

Navigating Tariff Challenges with Decision Intelligence

Protect your bottom line with ConverSight - gain certainty with data-driven decisions



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I. Introduction

Tariffs are one of the most unpredictable factors in today's global supply chains, adding significant complexity and financial strain to businesses worldwide. As governments adjust trade policies, industries find themselves facing sudden increases in import costs, disruption in supply chains, and market instability.

Companies have long struggled to respond to these tariff changes quickly enough, relying on outdated systems, manual reporting, and a lag in real-time decision-making. In an era of rapid market shifts, businesses need to harness the power of Decision Intelligence to stay ahead of the curve and protect their margins from the impact of tariffs.

This whitepaper explores how businesses can leverage Decision Intelligence to effectively manage tariff-related challenges, providing insights into the current tariff landscape, the impact on industries, and how Unified Decision Intelligence – the combination of analytics, machine learning, and supply chain - helps manufacturers, distributors, and retailers mitigate the risks associated with tariff changes.

2. The Current State of Tariffs: A Global Reality Check

Tariffs are not just trade taxes—they are barriers to profitability. Over the past few years, the landscape of global trade has experienced frequent shifts in tariff rates, particularly between the United States and key trading partners like China, the European Union, and emerging markets. What was once a predictable expense has become a volatile, unpredictable variable in cost management.

2.1 Key Factors Driving Tariff Changes

- Political Shifts: Tariff rates often change in response to geopolitical negotiations, trade disputes, or new government policies.
- Supply Chain Dependencies: Global supply chains, particularly in industries like electronics, automotive, and consumer goods, are highly sensitive to tariff changes.
- Global Economic Pressures: Inflation, changing currency values, and fluctuations in the supply-demand balance globally can lead to new tariffs or adjustments in existing tariffs.



3. Industries Struggling with Tariffs and the Growing Pressure to Adapt

Tariff changes have far-reaching effects across industries, but none more so than those deeply rooted in global supply chains. Sectors like manufacturing, distribution, and retail bear the brunt of these disruptions due to their reliance on multi-tiered, international sourcing and logistics networks. Below is a look at several key industries where tariff-related challenges have become especially critical:

Automotive Industry

The automotive industry is one of the most vulnerable sectors to tariff changes. Automakers depend heavily on raw materials, components, and parts sourced from suppliers around the globe. With tariffs on essential components such as steel, aluminum, and automotive electronics, production costs can surge, putting profit margins under significant strain.

Electronics and Technology

The electronics and technology sector are another prime example of industries grappling with tariff pressure. Many tech companies rely on affordable manufacturing in regions like Asia, where components such as semiconductors, mobile phone parts, and consumer electronics are produced. Tariffs on these essential components directly drive-up production costs, making it harder for companies to maintain competitive pricing. The imposition of tariffs on tech imports, such as those on Chinese electronics, has led to higher prices for consumer goods like smartphones and laptops, eroding the market competitiveness of these products and impacting profit margins. Additionally, tech companies may face delays in supply chain cycles as tariffs slow down shipments, creating unpredictability in product availability.

Consumer Goods and Retail

The consumer goods and retail industry are particularly sensitive to tariff fluctuations, especially since many goods are imported from countries with changing tariff rates. Retailers are forced to navigate the complexities of fluctuating costs while trying to maintain stable pricing for consumers. Products like apparel, home goods, and personal electronics are often heavily impacted by tariff increases, leading to either higher consumer prices or squeezed profit margins.

Agriculture and Food Processing

The agriculture and food processing industry is highly susceptible to trade disputes and shifting tariff policies, particularly when it comes to export-heavy segments like grains, soybeans, dairy, and meat. Retaliatory tariffs imposed by trade partners in response to broader geopolitical tensions can quickly restrict access to key international markets, severely impacting revenue for farmers, producers, and food exporters.



Domestically, rising input costs from imported fertilizers, pesticides, machinery, seeds, and packaging materials place further pressure on margins. These cost increases ripple through the supply chain, from production to processing to distribution, ultimately raising prices for everyday consumer goods. Additionally, tariff uncertainty can delay capital investment in advanced farming technologies and infrastructure, limit operational efficiency, and disrupt long-term planning in a sector already affected by weather volatility and seasonal variability. Food processors, who often operate on high volumes and low margins, must also grapple with sudden shifts in sourcing strategies and compliance standards due to new trade barriers.

