BLUE RIDGE

The Execution Gap: 2026 State of the Supply Chain Industry

Among surveyed supply chain leaders, technology investment accelerated in 2025, yet the gap between system capability and measurable performance improvement continues to widen.

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EXECUTIVE SUMMARY

THE GAP BETWEEN SPENDING AND IMPACT

To better understand the forces shaping supply chain performance and technology adoption, Blue Ridge surveyed supply chain leaders in late 2025 about their operational challenges, technology investment priorities, and outlook for the year ahead.

The findings reveal widespread investment in supply chain technology across organizations operating complex supply chains, but not uniformly across all capability areas. Most respondents implemented new systems over the past year, particularly in execution, visibility, and operational efficiency.

At the same time, forecast accuracy, service levels, and inventory efficiency remain tightly constrained. Improvements tend to be incremental rather than transformational, reflecting the reality that these outcomes are driven primarily by planning effectiveness, even as dedicated planning solutions continue to see relatively low adoption.

Interest in AI remains high, but meaningful deployment is still limited by data quality, integration complexity, and unclear return on investment. As priorities shift from a resilience-first mindset toward optimization and efficiency, the path forward is becoming clearer. Organizations that align technology investment with the planning capabilities that directly govern inventory, service, and cost performance will be best positioned to convert modernization efforts into sustained results.

STANDING STILL IS NOT AN OPTION

Only 1% of respondents reported adopting none of the listed supply chain technologies in the past year. Nearly every organization is investing in some form of new digital capabilities—from system upgrades and analytics to cloud platforms and AI tools.

Minimal or uncoordinated investments carry their own risk. Without a clear strategy, spending may move the needle slightly but won't deliver meaningful improvements in service, inventory, or cost.

In a market where modernization is nearly universal, doing nothing—or doing it without purpose—puts organizations at a competitive disadvantage as peers gain speed, coordination, and execution advantages.

ABOUT THE SURVEY

INDUSTRY REPRESENTATION

Retail **44%**

Consumer Packaged Goods **21%**

Hard Materials **19%**

Automotive **7%**

Food & Beverage **7%**

230 230 full-time supply chain professionals in the U.S.

All director+ level; 60% executives

Mid-market and enterprise organizations

Mix of distributors, manufacturers, and wholesalers

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BEYOND BUYING SYSTEMS

For the past several years, supply chain transformation has been defined primarily by what organizations buy: new planning software, cloud platforms, analytics tools, AI-enabled forecasting. The assumption has been straightforward. Better technology produces better outcomes.

That assumption is now being tested. Organizations continue to invest across the supply chain, but not evenly. While execution, visibility, and operational systems have seen widespread adoption, planning capabilities are often addressed through systems of record or incremental enhancements rather than purpose-built solutions.

As a result, performance improvements are modest. Forecast accuracy improves incrementally, then plateaus. Inventory efficiency inches forward but rarely breaks through, and the gap between capability and execution persists.

In late 2025, Blue Ridge surveyed supply chain leaders to understand what's holding performance back despite rising technology investment. The results point to a fundamental challenge. Success in the next phase of supply chain evolution won't be determined by which systems organizations deploy, but by how effectively they operationalize them.

TECHNOLOGY INTEGRATION TOPS THE LIST OF SUPPLY CHAIN CHALLENGES

37% of respondents say integrating new technologies such as AI, machine learning, and automation is their biggest challenge, followed closely by enhancing supply chain visibility and managing supplier performance (35% each). Modern planning solutions can help teams address all three by improving forecasting, supplier management, and real-time inventory insights.

What are your top three supply chain challenges right now?

Challenge	Percentage
Integrating new technologies (AI, ML, automation)	37%
Improving forecast accuracy	35%
Enhancing supply chain visibility and reporting	35%
Managing supplier performance and lead times	35%
Optimizing inventory levels across locations	31%
Fluctuating or unpredictable customer demand	29%
Adapting to new product introductions	28%
Managing event or promotional activities	24%
Reducing manual processes in planning	23%
Mitigating the effects of global trade policy changes (e.g., tariffs)	22%

BUSINESS CHALLENGES

The State of Modern Supply Chains

Supply chain teams are actively planning and forecasting, but often without dedicated planning technology. Many continue to rely on systems of record and spreadsheets, which limits how quickly plans can be updated and executed as conditions change. Seasonal volatility, infrequent planning updates, and execution constraints continue to expose gaps between strategy and day-to-day outcomes.

This section examines how forecasting practices, service levels, and inventory performance reflect where supply chains stand today.

A BASELINE VIEW OF SUPPLY CHAIN PERFORMANCE TODAY

Despite widespread reliance on planning and forecasting processes, day-to-day supply chain performance remains constrained by how those activities are supported in practice. Most organizations continue to plan using systems of record and spreadsheets rather than dedicated planning solutions.

These findings illustrate where planning models struggle to adapt to volatility and why incremental gains often fall short of delivering meaningful operational change.

What are your biggest challenges in managing inventory during seasonal peaks?

Challenge	Percentage
Supplier lead time variability	48%
Stockouts during high demand	41%
Identify which products are seasonal	39%
Difficulty in workforce planning	39%
New product introductions for extreme seasonality (holidays)	32%
Forecasting YoY demand deviation	30%
Limited warehouse space	29%
Excess inventory after season ends	28%

48%

Supplier Lead Time Variability Creates Planning Risk

of respondents say supplier lead time variability is their top seasonal challenge. Traditional planning tools (ERP solutions or even Microsoft Excel) struggle to detect early trends, leaving teams scrambling once demand spikes. Smarter forecasting is needed to stay ahead.

PLANNING PERFORMANCE IS IMPROVING, BUT STILL CONSTRAINED

Seasonal demand continues to expose limits in how well planning systems adapt when conditions change.

Supply chain teams have invested heavily in planning and forecasting capabilities, yet performance during periods of volatility remains uneven. Seasonal demand continues to test existing planning processes, exposing gaps between intent and execution even among organizations that have modernized their technology environments.

