JABIL | PROCUREMENT & SUPPLY CHAIN SERVICES

De-Risking Supply Chains for Private Equity Investments

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1.0 | Executive Summary

Private equity firms are now investing into structurally higher supply chain risk. Geopolitics, supplier concentration, regulatory complexity, and ongoing disruption have made volatility a constant, not an exception. Even strong portfolio companies are feeling it in the form of cost spikes, longer and less predictable lead times, and rising service risk.

For deal teams, that risk translates directly into returns:

- Margin compression from unplanned material and logistics costs
- Working capital trapped in excess, mislocated, or obsolete inventory
- Value-creation plans delayed as management shifts from growth to firefighting
- Weaker exit stories as buyers and lenders question resilience under stress

Jabil's Supply Chain Operating Partner (SCOP) model is designed to change that trajectory. Acting as a co-sourced partner to both the sponsor and portfolio leadership, Jabil embeds Fortune-100 supply chain scale, data, and execution capability from pre-deal diligence through the first 100 days, value-creation, and exit.

Typical outcomes across portfolios include:

10–25%
material cost reduction

5–10%
working capital release

+150–400 bps
EBITDA uplift

<12 months'
time-to-value

Stronger exit readiness
through governance, dual-sourcing, and resilience

Just as important, SCOP hardwires resilience and governance into the portfolio, so exit processes are supported by clear data, credible risk reduction, and a stronger operational story.

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2.0 The New Risk Baseline for PE-Owned Supply Chains

Over the past decade, disruption has stopped behaving like a tail-risk event and started functioning as the baseline operating environment for portfolio companies. Geopolitics, supplier consolidation, reshoring and regulatory pressure now sit alongside climate-driven shocks as persistent sources of uncertainty. Recent research estimates that cascading supply chain disruption linked to climate change alone could add $3.75–$24.7 trillion in net global economic losses by 2060, depending on emissions levels.

Risk sentiment from operators tells the same story. A cross-industry supply chain risk index, where scores above 50 signal rising risk, recorded 67.05 for Q4 2025, down from the prior quarter but still firmly elevated. Cybersecurity and data risk ranked highest at 78.31, followed by government-intervention risk (77.11), supplier risk (72.89) and economic risk (72.29), underscoring that digital threats, policy shifts and supplier/geography concentration remain the dominant concerns even as overall risk moderates slightly.

For PE-owned businesses, these macro forces show up in hard financial terms:

- **Unforecastable cost spikes** in materials, logistics and compliance, compressing gross margins.
- **Lead-time volatility** that forces higher safety stocks, premium freight and frequent schedule changes.
- **Inventory swings and obsolescence** as demand shifts faster than planning cycles can adjust, tying up or writing off working capital.
- **Service-level hits and customer churn** when disruptions cascade into missed deliveries, quality issues or lost tenders.

For deal teams, this means supply chain can no longer be treated as background noise to be averaged out over a holding period. It is now a design parameter in the deal thesis, one that directly shapes gross margin, working capital and revenue growth, and that can be visualized explicitly in “event-to-EBITDA” views that link disruption types to financial impact and required interventions.

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3.0 Where Traditional Deal Playbooks Miss Supply Chain Risk

Traditional PE playbooks still do a lot right, but they typically treat supply chain as supporting detail rather than a core risk line.

Financials, commercial diligence, management quality and high-level operations get deep scrutiny, while supply chain is often compressed into a few slides on suppliers, footprint and logistics. Structural vulnerabilities rarely show up as quantified assumptions in the investment case.

The gap shows up in governance as well as process. Recent survey data indicates that while many organizations are increasing supply chain continuity planning and mapping, roughly 20% report low or no top-management commitment to managing supply chain risk, often due to economic pressure and competing budget priorities. Disruption is rising, but leadership attention and capital allocation around supply chain risk lag behind.

For PE sponsors, that disconnect translates into avoidable "unknown unknowns" after close: issues with supplier dependence, planning, logistics or compliance that surface only when they start hitting numbers. The comparison below illustrates how a traditional playbook differs from a de-risked, SCOP-enabled approach at each stage of the deal lifecycle.