Healthcare and Pharmaceuticals

The healthcare and pharmaceutical sectors rely heavily on global supply chains for the procurement of active pharmaceutical ingredients (APIs), medical devices, diagnostic equipment, and even personal protective equipment (PPE). Many of these essential components are sourced from overseas, particularly from regions like India, China, and the EU. Tariffs on these imported items can lead to sudden and steep cost increases, creating affordability issues for manufacturers, healthcare providers, and ultimately, patients.

Tariff-induced supply chain disruptions can also cause critical shortages of life-saving drugs and medical supplies. Lead times become longer, regulatory approvals more complicated, and inventory buffers harder to maintain. The added costs and uncertainty can delay clinical trials, increase manufacturing risks, and impact healthcare access in both developed and emerging markets. In a sector where precision, consistency, and timeliness are paramount, the effects of tariffs extend beyond economics—they can directly influence patient outcomes and public health strategies.

Distribution and Logistics

The distribution and logistics industry is particularly exposed to the disruptive impact of tariffs due to its central role in global trade. Tariff changes lead to increased customs duties, added documentation complexity, and stricter compliance requirements—creating new layers of cost and uncertainty. Third-party logistics providers (3PLs), freight forwarders, and distributors must constantly adapt to shifting regulations, updated tariff classifications, and fluctuating duty rates. These adjustments often require changes in carrier routes, renegotiation of shipping contracts, and realignment of inventory flows across distribution centers. When shipments are delayed or rerouted, supply chain timelines are disrupted, directly affecting inventory availability and service-level commitments.

As tariffs alter the economics of moving goods across borders, logistics operations face rising landed costs and margin pressures. Businesses must either absorb these increased expenses or pass them on to customers—both of which pose risks to profitability and customer satisfaction. Delivery reliability can also suffer, especially in industries with time-sensitive supply chains such as retail, healthcare, and manufacturing. To stay agile, logistics providers are increasingly adopting Al-driven decision intelligence solutions that enable real-time cost modeling, route optimization, and supply chain scenario planning. These technologies empower companies to make proactive, data-backed decisions that help mitigate tariff-related disruptions and maintain operational resilience.



4. The Tariff Challenge

As global trade policies continue to evolve, tariffs have become a major disruptor for businesses worldwide. The unpredictability and shifting nature of tariff regulations present significant challenges for manufacturers, retailers, and distributors, complicating decision-making processes and threatening profitability. The pressure to quickly respond to changes in tariff rates has highlighted weaknesses in business operations, often leading to negative consequences. Here's a deeper look at the challenges companies face due to tariffs:

4.1 Unpredictable Pricing and Cost Structures

One of the most pressing challenges businesses face when dealing with tariffs is the unpredictability of costs and the difficulties associated with adjusting pricing strategies. Tariff increases can suddenly make imported goods significantly more expensive, directly affecting the cost structure of manufacturers and retailers. Without the right tools and systems in place to quickly calculate new costs and adjust pricing, businesses risk either overpricing their products—potentially driving away customers—or cutting their margins too thin to stay profitable.

4.2 Supply Chain Disruptions and Stockouts

Tariff changes also cause significant disruptions to supply chains, particularly with regard to inventory management. The unpredictability of tariffs can make it difficult for businesses to know when to stock up or when to hold off on purchases. As a result, many companies find themselves caught in a cycle of overstocking or understocking.

Without proper forecasting tools, businesses may end up purchasing too much inventory in anticipation of rising tariff rates, thus tying up valuable capital and creating excess stock that they may not be able to sell. On the other hand, some businesses may be cautious about increasing their inventory levels due to the uncertainty of tariffs, only to find themselves running out of stock and missing out on crucial sales opportunities. This imbalance can be especially problematic for retailers, as stockouts lead to lost sales and poor customer satisfaction.

4.3 Inefficient Manual Reporting

Another major challenge posed by tariffs is the reliance on inefficient manual reporting processes. Many businesses continue to rely on static spreadsheets, disconnected systems, and outdated tools to track the impact of tariffs on their operations. This creates significant gaps in real-time data and prevents businesses from obtaining timely insights into how tariffs are affecting their costs and supply chains.



With tariff rates constantly fluctuating, businesses need up-to-the-minute data to make informed decisions. However, using manual reporting systems makes it difficult to react quickly when tariffs change. Without automated tracking and real-time visibility, companies are forced into reactive, rather than proactive, decision-making. By the time they receive tariff updates, businesses may have already made purchasing decisions based on outdated information, leading to overstocking, unnecessary price hikes, or missed opportunities to optimize supply chains.

