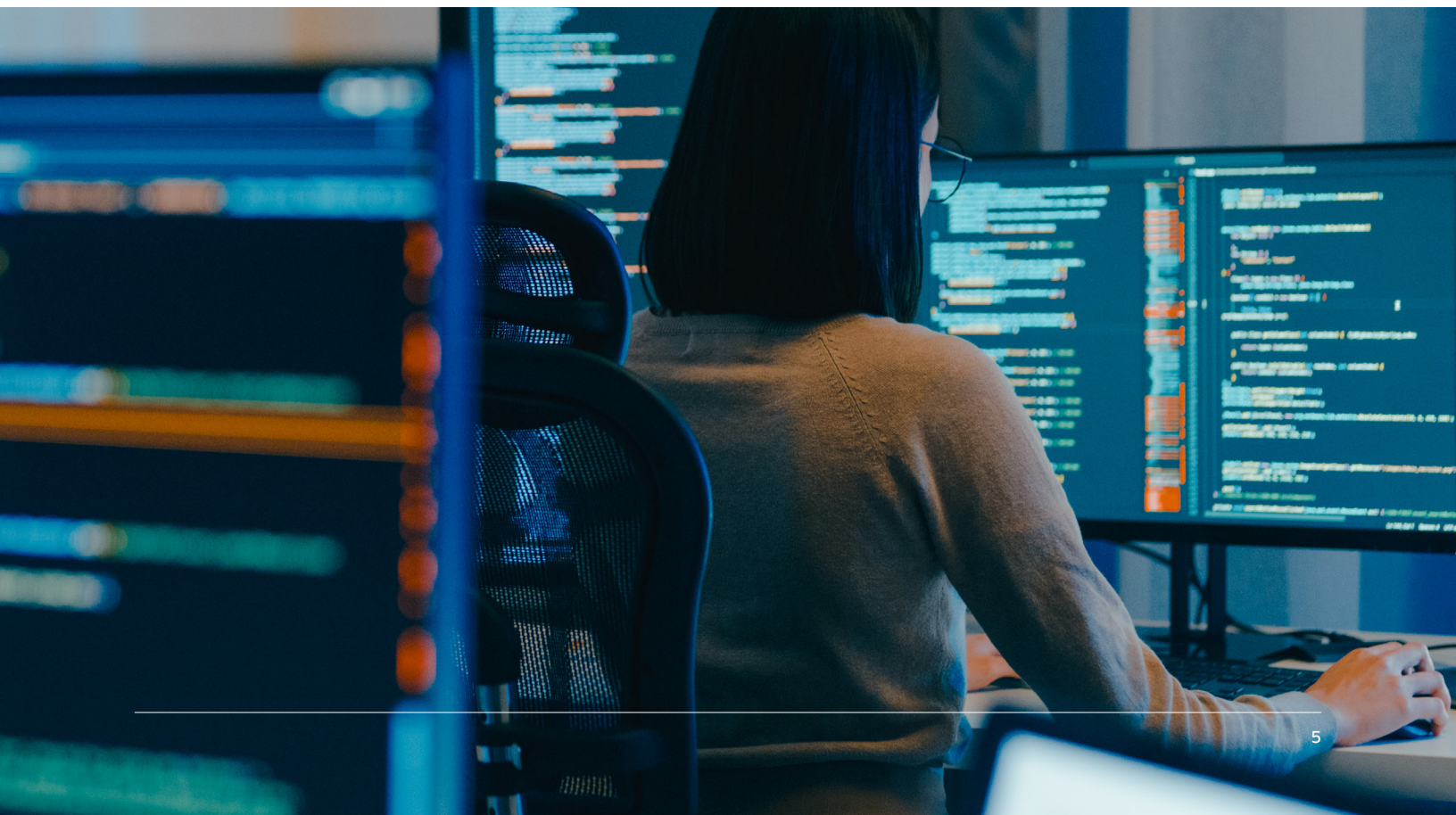
A recent EY [whitepaper](#) emphasizes the need for a human-at-center approach when implementing new technologies into the supply chain. The integration of new supply chain technology does not mean a complete replacement of humans. Instead, it enhances capabilities and streamlines more menial tasks, allowing room for more strategic work for employees.²

GenAI, for example, can unlock valuable time and energy from employees through automating lower-value activities such as data pulls, report generations and data entry, making room for more complex and value-add activities. More broadly, emerging digital tools enhance decision-making, enable real-time collaboration and give supply chain professionals faster access to insights across functions. To capture this value, however, employees must understand not only how to use new technologies, but how their roles and responsibilities will evolve.

Across industries, skills gaps have become one of the biggest barriers to realizing digital transformation. In a recent EY survey, skills gaps are a recognized challenge during GenAI implementations. Nearly half (49%) of employees cited already using, or expecting to use, GenAI in the next 12 months. However, few (17% of employees and 22% of employers) are making training in GenAI skills a top priority.³ Human factors will dictate the speed of adoption of new technologies, and many companies underestimate the support and training that are required to help employees transition to new technology assisted workflows.

To be ready, organizations must take a structured approach to understanding how roles will change, where new skills are needed and what gaps may need to be filled with new talent or redefined roles. This involves assessing:

- Which tasks and decisions will be automated or augmented?
- Which parts of the supply chain will require increased human oversight or judgment?
- How can collaboration between people and digital tools accelerate decision-making?
- Which roles are likely to expand, shift or become redundant?



