

# Supply Contracts and Risk Sharing Strategies

Welcome to Unit 3 of AI for Logistics and Supply Chain! Today, we'll delve into the crucial role of supply contracts and risk sharing strategies in the context of AI-powered logistics planning. Understanding these concepts is vital for efficient and robust supply chains.

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# Recap: AI in Logistics Planning

## AI-driven optimization

We discussed how AI tools can optimize logistics processes, from route planning and inventory management to demand forecasting and warehouse automation.

## Real-time insights

AI provides real-time data analysis and predictive capabilities, leading to improved decision-making and proactive problem-solving in the logistics realm.

# Guess the Topic: Images of Supply Chain



# Introduction to Supply Contracts

## Formal agreement

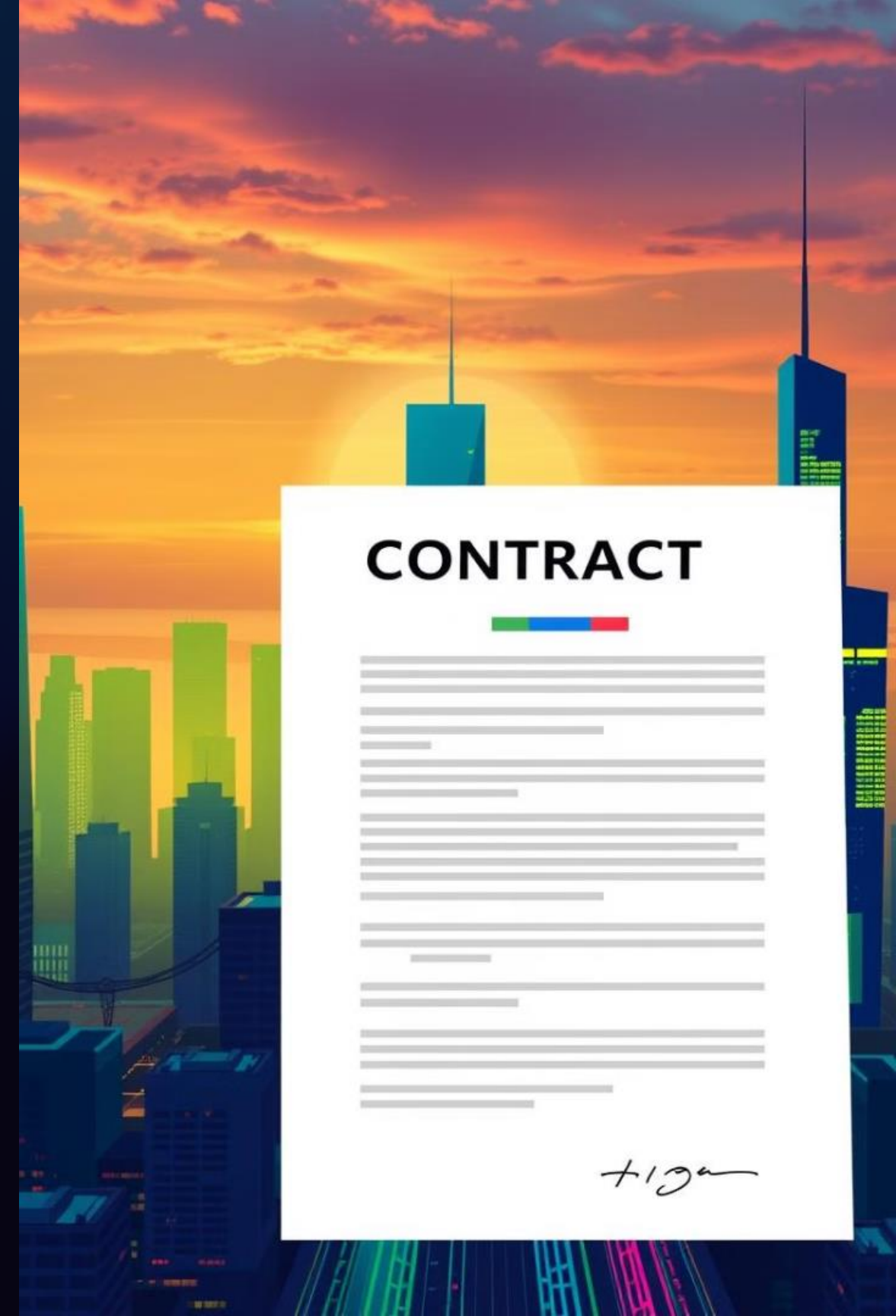
A legally binding document that outlines the terms and conditions of a transaction between two or more parties in the supply chain.