5. How Decision Intelligence Helps Combat Tariffs

5.1 What is Decision Intelligence?

Decision Intelligence (DI) is an advanced form of analytics that combines traditional data analysis with machine learning and AI-driven insights to drive smarter, faster decisions. Unlike Business Intelligence (BI), which is often focused on historical data and reporting, Decision Intelligence takes a forward-thinking approach, providing real-time data and predictive insights to make informed decisions before issues arise.

Decision Intelligence does not just show you what's happening—it helps you understand what will happen next, and how you can proactively respond to changes in your business environment.

5.2 How is Decision Intelligence Different from Traditional BI?

While traditional Business Intelligence (BI) has long been a staple in analyzing past data to inform decisions, Decision Intelligence (DI) takes things a step further by providing more dynamic, forward-looking insights. Here's how the two compare:

Aspect	Traditional Business Intelligence (BI)	Decision Intelligence (DI)
Dashboard Experience	Presents static, pre-defined dashboards focused on historical metrics. Requires interpretation by analysts.	Offers dynamic, real-time dashboards that adapt based on business context and current data.
Data Analysis	Relies heavily on manual effort for analysis, making it time-consuming and prone to delays.	Automatically delivers Al-powered insights, patterns, and forecasts, reducing analysis time.



Decision Focus	Supports reactive decision -making by reflecting past trends and outcomes.	Enables proactive decision-making with forward-looking recommendations and scenario modelling.
Ease of Use	Often complex and built for data teams, requiring technical skills to extract actionable insights.	Designed for business users with intuitive interfaces and natural language query capabilities.
Time-to-Insight	Insights can be delayed due to data preparation and report generation.	Instant insights delivered through automation and real-time data processing.
Forecasting	Limited predictive capabilities; mostly descriptive analysis.	Built-in predictive models help anticipate future events and recommend optimal actions.
Data Interaction	Queries and deep dives require SQL or specialized tools and training.	Users can ask questions using everyday language and receive instant answers.

6. Why Decision Intelligence is the Key to Combating Tariffs

Automotive Industry

Unlike traditional systems that rely on outdated reports, Decision Intelligence platforms offer real-time visibility into tariff changes and their financial impact. Businesses can instantly see how updated tariff rates affect pricing, vendor costs, and product margins—allowing for immediate adjustments to procurement, supply planning, and pricing strategies.



Machine Learning-Driven Insights

With the power of machine learning, Decision Intelligence systems like ConverSight don't just report data—they analyze trends and learn from them over time. This means businesses receive increasingly accurate forecasts and insights as the system continuously improves. Whether it's predicting the impact of a 10% tariff hike on key materials or identifying future supply risks, these intelligent models provide a clear roadmap forward.

Proactive Alerts and Recommendations

Instead of being reactive, businesses can become proactively prepared. Decision Intelligence platforms issue early alerts about tariff changes or supply disruptions, complete with actionable recommendations—such as adjusting order volumes, shifting sourcing strategies, or renegotiating with suppliers. This leads to fewer surprises and smarter planning.

Scenario-Based Forecasting

What if the tariff increases by 15%? What if a key supplier country becomes restricted? With scenario modeling, Decision Intelligence enables teams to simulate different outcomes based on tariff rate changes, inventory status, supplier performance, and more. These "what-if" forecasts help leaders evaluate multiple strategies and choose the best course of action—before any real-world impact hits.

7. ConverSight Decision Intelligence: The Smart Solution to Tariff Challenges

Navigating tariffs can be one of the most significant challenges for global businesses. With the ever-changing landscape of international trade, the unpredictability of tariffs, and their direct impact on cost structures and operational efficiency, companies need to take an agile and proactive approach. ConverSight's Decision Intelligence platform delivers the tools and insights to help businesses swiftly and effectively navigate these challenges, ensuring profitability, mitigating risks, and improving decision-making across the supply chain.

7.1 How ConverSight Helps Combat Tariffs

ConverSight provides a comprehensive suite of tools designed to address the specific challenges posed by tariffs. From real-time insights into cost implications to predictive modeling and automated recommendations, our platform offers data-driven solutions that empower businesses to not just react to tariff changes, but to proactively manage and leverage them for long-term growth. Here's how:



Spend Analysis – Historical vs. Forecasted

ConverSight's Spend Analysis feature compares historical spending against forecasted spend based on both old and new tariff rates. This provides businesses with a clear picture of how tariff changes will affect their finances over time, helping them to track financial exposure to tariffs and evaluate the impact of tariff adjustments. By understanding the past and forecasting the future, companies can plan their budgets more accurately and manage cash flow more effectively.