When asked about their biggest challenges during seasonal peaks, respondents most often cited supplier lead time variability (48%) and stockouts during high demand (41%). These issues remain common despite widespread adoption of new planning tools, indicating that volatility alone does not explain the problem. Instead, swings in supplier performance and demand reveal limits in how plans are refreshed, validated, and adjusted as conditions shift.

Respondents were also clear about where improvement is needed. Automated demand forecasting for seasonal demand ranked as the top priority (48%), followed closely by more flexible planning approaches such as MPS and RCCP (46%).

These responses reflect growing recognition that static planning models struggle under peak conditions. Organizations are looking for faster, more responsive planning methods that adjust as variability emerges, rather than after service and inventory have already been affected.

FORECASTING CADENCE LIMITS RESPONSIVENESS

Most organizations update forecasts too slowly to keep up with how quickly conditions change.

Despite operating in fast-moving and disruption-prone environments, many organizations still revisit forecasts on a fixed, infrequent schedule. Only 23% of respondents review and adjust forecasts continuously. Most update forecasts monthly (43%) or quarterly (31%), with very few making changes annually or only when issues arise.

How often do you review and update your forecasts?

23%	43%	31%
Continuously	Monthly	Quarterly
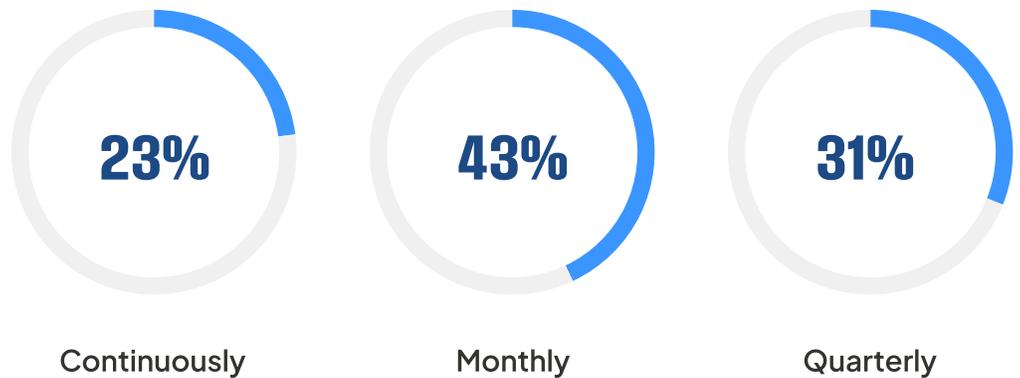
This cadence creates a clear constraint. When forecasts are refreshed monthly or less often, teams are forced to react to demand shifts, supplier delays, and seasonal spikes after they occur. Forecasts become snapshots rather than inputs that evolve with changing conditions.

The data also explains why continuous review remains limited. Without automated forecasting and planning workflows, frequent updates become impractical. Manual processes and rigid planning cycles raise the effort required to adjust plans, discouraging more frequent review even when conditions call for it.

FORECAST ACCURACY IS IMPROVING, BUT PLATEAUS EXIST

Forecast accuracy is improving, but most organizations remain stuck in the same performance range.

Most organizations report progress in forecast accuracy over the past year. 76% of respondents say accuracy improved, while only 7% report a decline. This suggests that recent investments in planning processes and tools are having a positive effect.

Has forecast accuracy improved over the last year?

76%

7%
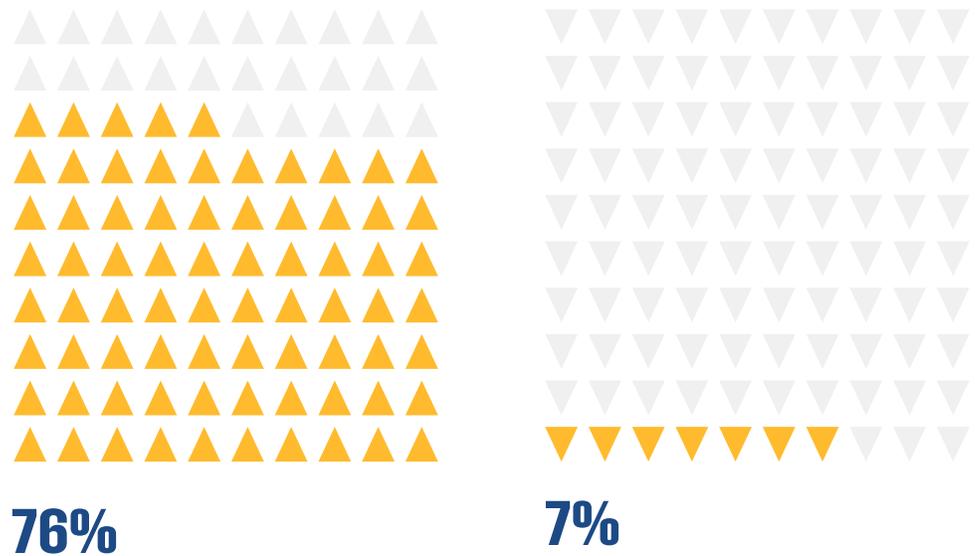
Current accuracy levels, however, show clear limits. 58% of respondents report forecast accuracy between 81% and 90%. Only 25% exceed 90%, a level typically associated with more advanced planning environments. Nearly one-third continue to operate below 85%, reflecting ongoing difficulty converting demand signals into reliable plans.

The pattern suggests steady progress, but within clear limits. Teams are improving results by working harder within existing planning approaches, yet those approaches were not built to support rapid re-forecasting, automation at scale, or in-season adjustment. As a result, gains tend to plateau before they improve service, inventory efficiency, or cost. Moving past this ceiling does not require disruptive change, but it does mean shifting beyond incremental tuning toward more adaptive, responsive planning models.

