



Supply Chain Operations & Technologies
 Supply Chain Vendor Compliance
 Fraud Detection & Reduction
 Revitalized Operations
 Information Insights

Since January 1996

Supply chain fraud is a continual concern.

In 2014 global advisory firm Deloitte began issuing some startling statistics about supply chain fraud, waste, and abuse and how respondent firms utilize – or do not – data analytics to fight fraud.

In 2014 31.4% of the 3,600 polled executives and managers replied that their firms had experienced some form of supply chain fraud, waste, or abuse in the past 12 months despite the fact that 39.6% of the companies reportedly had a program in place to detect supply chain fraud, waste, and abuse.

(However, 32.5% of 2014 respondents did not know if their company had a program in place to detect supply chain fraud, waste, or abuse. And 46.6% of 2014 respondents did not know if their companies had suffered from supply chain fraud, waste, or abuse in the past 12 months.)

Recently released statistics of Deloitte's latest polling of 2,600 professionals performed in January 2016 reveals that approximately 30% of companies have experienced supply chain fraud, waste, or abuse; however only 29.3% of companies utilize analytics to try and detect and prevent supply chain fraud, waste, and abuse.

The 2016 report noted that two industries saw increases in supply chain fraud, waste, and abuse from 2014 to 2016:

- Life sciences and health care saw an increase from 31% to 35%
- Energy and resources saw an increase from 27% to 34%

On the good news front, the technology, media, and telecommunications sector saw decreases in supply chain fraud, waste, and abuse from 2014 to 2016, dropping from 33% to 27%.

The 2016 report highlighted the lack of use of analytics in combating supply chain fraud, waste, and abuse, noting that 13.7% have analytic software but do not use it and 19.3% have no analytic software for supply chain financial risk management. In 2014 only 7.5% of companies reported having advanced use of analytics, and 17.7% reported they were in the building phase of using analytics; another 13% reported they were lacking in their use of analytics and 21.9% stated they were absent in their use of analytics. This leaves a whopping 39.9% of companies who reported they did not know their use of analytics in 2014 regarding combating supply chain fraud, waste, and abuse.

In my 2012 book titled "Detecting and Reducing Supply Chain Fraud" I lay out the business model for using tried-and-true supply chain systems and the resultant transactions to detect and reduce supply chain fraud, whether perpetrated internally or externally, whether performed by customers, employees, or vendors.

The Enterprise Resource Planning (ERP) system, Electronic Data Interchange (EDI/eB2B), and Automatic Identification (e.g. barcode labeling and scanning) are the true backbone and lifeblood technologies of all supply chains. The transactions they produce capture and encapsulate every interaction between the business and its customer and vendor supply chain trading partners. These three systems themselves offer a check-and-balance audit: the ERP and the EDI/eB2B, and the ERP and the Automatic Identification system (e.g. inventory or warehouse management).

Essentially, between the system-to-system audits and the cross-data analytics, it is wholly possible to perform cross-checks at various points of the supply chain and detect – and even prevent – fraud, waste, and abuse before it happens, or before it manifests itself and becomes worse.

Analyzing the data in aggregate over time allows patterns to emerge that further provide an insight for fraud, waste, and abuse analysis beyond the snapshot perspective. Between the instant audit and the longer-term analysis, the data is likely already there for the picking in many enterprise's supply chains.

For more information about my book, the first and only one on record to tackle the topic of supply chain fraud, please go to: <https://www.routledge.com/products/9781409407324>



Visit our web sites:

<http://www.katzscan.com/>

<http://www.supplychainfraud.com/>

<http://www.vendorcompliance.info/>

<http://www.turnaroundhelp.com/>

<http://www.supplychainsox.com/>

Do you know of a company - maybe your own - suffering from disconnected dots?

www.disconnecteddots.com

Let's link!

www.linkedin.com/in/katzscan

Follow Katzscan on Twitter!

<http://twitter.com/katzscan>

Katzscan is on Facebook!

<http://www.facebook.com/katzscan>

Thanks.

Norman Katz, CFE, CFS, CCS, MOS

Katzscan Inc.

954-942-4141

The opinions expressed herein are not intended as any type of financial or legal advice.

Copyright (c) Katzscan Inc.