
Significant Risk to Fortune 500 Global Supply Chains Identified by CVM Solutions

CVM Solutions Highlights Risk Faced by Fortune 500 Reliance on Small Pool of Suppliers; Company Introduces CVM Supplier Central™ 6.0

Chicago, IL and Charlotte, N.C., May 4, 2009 – CVM Solutions, LLC, a leader in enterprise [supplier management](#) solutions and owner of the CVM Master Supplier Database™, today unveiled data that showed Fortune 500 companies are doing business with a surprisingly small number of common suppliers and warned of the potential risks to the supply chain should any of these suppliers be adversely affected by the economic downturn. Announced today at the [Institute for Supply Management](#) conference being held this week in Charlotte, N.C., the findings of this comprehensive, cross-industry supplier management analysis have broad implications to all global enterprises operating today.

CVM recently completed a detailed cross-industry analysis using the CVM Master Supplier Database, which includes hundreds of data points per supplier including customer/supplier spend levels. The CVM Master Supplier Database and subsequent cross-industry analysis has provided CVM with the ability to track and monitor supplier trends and risks that could affect a supplier's ability, or inability, to support their customers. Through this analysis of the data, CVM identified a core set of 10,500 suppliers that are recipients of 80 percent of Fortune 500 spending. In addition, only 110,000 suppliers make up 95 percent of the total spend. CVM was also able to identify a relatively small set of suppliers with significant spend, 16,060, that are common among the Fortune 500. Based on this analysis by CVM, it appears that years of strategic sourcing and supplier consolidation has created a dangerously small group of suppliers that receive most of the Fortune 500 companies spend. If these common suppliers become "high risk" suppliers, then that risk will likely impact a high percentage of Fortune 500 companies. CVM defines high risk suppliers as having a significant probability of failure to some aspect of their business within 12 months. The potential impact of this increased supplier risk could mean interruptions in business operations, financial loss and damage to brand reputation.

"It's a near-daily occurrence: Companies of all sizes in all geographies are going out of business, which has a ripple effect both upstream and downstream. Additional measures

and due diligence are needed in today's economic turmoil to identify in advance suppliers at risk in a multi-tier supply chain," said Mickey North Rizza, research director at AMR Research¹.

"It was surprising to discover from our research that such a relatively small group of suppliers were beneficiaries of such a large portion of Fortune 500 spending. And, we believe these findings should signal a strong warning to large enterprises that the current economic storm is posing great harm to their supply chain by concentrating the risk across fewer and fewer suppliers," said Rajesh Voddiraju, president and CEO of CVM Solutions. "We are committed to helping our customers meet the complex demands and challenges of running their business day-to-day. And, to help our customers mitigate their risk, we have significantly enhanced our offerings with the introduction of Supplier Central™ 6.0, to ensure they have the supplier information they need, readily available at their fingertips."

Mitigating Risk – Supplier Central 6.0

CVM Solutions is the only provider that is exclusively focused on enterprise supplier management. The company offers a complete solution that delivers the most accurate and comprehensive enterprise supplier management platform on the market today, serving diverse range of industries, including automotive, distribution, energy and utilities, financial services, food and beverage, hospitality, high technology, media and cable, pharmaceuticals, healthcare, telecommunications and transportation.

With its newly released CVM Supplier Central™ 6.0, CVM Solutions redefines the enterprise supplier management platform by combining technology, data and managed services into a one-stop shop for customer supplier management needs. CVM Supplier Central 6.0 leverages constantly updated data from the CVM Master Supplier Database and CVM Spend Trust Metrics, giving users insight into suppliers' business relationships by measuring the number and amount of spend each supplier has with its customers.

CVM Supplier Central 6.0 offers a number of benefits to users, including:

- **Comprehensive CVM Master Supplier Database** – This database is the only true cross-industry master supplier database, which contains aggregated, deep information on suppliers used by most of the world's largest companies.

¹ AMR Research, "How Financially Viable Are Your Suppliers," January 5, 2009, by Jane Barrett, Mickey North Rizza, Michael Burkett, C.J. Wehlage

- **Lower Costs** – Improvements in technology, data and managed services support faster deployment, increased return on investment, real-time integration and improved efficiencies.
- **Mitigating Supplier Risk** – CVM Supplier Central 6.0 is enhanced with several new features that support advanced risk management programs, such as risk/performance scoring; a next-generation risk assessment service called CVM RiskMonitor; and integration with other risk data services, including Experian, and CVM’s own risk data.
- **Vertical Market Focus** – With new feature sets derived from industry-specific deployments, CVM Supplier Central 6.0 can maximize value for future customers in industries with past deployments.

About CVM Solutions

CVM Solutions, LLC (CVM) is a leading provider of supplier management solutions covering centralized vendor management, supplier diversity, supplier risk management, and supplier performance management. CVM has worked with over 350 customers since the company was founded in 2002. The company’s featured product, Supplier Central, is composed of technology, data, and managed services solutions. CVM’s Supplier Central technology product is divided into 4 modules that are entitled vendor central, diversity central, risk central, and performance central. CVM provides data services that include enterprise supplier data with parent linkage, supplier diversity data, and supplier risk data. CVM also provides a set of managed services that round out the complete Supplier Central offering including supplier data and spend enrichment, supplier risk assessments, supplier diversity, and tier two diversity program management.

For more information, please go to our website at www.cvmsolutions.com

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