



Adapting Amid Uncertainty

How rising geopolitical risk is pushing UK businesses to rethink their supply chain strategies

Global supply chains are under unprecedented pressure. Rapidly shifting tariffs are compounding uncertainty and driving up costs for businesses. Conflicts in Europe and the Middle East are fueling volatility in energy and oil prices, while ongoing tensions are placing mineral and technology supply chains in jeopardy.

In this environment, procurement has become a frontline function for resilience and continuity, helping businesses withstand shocks and stay competitive. Geopolitical risk is now a defining feature of global trade, but the real question is whether supply chains can adapt quickly enough and become more resilient.

Geopolitical sands are shifting

Businesses are navigating a volatile global landscape marked by growing geopolitical uncertainty. UK businesses say the following geopolitical events have negatively impacted confidence in their supply chains:

War in Ukraine **77%**

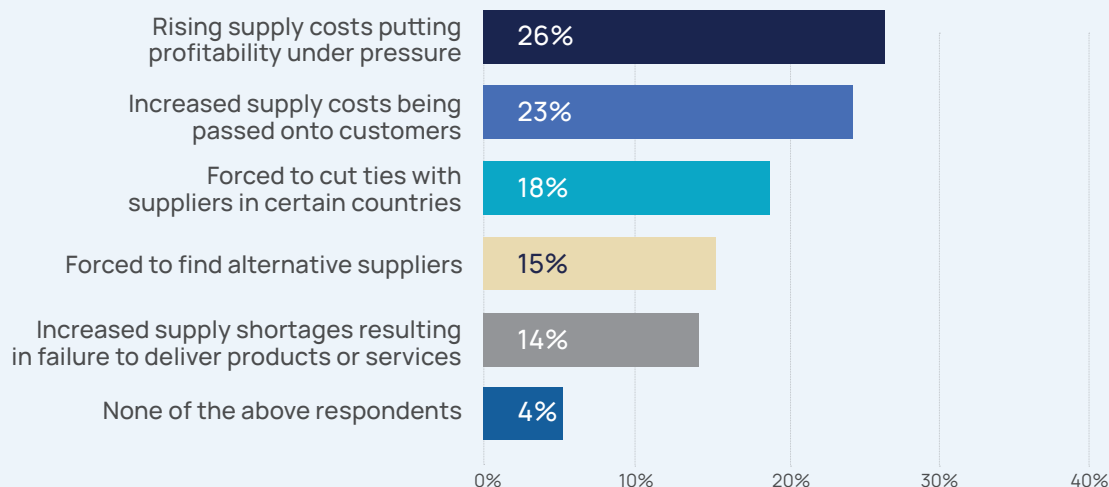
U.S. Tariffs **75%**

Military tensions between China and Taiwan **62%**

War in Gaza **58%**



For UK businesses, Procurement has a once-in-a-generation opportunity to become a driving force in the organisation. Those who embrace digital transformation will lead the way, unlocking AI's full potential to boost insight, speed and strategic impact.

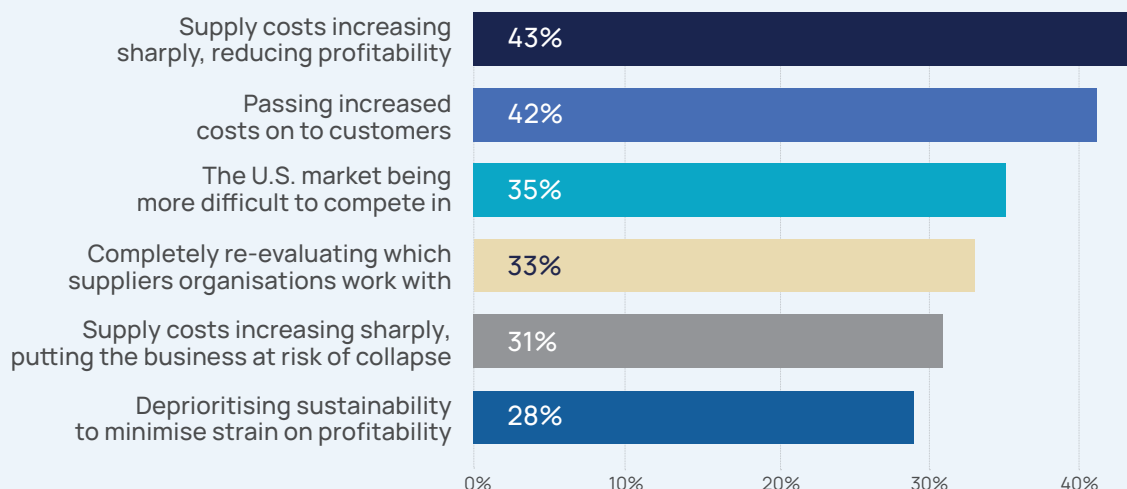


With businesses already feeling the effects of geopolitical disruption on supply chains, confidence is fragile and risks are only set to intensify: 73% of UK businesses anticipate that geopolitical risk will increase in the next 12 months.