This analysis should serve as the foundation for a workforce transition plan. Employees will need to be trained not just in how to use new tools, but on how their day-to-day work will evolve. For example, planners may no longer spend hours gathering and formatting data but will need stronger capabilities in interpreting AI-generated recommendations, identifying exceptions and collaborating cross-functionally.

Organizations must also identify where there are critical capability gaps that cannot be solved through training alone. This may require hiring for new roles or redefining current roles to reflect increased collaboration between humans and technology.

To ensure readiness, organizations can consider:

- Conducting a role and task impact assessment to understand how new technologies will affect supply chain jobs at a detailed level.
- Redesigning roles and organizational structures to reflect the integration of digital technology, ensuring clarity on new responsibilities and decision rights.
- Developing targeted training programs that go beyond tool usage to emphasize digital collaboration, data literacy and informed decision-making.
- Creating upskilling pathways for critical supply chain roles, mapping current skills to future needs and prioritizing development accordingly.
- Addressing talent gaps proactively by hiring or reskilling for newly emerging roles.

Ultimately, the implementation of advanced digital technology solutions reshapes how supply chain work gets done. Organizations that invest in understanding and planning for this as a part of a business readiness strategy will be far better positioned to unlock the full value of these transformations.



Realign and modernize personal and organizational KPIs

KPIs are a critical part of business readiness for any major transformation. As organizations modernize their supply chains with advanced digital technologies, traditional approaches to performance management and measurement must evolve. Future-ready supply chains will be characterized by real-time data availability, predictive capabilities and connected systems, all of which demand a new way of defining and evaluating performance. If existing metrics remain static or misaligned, they risk reinforcing outdated behaviors, undermining adoptions and obscuring the true impact of transformations.

Consider a hypothetical scenario focused on the implementation of an automated supplier collaboration platform. Historically, procurement teams may have measured performance using metrics like supplier lead-time adherence or the percentage of purchase orders delivered on time. With an integrated, automated platform that enables holistic supplier performance management and exception alerts, the organization can now measure performance through predictive metrics, such as percentage of issues resolved before impact or the average time from alert to resolution. These modernized KPIs shift focus from retrospective performance to proactive value tracking.

To ensure that organizations are ready for transformation, there are four key areas to prioritize:

- 1. KPI realignment and co-creation:** Business and functional teams must work in collaboration with technology, data and analytics groups to redefine KPIs aligned with the capabilities of new systems and the strategic goals of the transformation. This can include retiring metrics that no longer serve the future state, defining new KPIs that reflect technology's influence on speed, accuracy and agility and ensuring that each metric supports decision-making, not just reporting.
- 2. Transparent communication and alignment:** Employees need to understand not only what is being measured but why. As KPIs evolve to reflect digital tools and automated workflows, they often surface new areas of accountability such as exception response time, data quality adherence or automation utilization rates. Clear ownership and education around these new indicators will help drive engagement and trust in digital and automated systems.
- 3. Training and literacy on AI-augmented metrics:** Metrics generated or influenced by GenAI will require a different level of interpretation and context. For example, when KPIs are based on probabilistic forecasts or generative simulations, employees must understand confidence intervals, model assumptions and exceptions. This calls for training not just on dashboard interpretations but in literacy, equipping teams to interpret, question and act on AI-derived insights.
- 4. External alignment and ecosystem KPIs:** Modern supply chains operate within connected ecosystems of suppliers, logistics partners and customers. Transformation success requires extending KPI alignment beyond the organization itself. Key partners (e.g., suppliers, 3PLs, customers) must also understand and align to new metrics, especially where AI and automation are introduced, this includes:
 - Redefining service level agreements (SLAs) around AI or automated enhanced performance expectations
 - Including partners in joint KPI planning sessions to promote alignment and trust

Finally, the integration of data from multiple sources into a unified repository is crucial for accessible and accurate KPI measurement. For example, GenAI tools require rapid access to large, diverse and often unstructured data sets, from demand signals and inventory levels to supplier performance and external market structures. To be ready, organizations must ensure that their technology and data environment are compatible. This includes consolidating siloed data across functions and implementing robust data quality and governance practices with the business users, including data standards and data validation.



Conclusion

To maximize the value of digital technology transformation initiatives, organizations must adopt a comprehensive and integrated business readiness approach. By addressing key drivers, organizations can prepare for change and thrive in a dynamic business environment.

¹ Glen Steinberg et al, "How will GenAI prompt a step change toward autonomous supply chains?", December 2024, <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/services/consulting/documents/ey-how-will-gen-ai-prompt-a-step-change-toward-autonomous-supply-chains-07-2024.pdf>

² Parisa Salkhordeh et al, "Accelerating supply chain transformation with enhanced workforce strategies," October 2024, <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-us/campaigns/coo/documents/ey-whitepaper-supply-chain-human-capability.pdf>

³ Glen Steinberg et al, "How will GenAI prompt a step change toward autonomous supply chains?", December 2024, <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/services/consulting/documents/ey-how-will-gen-ai-prompt-a-step-change-toward-autonomous-supply-chains-07-2024.pdf>

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