SERVICE LEVELS AND INVENTORY PERFORMANCE REFLECT EXECUTION GAPS

Service and inventory results show where planning improvements stop short of consistent execution.

Operational outcomes reinforce the same story seen across planning and forecasting. While more than half of respondents report service levels above 93%, a meaningful share continues to operate below that range. 14% report service levels under 90%, and another 31% fall between 90% and 92%, leaving limited room to absorb demand spikes or supplier disruption.

What makes this notable is that more than 90% of respondents say service levels improved or held steady compared to last year. Progress is evident, yet many organizations remain below performance levels typically associated with resilient, growth-ready supply chains. As volatility becomes more common, service levels that once felt acceptable increasingly carry operational risk.

Inventory turns show a similar pattern. Most respondents report moderate to strong performance, with two-thirds indicating average turns between 6 and 15, depending on the industry vertical. Beneath that average, however, performance is inconsistent across items, locations, and seasons. Inventory efficiency depends on how well demand signals translate into timely replenishment and allocation decisions. When planning cycles are slow or disconnected from execution, excess builds in some areas while shortages emerge in others, particularly during periods of seasonal pressure.

>90%
of respondents say service levels improved or held steady compared to last year.
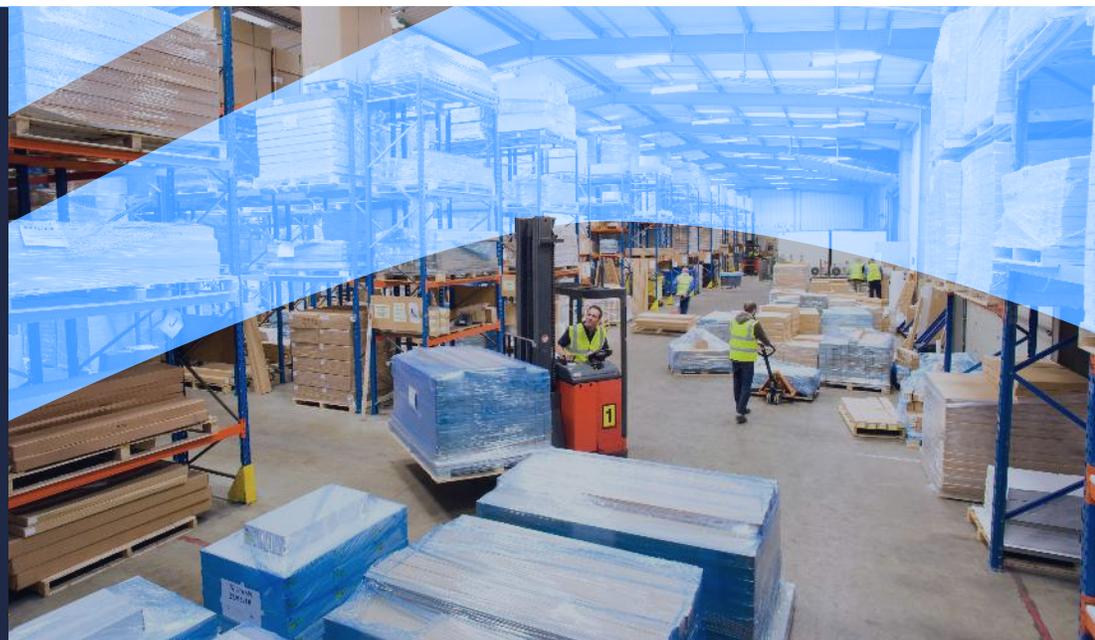
INCREMENTAL IMPROVEMENT WILL FALL SHORT

Across forecast accuracy, service levels, and inventory turns, performance improvements are real but limited. Gains achieved through manual refinement and periodic planning tend to plateau, leaving organizations exposed when volatility increases.

Without faster planning cycles and more responsive execution, incremental progress improves averages but fails to prevent disruption at the moments that matter most.

A MARKET ADVANCING, BUT WITHIN LIMITS

Taken together, these findings show an industry that is making progress, but within clear limits. Planning accuracy, service performance, and inventory efficiency are improving, yet gains remain modest and uneven. Investments in technology and process are helping, but they do not consistently deliver the speed and control needed to manage rising complexity.

This gap between modernization and results points to what comes next. As supply chains become more dynamic and interconnected, incremental improvement will fall short.