Inventory and Purchase Order Impact by Vendor Country

With tariffs impacting different regions differently, understanding the inventory and purchase order impact by vendor country is critical. ConverSight analyzes the value of current inventory, incoming purchase orders (POs), and on-order commitments based on the countries of origin. By calculating the expected increase in costs due to tariffs, businesses can determine which suppliers or regions are incurring the greatest financial burden and make informed decisions about how to redistribute inventory or adjust order volumes. This level of granularity enables companies to avoid overstocking or missing critical supply chain opportunities.

Vendor-Level Cost Impact and Negotiation Opportunities

Every supplier is affected by tariffs differently, and ConverSight helps businesses assess the vendor-level cost impact of tariff changes. This feature breaks down tariff increases on a per-supplier basis, making it easier to identify which vendors are contributing to increased costs. Businesses can then explore negotiation opportunities such as bulk purchasing, consolidating shipments, or renegotiating contracts with suppliers. These insights help companies reduce the financial burden imposed by tariffs and find ways to lower costs through smarter supplier management.

Part-Level Strategy and Procurement Alternatives

ConverSight takes inventory management to the next level by analyzing the value of inventory at the part level, comparing the impact of old and new tariffs for each part number. Businesses can then create tailored procurement strategies, including pre-purchasing, stockpiling, or seeking alternative suppliers to mitigate the long-term cost exposure caused by tariffs. This approach ensures that businesses have the right parts at the right time, minimizing inventory risk and optimizing procurement actions based on real-time tariff scenarios.

Finished Goods Margin Impact and Mitigation Planning

The impact of tariffs is not only felt at the component level but also on finished goods, which can experience increased production costs and reduced margins. ConverSight helps businesses evaluate how tariffs affect product margins by identifying where margin erosion is most significant. The platform also suggests mitigation strategies such as adjusting pricing models, securing alternative sourcing, or improving operational efficiencies to offset the tariff-induced cost increase. This ensures that businesses can protect their profitability while navigating the uncertainty created by tariff changes.



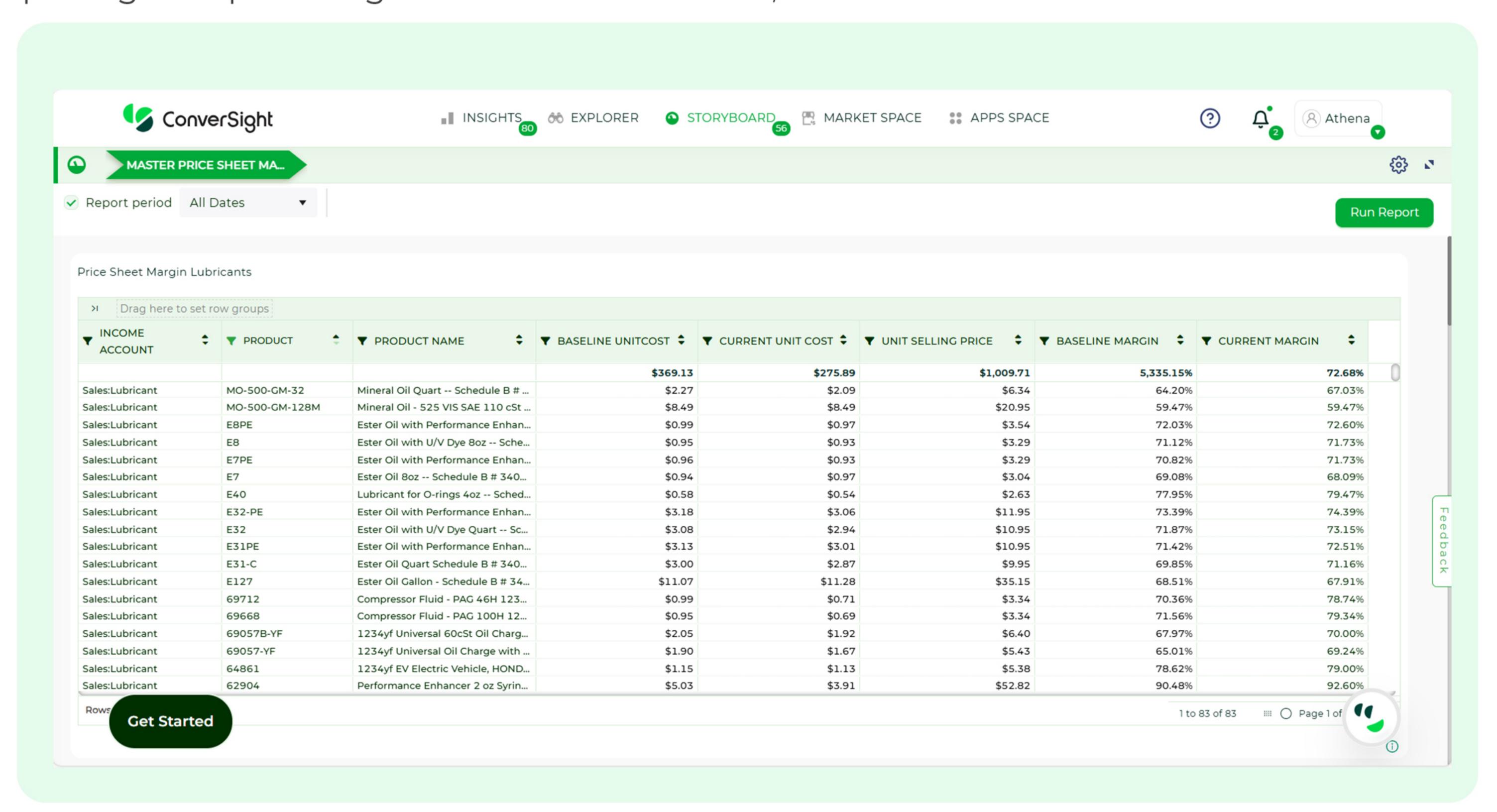
8. Decision Intelligence Success Stories