STAGE	TRADITIONAL PE PLAYBOOK	DE-RISKED PLAYBOOK WITH SCOP
Due Diligence	High-level supplier/footprint slide; limited visibility beyond tier-1; qualitative view of logistics and compliance	Structured supply-risk mapping across tiers; quantified exposure by supplier/region; early scenarios on cost, lead time and compliance risk
First 100 Days	IFirefighting Day-1 surprises (materials, freight, regulations); ad hoc expediting and contract fixes	Targeted sourcing and logistics quick wins; prioritized risk-mitigation moves; basic dashboards and KPIs stood up from Day 1
Value Creation	Event-driven sourcing campaigns; manual planning; fragmented logistics decisions; limited real-time data	Portfolio-wide sourcing strategy; integrated planning and logistics; digital visibility/control-tower concepts; scenario modeling for disruption
Exit	Operational story focused on cost-cutting; sparse KPI history; buyer diligence uncovers residual single points of failure	Documented playbooks and governance; multi-year supply chain KPI trends; clear dual-sourcing and resilience narrative that reduces perceived risk

Seen through this lens, the issue is not that PE firms overlook operations, it's that their deal playbooks under-specify supply chain risk. A de-risked approach makes exposures explicit, assigns ownership and links them directly to gross margin, working capital and the exit narrative.

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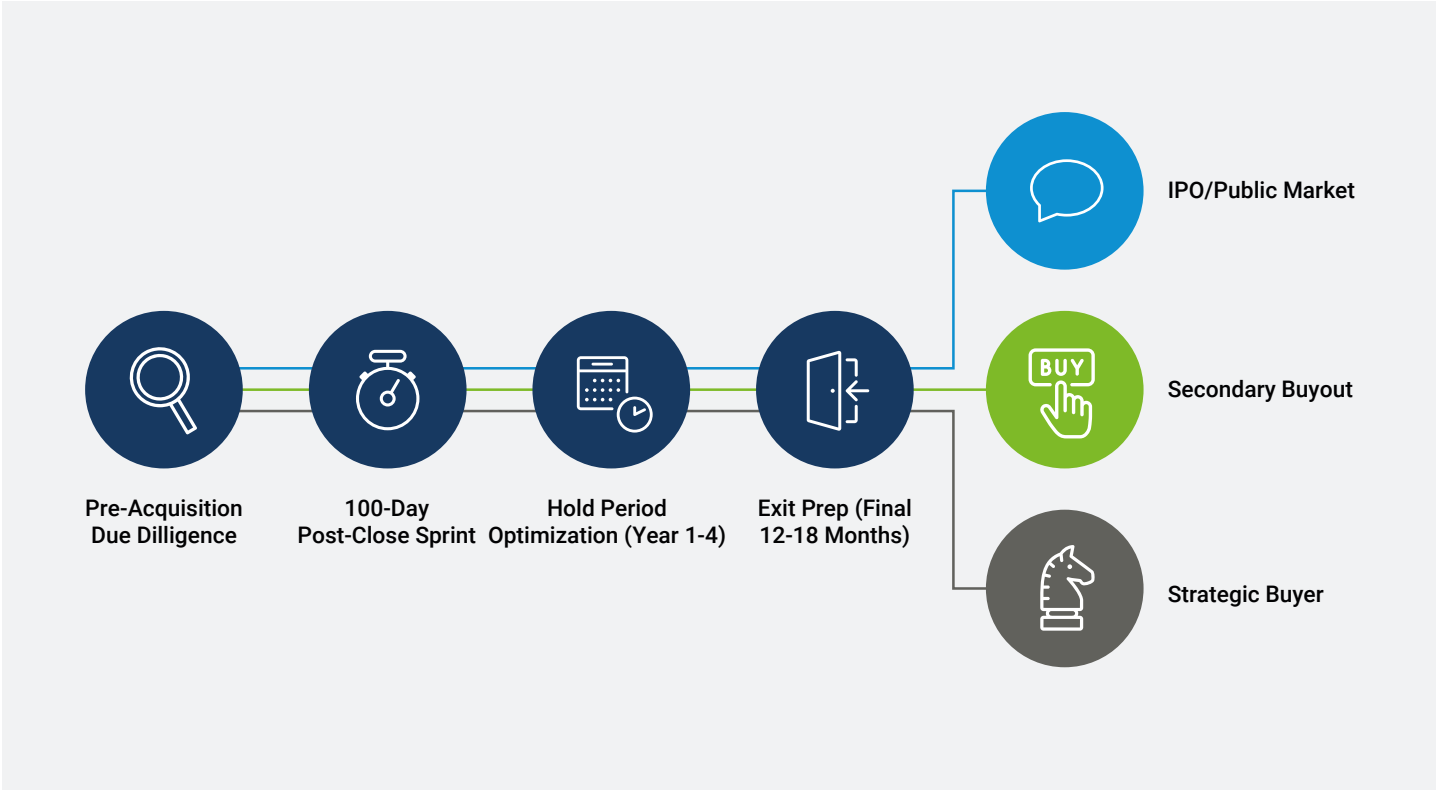
4.0 The Solution: Jabil as a Supply Chain Operating Partner (SCOP)

At the heart of Jabil's approach to de-risking PE portfolios is a formal Supply Chain Operating Partner (SCOP) model. Rather than providing episodic advisory support, SCOP is a repeatable framework in which Jabil sits alongside the sponsor and management team as a co-sourced partner, bringing a dedicated supply chain "brain and execution engine" into the deal, without displacing management's leadership or accountability.