AI OPPORTUNITIES

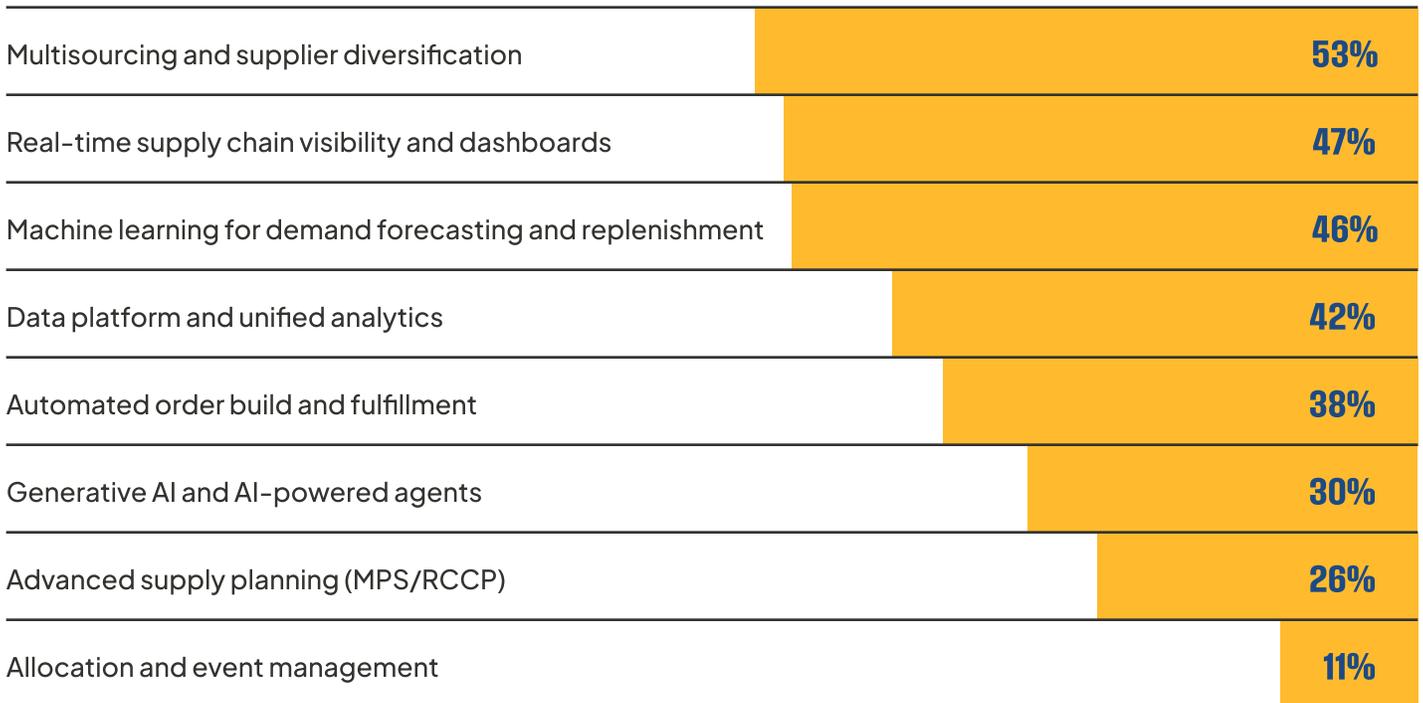**From Investment to Intelligence**

Planning technology has improved, but many decisions still rely on slow cycles and manual judgment. The following section looks at why AI has become a priority, what is standing in the way of broader adoption, and how organizations are evaluating AI's role in the next phase of supply chain planning.

HARNESSING TECHNOLOGY FOR SMARTER PLANNING

Supply chain professionals are investing in new tools, yet adoption and impact remain uneven. AI, automation, and analytics promise faster, more precise decisions, but many teams still rely on manual processes and traditional planning cycles. Understanding the current state clarifies why AI is a priority, the barriers slowing adoption, and the capabilities leaders expect from modern platforms.

This section examines how technology is applied, the challenges of integrating AI into daily operations, and which solutions professionals value most. It highlights the need to align investments with operational outcomes to improve service, inventory, and cost performance.

What emerging trends or technologies do you believe will have the greatest impact on your supply chain in the next 2–3 years?

Multisourcing and supplier diversification	53%
Real-time supply chain visibility and dashboards	47%
Machine learning for demand forecasting and replenishment	46%
Data platform and unified analytics	42%
Automated order build and fulfillment	38%
Generative AI and AI-powered agents	30%
Advanced supply planning (MPS/RCCP)	26%
Allocation and event management	11%

53%

Over half of respondents (53%) see multisourcing and supplier diversification as the biggest near-term priority, followed closely by real-time visibility (47%) and improved forecasting (46%). AI and automation support these goals, helping teams make faster, smarter decisions and turn data into actionable outcomes.

AI IS A PRIORITY, AND A PAIN POINT

Organizations see AI as essential but struggle to put it into practice.

AI has moved from a future concept to a present-day concern for supply chain leaders. When asked about their top challenges, 37% of respondents cited integrating new technologies such as AI, machine learning, and automation, the most frequently selected challenge. This shows that AI is no longer optional, but a capability organizations feel pressure to implement.

Interest remains high: 44% of respondents want to learn more about AI and automation, second only to supply chain risk management. This reflects a market that sees potential but struggles to apply AI effectively within existing planning and execution processes.

These findings highlight the key tension shaping AI adoption today. Teams recognize that traditional planning struggles to keep pace with volatility and complexity. AI is seen as the way forward, yet integrating it into daily decision making remains challenging. The next sections examine where adoption stands, what barriers persist, and how AI can deliver real operational impact.
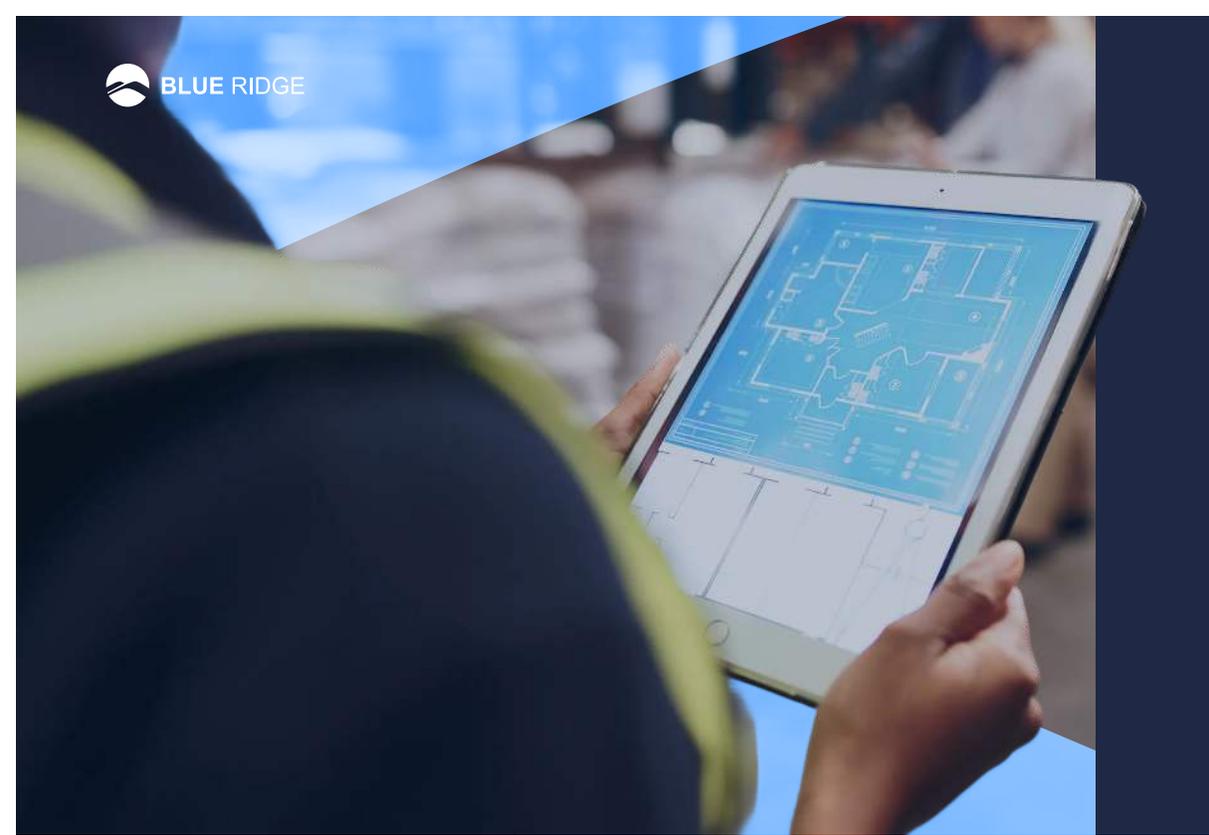
DATA TRUST, NOT COST, IS THE PRIMARY BARRIER TO AI ADOPTION