## Defines responsibilities

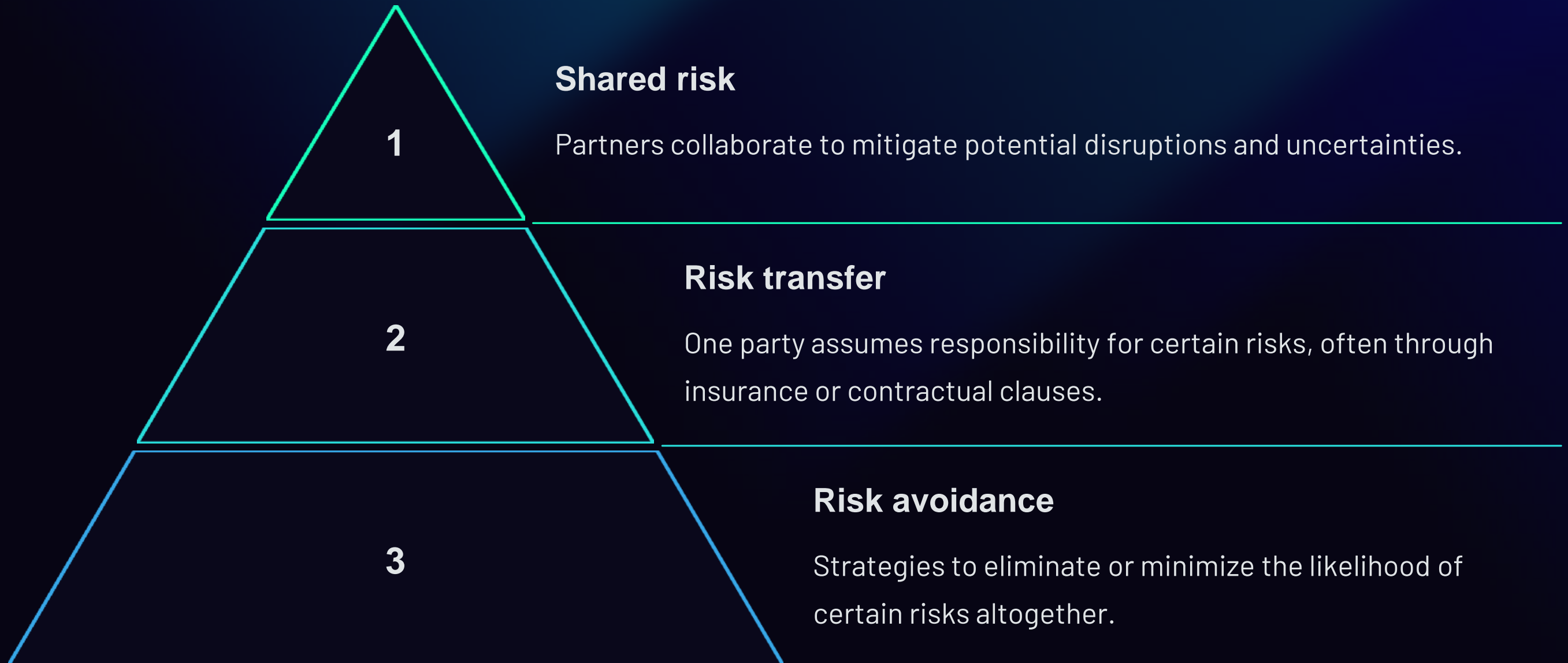
Clearly defines the roles, obligations, and expectations of each party involved in the supply chain process.

## Ensures transparency

Provides a transparent framework for communication and collaboration, minimizing misunderstandings and disputes.



# Risk Sharing Strategies in Logistics



# Real-Life Case Study: Vendor-Managed Inventory (VMI)

1

## Shared inventory responsibility

The supplier manages the inventory levels at the customer's location.

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2

## Data-driven decisions

Leverages real-time data to optimize inventory levels and delivery schedules.

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3

## Cost savings and efficiency

Reduced inventory holding costs, improved stock availability, and enhanced supply chain responsiveness.

# Student Assessment: Multiple Choice Quiz

1

**Which type of contract?**

Outlines terms of goods exchange between buyer and seller.

2

**Risk transfer example**

Insurance policy to cover damage during transport.

3

**VMI advantage**

Reduced inventory holding costs for the customer.

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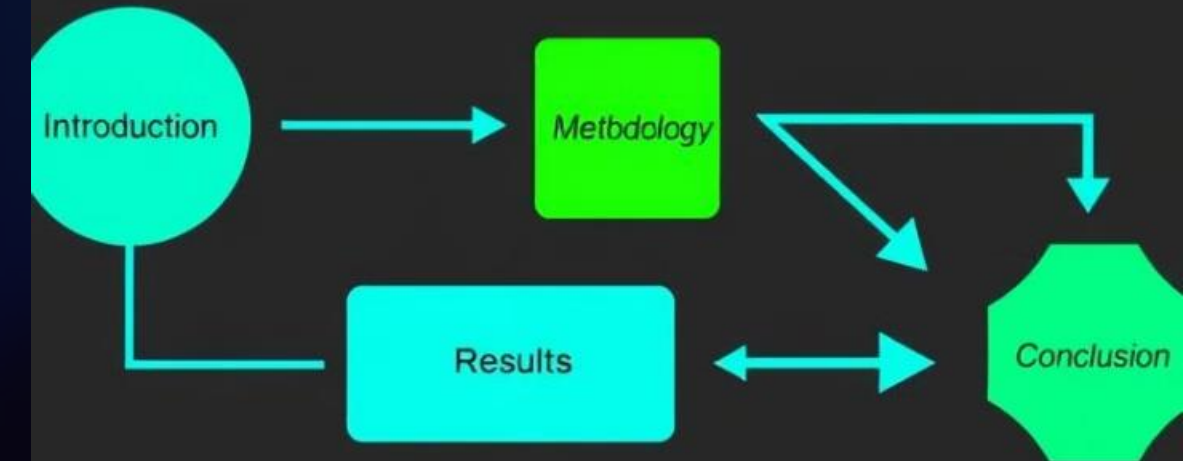
# Summary of Key Takeaways

