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### CISA: COVID-19 Shows Need for Stronger ICT Supply Chains

The COVID-19 pandemic has disrupted supply chains for the information technology and communications (ICT) sector, and companies should consider doing more to understand where the components for their products originate, according to a study released Friday by the Cybersecurity and Infrastructure Security Agency (CISA).

“The COVID-19 global pandemic caused profound disruptions to the globalized model of supply chains, including those in the IT and communication sectors. The global supply chain model constitutes sequential, multi-country production, where value is added in fragments along the way and where the country of origin is often difficult to determine,” the study said.

“While corporations know who they directly purchase equipment or components from (their tier 1 suppliers), they often can lack transparency about their second and third tier suppliers and beyond. Given that a single product can require hundreds of suppliers to make and assemble the finished product, the challenges of understanding these suppliers is a daunting and expensive proposition,” it said.

“When these junior tier suppliers experience slowdowns, shutdowns, or interruptions, it cascades through the entire supply chain system, making it difficult for a company to figure out where or why the delay is happening. The pandemic has thus highlighted the need for companies to map these junior suppliers—at least those supplying critical components or raw materials—in order to understand their ‘upstream’ supply chain risks and take action to address them,” it added.

“ICT companies may want to develop a detailed map of junior-tier suppliers as a critical step to detect hidden relationships that impede adding resilience. After mapping upstream suppliers, purchasers of ICT products must also be aware of the production locations and financial stability of each participant in the value chain that supplies a critical component,” the study said.

The study indicated, however, that companies needed better tools and expertise to develop supply chain maps. “While there is a strong consensus about the need to more effectively map the locations of sub-tier suppliers and to identify upstream logistical bottlenecks, currently there is no standard methodology for doing so,” it said.

“The IT and communications sectors may thus benefit from the development of standardized approaches to supply chain mapping that would place appropriate focus on sub-tier suppliers or logistical bottlenecks that are most critical; would care for legitimate vendor concerns about being

pressed to provide proprietary information; and would settle on common formats for providing maps and other information,” it said.

The study also recommended that companies diversify their supply chains “to a broader array of locations and away from single source/single region suppliers” and consider reversing a trend toward maintaining “lean inventory models.”

CISA conducted the study through its Information and Communication Technology (ICT) Supply Chain Risk Management (SCRM) Task Force, which is a partnership between CISA and the IT and Communications Sector Coordinating Councils.

“The goal of the study group was to uncover the impacts of COVID-19 on the ICT supply chains and make practical recommendations that can support policy and operational decisions to strengthen and build additional resilience into ICT supply chains in the future,” it said. —Tom Leithauser, [tom.leithauser@wolterskluwer.com](mailto:tom.leithauser@wolterskluwer.com)

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