The goal is simple: make supply chain risk and value creation as explicit, measurable and managed as the rest of the investment thesis.



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Pre-Deal & Diligence

In the pre-deal window, SCOP turns supply chain from a footnote into a core part of the investment thesis.

- Rapid risk scan across supplier concentration, tier-2/ tier-3 exposure, geographic and geopolitical risk, logistics constraints and cost baselines.
- Identification of critical vulnerabilities that could affect continuity, margins or working capital post-close.
- Early sizing of upside levers in cost, cash and resilience, feeding directly into valuation and deal structuring.

100 Day Post-Close Sprint

Immediately after close, SCOP focuses on stabilization and quick wins.

- Launches targeted sourcing initiatives (e.g., qualified alternates, should-cost validation, renegotiation of high-impact contracts).
- Implements immediate risk-mitigation moves in logistics and inventory (e.g., optimized routing, premium freight rationalization).
- Stands up basic governance: pragmatic dashboards, a focused KPI set and a cadence that links management, the PE operating team and Jabil.

Hold Period Optimization

During the hold period, SCOP shifts from firefighting to structural change.

- Designs and executes strategic sourcing programs that leverage aggregated demand and Jabil's global supplier base.
- Optimizes the physical network (plants, suppliers, distribution, logistics partners) for cost, service and resilience.
- Introduces digital visibility and control-tower concepts so decisions are based on end-to-end data rather than local spreadsheets.

Exit/Recapitalization

As the investment approaches recapitalization or exit, SCOP helps convert operational progress into equity story.

- Documents processes, governance and playbooks so improvements are institutionalized, not personality dependent.
- Builds a clear data trail of cost, service, risk and working-capital performance to support diligence.
- Articulates supply chain–specific resilience and dual-sourcing strategies that reduce perceived buyer risk and support stronger valuation narratives.

What makes Jabil's SCOP model distinct

What differentiates this model is Jabil itself. As a roughly $30B global manufacturing and supply chain leader operating in more than 30 countries, Jabil brings Fortune-100-level tools, supplier relationships and analytics to mid-market and large portfolio companies alike.

Unlike traditional advisory models, SCOP is built on execution: tested playbooks, embedded teams and the ability to operate across industries. For PE sponsors, that means a partner that can both design and deliver supply chain improvements, repeatedly, across the fund.

For additional information, visit pscs.jabil.com

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5.0 Quantifying the Impact of SCOP-Led De-Risking

A SCOP model is only credible if it moves the numbers that matter to deal teams. When Jabil is embedded as a Supply Chain Operating Partner early in the lifecycle, the impact typically shows up in a consistent set of metrics across portfolio companies: cost, cash, risk profile, EBITDA and speed of value realization.

Because SCOP operates at portfolio scale, these are not isolated wins in a single asset. When applied systematically across multiple companies and funds, the same levers compound: lower blended input costs, improved aggregate cash generation and a more resilient, data-backed exit story at the fund level.

Each metric reflects a clear mechanism, not just a target range:

- **EBITDA Uplift:** SCOP deployments typically drive a 45–65% increase in EBITDA through a combination of strategic sourcing, operational efficiency, and supply-chain optimization.
- **Enterprise Value Expansion:** The resulting improvements in EBITDA quality, operational maturity, and risk reduction commonly support 20–35% expansion in enterprise value at exit.
- **IRR Enhancement:** Accelerated EBITDA capture, disciplined working-capital management, and reduced operational volatility together enhance internal rates of return by approximately 3–5 percentage points.
- **MOIC Improvement:** Sponsors frequently realize 0.5x–1.1x improvements in MOIC driven by stronger cash generation, operational de-risking, and higher exit multiples.
- **Working Capital/DPO Improvement:** Through supplier consolidation, terms optimization, and inventory rationalization, SCOP programs typically unlock 20–30% improvement in working-capital efficiency, including Days Payable Outstanding (DPO).