- 1 Contracts as foundation**

Supply contracts are essential for clear communication and defined responsibilities.
- 2 Effective risk management**

Risk sharing strategies help mitigate potential disruptions and ensure supply chain resilience.
- 3 VMI as a solution**

Vendor-Managed Inventory offers a practical example of risk sharing and supply chain optimization.





# Online Resources for Further Learning



## Google Scholar

Access research articles and publications on supply chain management and AI.



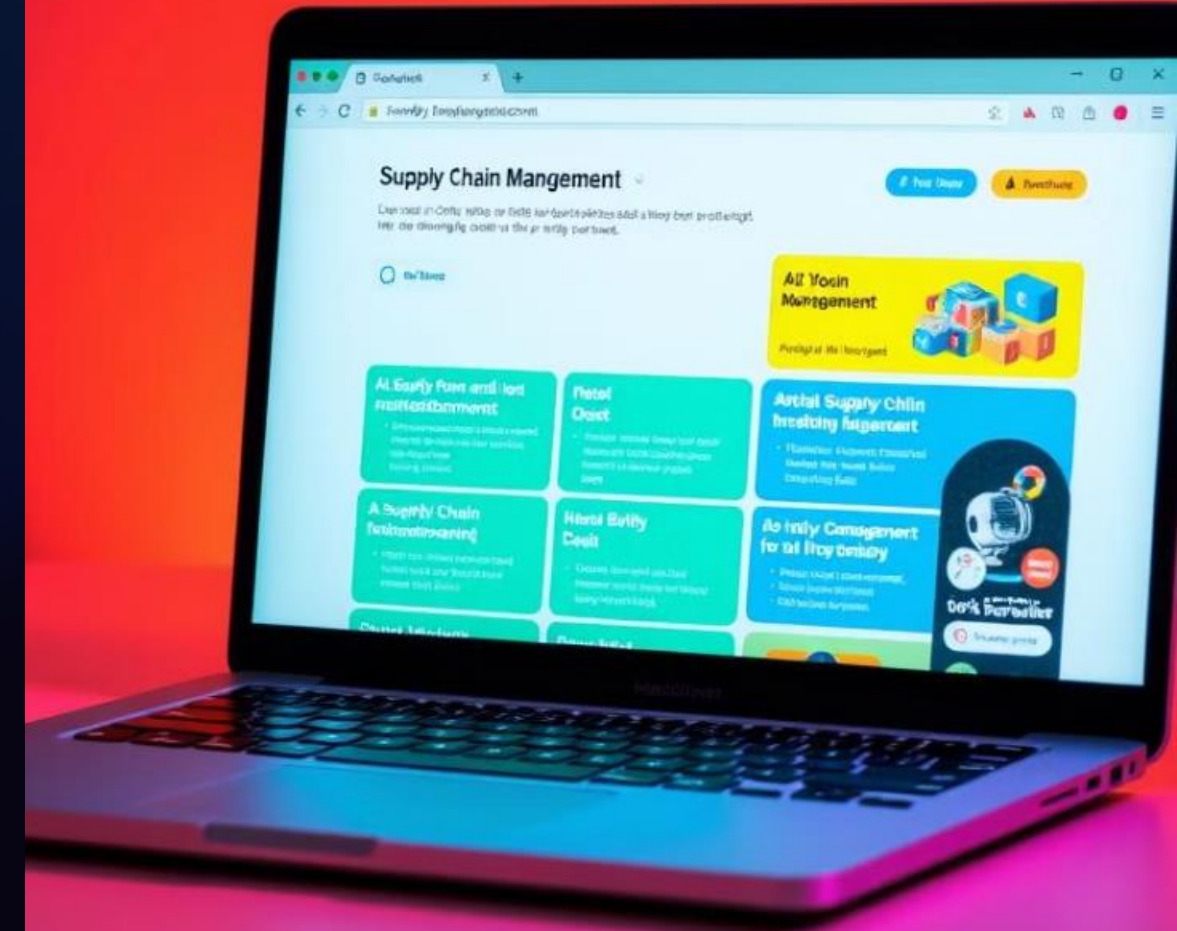
## YouTube Channels

Explore informative videos and case studies on supply chain strategies and AI applications.



## LinkedIn Groups

Connect with industry professionals and learn from their experiences and insights.



# Recommended Textbooks and References

- The Logistics Handbook, by David J. Bowersox and David C. D.
- Supply Chain Management: A Global Perspective, by Sunil Chopra and Peter Meindl
- Artificial Intelligence in Supply Chain Management, by Zhe Zhang
- AI for Logistics: Transforming Supply Chain Management with Artificial Intelligence, by