The main barrier to AI adoption is confidence in data, not cost.

When supply chain leaders are asked what stands in the way of AI adoption, the most common concern is not cost or technology complexity. It is data. Nearly one-quarter of respondents cite data quality issues as the biggest barrier, making it the most frequently selected challenge by a wide margin.

This concern outweighs traditional adoption obstacles. Data quality is cited significantly more often than cost, user adoption, or uncertainty around return on investment. Even issues such as explainability and trust ultimately connect back to the same root problem. If the underlying data is incomplete, inconsistent, or poorly governed, confidence in AI-driven recommendations erodes quickly.

What emerges from the research is a pattern of cautious realism rather than resistance. Supply chain teams are not rejecting AI outright. They are wary of investing time, budget, and organizational energy into systems that may not deliver reliable outcomes. Without strong data foundations and clear proof of value, AI remains difficult to move from experimentation into daily decision-making. This explains why interest in AI is high, while adoption remains measured.

WHAT MOTIVATES PLANNING TECHNOLOGY DECISIONS

Switching decisions reflect risk, unmet needs, and the technology gaps organizations face today.

When supply chain organizations consider investing in planning solutions, the decision rarely comes down to a single feature. Instead, it reflects unmet needs, rising risk, and pressure to support more complex decision making. Survey results show that triggers span technology innovation, operational fit, and trust.

Security concerns rank highest, with 42% citing security risks, followed by cost reduction at 38%. Quality of support, integration with ERP and business systems, and dashboards/reporting capabilities also emerge as major factors. Planning platforms are expected to be stable, well supported, and deeply connected to the enterprise.

AI innovation is cited by 36% of respondents, placing it alongside core planning requirements rather than as a standalone differentiator. AI alone does not justify switching, but lack of credible AI capabilities increasingly represents a competitive disadvantage. Organizations are seeking purpose-built planning platforms that pair strong operational foundations with forward-looking intelligence, designed specifically for supply chain decision making and adopted with confidence.

THE FUTURE FOCUS IS ON OUTCOMES, NOT INDIVIDUAL TECHNOLOGIES

Supply chain leaders are looking to technology to improve outcomes, not just adopt new tools.

Over the next two to three years, supply chain priorities are focused on outcomes rather than specific tools. The highest-impact trends identified in the survey reflect the need to manage complexity, improve responsiveness, and maintain control across increasingly distributed networks.

Multisourcing and supplier diversification rank highest at 53%, followed by real-time supply chain visibility and dashboards at 47%, and machine learning for demand forecasting and replenishment at 46%. These responses highlight the challenges organizations expect to face: more suppliers, greater variability, and pressure to make faster, better-informed decisions.

What are your supply chain priorities for the next two to three years?

53%	47%	46%
Multisourcing and supplier diversification	Real-time supply chain visibility and dashboards	Machine learning for demand forecasting and replenishment
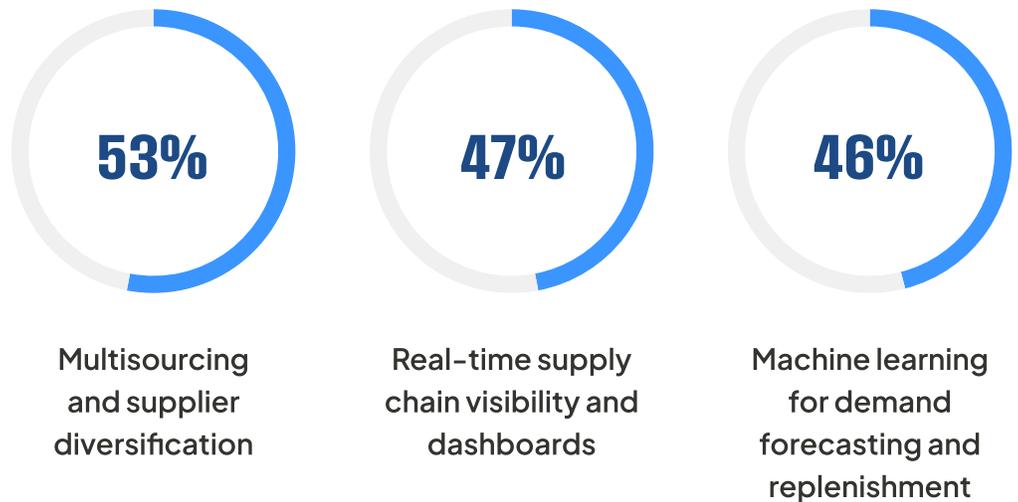
AI features prominently in the research, but leaders see it as a means to improve forecasting accuracy, enable real-time visibility, and manage complex sourcing strategies, rather than as an end in itself. Its value will be judged by how well it helps teams handle real-world complexity and deliver measurable performance improvements.