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6.0 Outsourced Corporate Development & Capital Coordination

For PE sponsors, operational gains only matter when they change the capital story. SCOP-led improvements that reduce risk and lift margins also strengthen KPIs, data rooms and investment narratives, replacing vague claims of "operational excellence" with hard evidence on resilience, dual-sourcing, service levels and cash generation.

Jabil's Outsourced Corporate Development and Capital Coordination capability makes that link explicit. It uses SCOP-generated data and scenarios to support financing, recap and exit decisions, while sponsors' bankers, legal counsel and financial advisors remain responsible for structuring, valuation and terms.

- **Vendor due diligence support:** Bringing supply chain analytics, stress tests and scenario models into the seller's data room so buyers can see how risk has been reduced and where residual exposures are being actively managed.
- **Capex planning and approval:** Informing investment cases with realistic ramp profiles, lead times and capacity constraints so capital projects are grounded in operational reality, not optimistic assumptions.
- **Bridge financing and covenant discussions:** Equipping sponsors with operational evidence that risk is trending down and performance is trending up, helping to justify interim financing or covenant adjustments when needed.

The effect is a reinforcing loop. SCOP-led improvements generate cleaner, more resilient performance data; that data underpins stronger investment cases with ICs, lenders and buyers; better capital terms then fund further optimization, which in turn enhances performance and resilience again.

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7.0 What a "De-Risked" Portfolio Looks Like: Maturity Model

To make supply chain risk tangible at portfolio level, it helps to think in terms of maturity rather than isolated projects. A simple four-stage model gives deal teams a way to locate each asset, and the portfolio as a whole, on a clear progression.

1. AD HOC SUPPLY CHAIN

Supply chain is largely invisible in the deal thesis.

- **Risk:** Managed reactively; surprises are common, especially around suppliers and logistics.
- **Governance:** Decisions made in silos; limited cross-functional forums or standardized KPIs.
- **Valuation/Exit:** Higher perceived execution risk, more aggressive downside haircuts, weak operational story in diligence.

2. MANAGED SUPPLY CHAIN

Basic processes and reporting are in place, but still largely local.

- **Risk:** Key issues tracked, but risk assessments are periodic and backward-looking.
- **Governance:** Some cross-functional reviews; sourcing initiatives run as individual events.
- **Valuation/Exit:** Credible operational controls, but limited ability to prove resilience or scalability.

3. ORCHESTRATED SUPPLY CHAIN

Supply chain decisions are coordinated across functions and business units.

- **Risk:** Proactively analyzed with scenario modeling and playbooks for likely disruption types.
- **Governance:** Standard KPIs, integrated logistics and procurement reviews, regular portfolio-level visibility.
- **Valuation/Exit:** Stronger narrative around margin stability, working capital discipline and service.

4. INSTITUTIONALIZED SCOP

Supply chain is an explicit part of the deal thesis, with Jabil engaged across the lifecycle.

- **Risk:** Mapped, quantified and actively managed from diligence through exit, with dual-sourcing and resilience metrics.
- **Governance:** Standardized SCOP playbooks, shared dashboards and routines across portfolio companies.
- **Valuation/Exit:** De-risked equity story with three years of improving KPIs, clear evidence of resilience and repeatable value-creation levers.

Portfolio self-check for deal teams

A few simple questions can help deal teams gauge where they stand:

- Could we **quantify our top five supply chain risks** before signing a deal?
- Do we have a **portfolio-wide view of supplier and geography concentration?**
- Can we show a buyer **three years of improving supply chain KPIs** for our priority assets?
- Do our **100-day plans include concrete supply chain actions?**
- Can we **model how a major disruption would hit EBITDA and covenants?**

If the honest answer to any of these is "no" or "not consistently," there is room to move up the maturity curve with a SCOP-led approach.

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8.0 Turning Volatility into a Value Creation Advantage

Supply chain volatility is now a constant in any holding period. The question for PE sponsors is whether it erodes value or becomes a managed lever. SCOP is simply a way to make that lever explicit and repeatable across deals.

Instead of a one-off project, SCOP works as a portfolio strategy: the same disciplines around cost, cash, risk and resilience applied from diligence through exit.

Getting started does not require a wholesale reset. Sponsors can:

- Run a focused SCOP diagnostic on a single high-risk or high-potential asset.
- Use those insights to build a portfolio-wide risk and opportunity map.
- Gradually add SCOP prompts into deal screening and IC templates.

For PE sponsors, de-risking the supply chain is no longer a defensive move, it is one of the most reliable ways to protect multiples and accelerate returns.

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