U.S. tariffs compound global shock

Tariffs in the U.S. and around the world are shaking up supply chains, with new rates rippling through the global economy. Although the UK has benefitted from lower tariffs than the EU and others, 80% of businesses say U.S. tariffs have already undermined confidence in their supply chains.

Equally, 80% expect further disruption as tariff increases take hold. Rising tariffs are driving a wholesale rethink of cost structures, supplier relationships and long-term market strategies. For UK businesses, the impacts are severe:



Businesses are preparing, but effectiveness varies

Despite global challenges, 76% of businesses feel prepared to deal with geopolitical risk. Businesses recognise that geopolitical risk is no longer an anomaly, but a persistent feature of the global landscape: one demanding a response that prioritises long-term resilience.

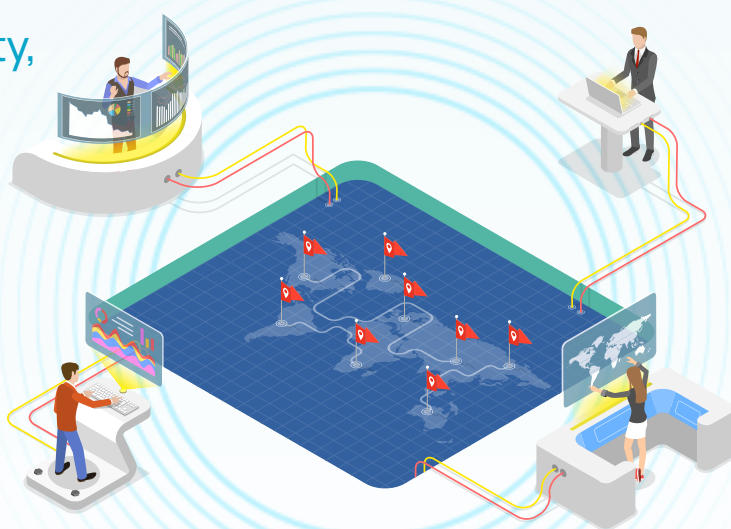
Over the past year, UK businesses have adopted a range of strategies to tackle risk, with mixed results. The following approaches proved effective in minimising the impact of geopolitical risk.

Task	Somewhat or Very Effective
Identifying and onboarding alternative suppliers for critical goods and services	73%
Collaborating with suppliers to share more risk data	72%
Investment in technology to improve supply chain visibility	66%
Increased nearshoring of suppliers	64%
Improving the geographic diversity of their supplier base	62%
Implementing AI to automate supplier risk management	62%
Hiring more procurement professionals to help manage disruption	61%
Increased onshoring of suppliers	61%

In an era of geopolitical uncertainty, to adapt is to succeed

Despite reported confidence in their ability to manage geopolitical risk, many businesses still say supply chains are not equipped to cope with sustained volatility.

62% say supply chains are unable to deal with the shifting sands of geopolitics



To better protect supply chains from geopolitical risk, UK businesses are looking at investing in smarter technology, diversifying supply networks, and increasing operational control:



of UK businesses believe they must invest more in technology to better identify and mitigate geopolitical risks



of UK businesses are considering alternative supply chain hubs to mitigate geopolitical risk



of UK businesses are nearshoring or onshoring to bring greater control and proximity to operations

Conclusion

Geopolitical disruption is no longer a risk to anticipate. It's a reality to confront, especially as the coming 12 months could feature deeper instability, more cost shocks, and heightened pressure on already strained supply chains.

Businesses are being forced to rethink not just who they buy from, but how they operate, and many are finding their current systems and structures simply aren't built for this level of volatility.

Incremental change won't cut it. What's needed is a step-change in how procurement teams see, plan, and act, doing so with speed, intelligence, and confidence.

In response, leaders are turning to a smarter approach to procurement, one that brings together data, suppliers and automation to gain a complete picture of spend and supplier risk and accelerate action. To survive and thrive in a world of geopolitical risk, businesses' approach to procurement needs a hard reset, enabling strategic moves, not just tactical fixes.

Methodology

This survey was conducted by Sapio Research on behalf of Ivalua in Q2 2025. It is based on a survey of 300 supply chain and procurement decision-makers in the UK.

About Ivalua

Ivalua is a leading provider of cloud-based, Spend Management software powered by AI agents. Our unified Source-to-Pay platform enables businesses to better manage all categories of spend and all suppliers, increasing profitability, improving sustainability, lowering risk and boosting employee productivity. We are trusted by hundreds of the world's most admired brands and recognized as a leader by Gartner and other analysts. Learn more at www.ivalua.com.

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