TURNING TECHNOLOGY INTO MEASURABLE IMPACT

Supply chain professionals see technology and AI as essential enablers of better planning, faster decision making, and improved operational outcomes. Adoption remains measured, with barriers like data quality and integration slowing progress.

Success depends on aligning tools with real-world needs—focusing on inventory accuracy, service levels, and cost efficiency—so investments translate into tangible improvements rather than incremental changes.

VIEWS ON TECHNOLOGY

Taking the Next Steps with Technology

Supply chain organizations are looking beyond tools alone, seeking solutions that deliver measurable impact on inventory, service, and cost. This section explores why companies adopt new technology, what drives them to change solutions, and which capabilities matter most. It also highlights how AI and automation fit into a larger strategy to improve planning, execution, and operational outcomes.

USING TECHNOLOGY TO DRIVE SUPPLY CHAIN OUTCOMES

Supply chain leaders are looking to technology to solve practical challenges, not just adopt new tools. The biggest drivers for technology investment are getting the right inventory at the right time, reducing stockouts, and controlling costs. Investments are aimed at improving planning speed, accuracy, and visibility across increasingly complex networks.

Cost reduction remains a top priority for 2026, with inventory turns, waste reduction, and service levels tied directly to ROI. Organizations want tools that help them make better decisions about what to stock, where, and when, ensuring they minimize excess while meeting demand exactly when it matters.

What would make you switch from you current supply chain planning solution?

Security risks	42%
Cost reduction	38%
Quality of support	37%
AI innovation	36%
Forecast accuracy	35%
Seamless integration with existing ERP and business systems	35%
Dashboards/reporting capabilities	33%
Functional gaps (MEIO, Supply Planning, IBP, etc.)	30%
Change of ownership/leadership	30%
User adoption	27%
We do not currently use a supply chain planning solution?	0%

0%

Everyone is Using Something … But Is It Enough?

0% of respondents said they don't use a supply chain planning solution—yet many rely on ERP modules or spreadsheets. The reality: planning is happening, but not in a sophisticated, purpose-built way that drives accurate forecasts, inventory efficiency, and service performance.

KEY SOLUTION CAPABILITIES AND GAPS

Understanding what organizations want from their technology highlights where current solutions fall short and where future investments may drive real value.

Supply chain teams are prioritizing practical capabilities that make planning faster, more accurate, and more responsive. Automated multisourcing, advanced supply planning, predictive analytics, and unified reporting rank among the most requested features. These responses suggest a focus on technology that addresses real operational complexity rather than emerging or experimental applications.

The emphasis is on improving day-to-day execution. Organizations want stronger allocation and event management, better stock balancing, and automated order fulfillment to reduce manual effort. The goal is not incremental improvement, but technology that directly supports service levels, inventory health, and cost control.

While AI and machine learning remain important, they are viewed primarily as enablers of these capabilities. Predictive models, analytics, and automation matter when they improve decision quality and responsiveness. Adoption is guided by measurable operational benefit, not novelty.
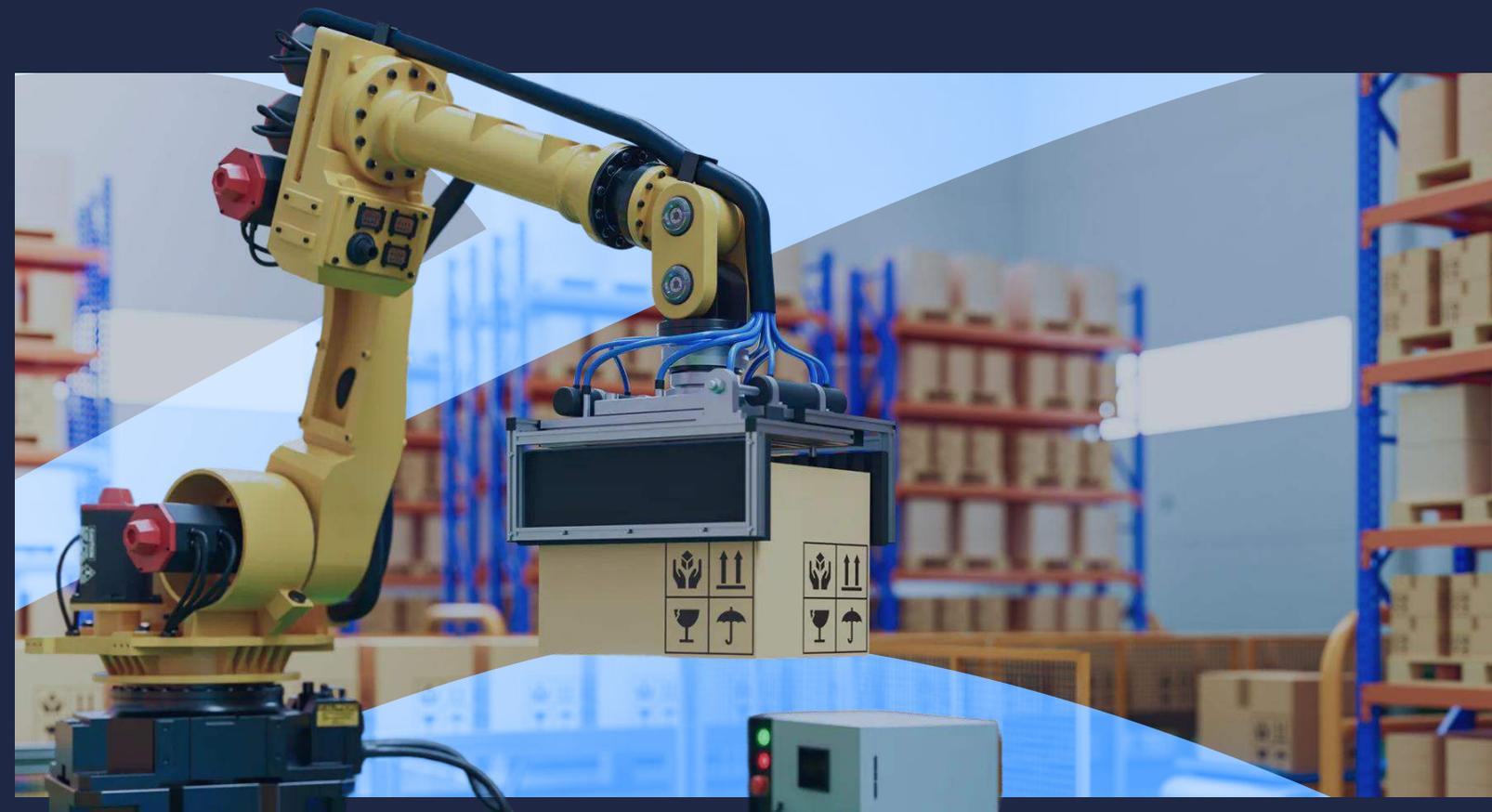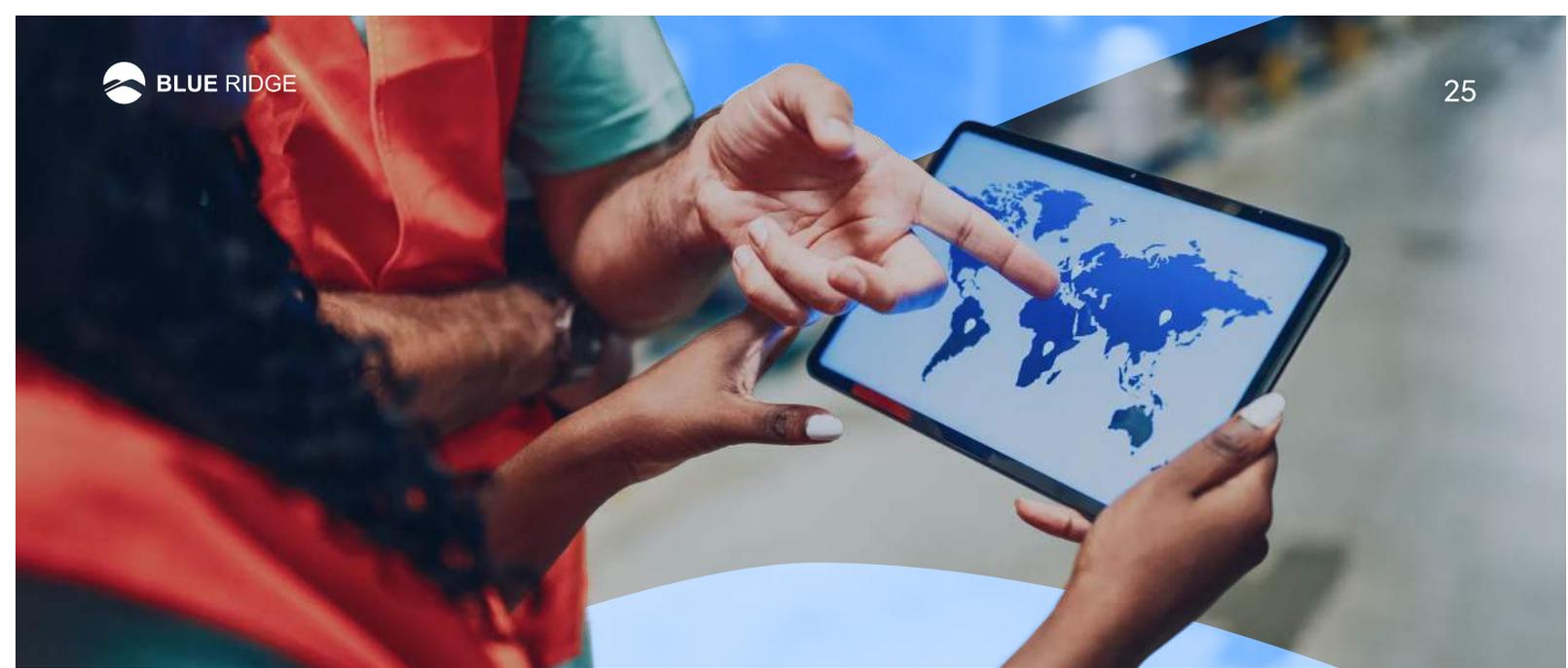
TECHNOLOGY DECISIONS ARE DRIVEN BY INVENTORY OUTCOMES

The strongest signals in the research point to inventory accuracy and availability as the central measure of technology value.

Across the survey, inventory-related concerns consistently surface as the primary driver of technology investment. Managing inventory and stockouts ranks above cost reduction, resilience, and customer experience as a motivation for adopting new supply chain technology. This reflects a shift away from minimizing inventory at all costs toward ensuring the right inventory is available when and where it is needed.

Respondents describe a planning challenge defined by precision rather than volume. Stocking too early, too late, or in the wrong location creates both cost and service risk. As networks grow more distributed and demand becomes less predictable, inventory decisions increasingly require tighter coordination across forecasting, replenishment, and execution.

Technology is expected to close this gap by improving timing, visibility, and confidence in planning decisions. Solutions that support more accurate demand signals, faster replanning, and clearer inventory health insights are seen as essential to balancing cost discipline with service performance. This explains why inventory optimization and planning capabilities remain central to technology evaluations.

ROI EXPECTATIONS ARE INCREASINGLY COST-LED

Technology investments are being judged less on ambition and more on their ability to deliver measurable cost impact.

When asked how they measure return on supply chain technology investments, respondents point first to cost-focused outcomes. Cost savings ranks as the top KPI at 57%, followed closely by cash flow impact at 47% and waste reduction at 44%. This indicates that technology decisions are being evaluated through a financial lens shaped by margin pressure and ongoing volatility.

How do you measure return on tech investments?

57%	47%	44%
Cost savings	Cash flow impact	Waste reduction
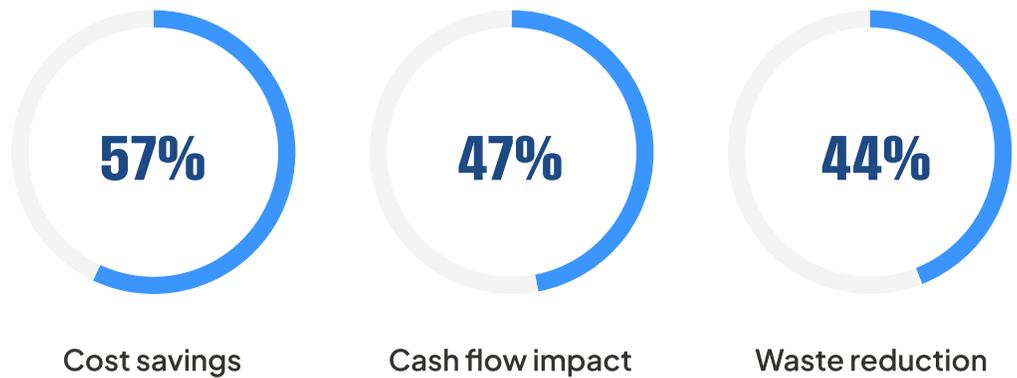
Inventory efficiency plays a central role in this cost equation. Inventory turns are cited by 48% of respondents as a key ROI metric, reinforcing that excess stock, obsolescence, and working capital remain persistent concerns. Rather than viewing inventory as a buffer against uncertainty, organizations are increasingly focused on how effectively inventory decisions translate into lower operating costs.

At the same time, operational performance remains critical to competitive success. Service levels are a top KPI for 43% of respondents, reflecting that cost reduction cannot come at the expense of meeting customer demand. High service performance enables organizations not only to retain existing customers but also to pursue new segments and win business from competitors.

Technology providers that help teams simultaneously reduce costs, improve inventory efficiency, and elevate service performance position their clients to gain measurable market advantage.

PLATFORM EXPECTATIONS ARE RISING

Organizations are looking for planning technology that combines strong foundations with practical innovation they can trust.

Most organizations report progress in forecast accuracy over the past. As supply chain complexity increases, expectations for planning platforms are expanding beyond core functionality. When asked what would prompt a switch from their current solution, respondents point first to fundamentals such as security, cost, and support. Security risks rank highest at 42%, followed by cost reduction at 38% and quality of support at 37%, underscoring that trust and reliability remain non-negotiable.

What would make you switch from your current solution?

42% Security risks

38% Cost reduction

37% Quality of support

At the same time, organizations are seeking stronger operational capabilities. Advanced supply planning, automated order build and fulfillment, and network or sourcing optimization all rank among the most requested features, each cited by roughly one-third of respondents. These priorities reflect a need to manage timing, allocation, and supplier complexity with greater precision as networks become more distributed.

AI innovation also plays a meaningful role, cited by 36% as a reason to consider switching providers. However, it appears alongside integration, reporting, and functional gaps rather than above them. This suggests AI is expected to strengthen established planning workflows, not replace them. Platforms best positioned to win adoption will pair credible AI with secure, integrated, and operationally proven foundations.

FROM CAPABILITY TO COMPETITIVE ADVANTAGE

Supply chain teams are no longer constrained by a lack of technology or awareness. Investment is widespread, and performance is improving, but gains remain limited by planning models and execution approaches that were built for more stable conditions.

The research shows that success now depends on how effectively technology is operationalized. AI, advanced planning tools, and analytics deliver value only when grounded in trusted data, continuous planning, and clear decision ownership.

The opportunity ahead is to move beyond incremental improvement and use technology to enable faster, more adaptive responses to change. Organizations that align planning, intelligence, and execution will be better positioned to manage volatility, control cost, and sustain performance over time.

CONCLUSION

OPERATIONALIZING INNOVATION

The supply chain industry has reached a point where incremental improvement within existing planning models is no longer sufficient. Among the survey respondents, organizations report measurable gains in forecast accuracy and service performance, yet those improvements increasingly plateau. Volatility, fragmented data, and rigid planning cycles continue to limit how much value modern technology can unlock on its own.

What the research makes clear is that the challenge is no longer access to technology, but how those tools are applied. Many organizations are running advanced systems on planning foundations built for slower, more predictable environments. Performance gaps persist because planning models are constrained, adoption of best-in-class solutions is uneven, and vendor capabilities remain mixed in innovation and effectiveness.

The opportunity ahead lies in rethinking how planning operates. Leading organizations are shifting from periodic, batch-driven planning to more continuous and adaptive approaches. They are moving beyond AI experimentation toward disciplined adoption rooted in trusted data, clear decision ownership, and measurable outcomes. Most importantly, they are aligning technology, process, and execution around the ability to respond as conditions change, not after the fact.

The next phase of supply chain performance will be defined by this operational maturity. The tools exist, and awareness is high across the industry. What will separate leaders from laggards is the ability to connect planning intelligence to day-to-day execution in a way that consistently improves resilience, service, and cost performance when it matters most.

ABOUT BLUE RIDGE

Blue Ridge is a leading supply chain planning and inventory optimization software company helping distributors and manufacturers increase profitability, service levels, and operational efficiency. Founded in 2007 and backed by Great Hill Partners, Blue Ridge serves hundreds of customers globally.