Case Study 1: TSI Supercool Industry: Chemical Manufacturing

Navigating the complexities of fluctuating tariffs requires more than just reactive measures—it demands foresight, agility, and real-time visibility into cost drivers. One business that has successfully embraced this approach is TSI Supercool, a leading manufacturer of specialty lubricants.

Like many companies in the manufacturing space, TSI Supercool faced rising raw material costs and freight expenses, amplified by unpredictable tariff increases and global supply chain volatility. Their traditional manual processes made it difficult to track these impacts quickly, leading to pressure on margins and reduced operational efficiency.

By implementing ConverSight's Decision Intelligence platform in combination with their Fishbowl ERP system, TSI Supercool was able to transition from reactive cost management to a proactive, data-driven strategy. The company gained instant visibility into how tariffs were affecting suppliers, freight, and finished goods pricing—empowering them to make smarter, faster decisions across the board.



Using features like real-time pricing analytics, supplier-level spend impact, and dynamic inventory forecasting, the team reduced labor hours by 20% and improved margins by 10%, all while gaining better control over procurement strategies. Insights into cost trends and vendor-specific exposure allowed them to renegotiate terms, adjust pricing models, and optimize order planning—helping protect profitability in a time of economic uncertainty.



Case Study 2: Cascadia Motion Industry: Automotive

Cascadia Motion, a leader in electric and hybrid vehicle powertrain systems, faced growing challenges in inventory management and demand forecasting as global tariffs disrupted supply chains and increased sourcing costs. Relying on manual, Excel-based systems, the company struggled to respond to sudden trade shifts, resulting in inaccurate forecasts, limited visibility into tariff-impacted suppliers, and inflated inventory levels.

To overcome these challenges, Cascadia Motion turned to the ConverSight platform, a powerful decision intelligence solution designed to enhance forecasting accuracy and improve supply chain visibility. With ConverSight, the team gained real-time insights into supplier risks and tariff impacts, accessed configurable dashboards to simulate trade scenarios, and received actionable alerts to guide purchasing and inventory decisions. The platform's intuitive interface and Al-powered analytics enabled faster, smarter responses to market volatility. As a result, Cascadia Motion reduced supply chain reporting time by 80%, improved on-time fulfillment by 30%, and lowered inventory costs by 18%—all while navigating complex tariff-related disruptions.

Case Study 3: Extract Industry: Industrial Machinery & Equipment, Manufacturing

Faced with rising global tariffs, fluctuating commodity prices, and tightening regulations, Extract Production—a leading provider of solutions for the oil and gas sector—found its supply chain under immense pressure. The unpredictable shifts in cost and availability of imported materials threatened to increase stockouts and force over-ordering, both of which would impact operational continuity and cash flow. To navigate these challenges, Extract turned to ConverSight's unified decision intelligence platform.

By leveraging AI-driven forecasting, ConverSight enabled Extract to anticipate inventory needs more precisely, even amidst volatile tariff-induced pricing and lead times. The platform's advanced analytics recommended optimal purchasing schedules and highlighted where delays or overstocking were likely to occur, allowing the company to act proactively. With custom reports tailored to their operations and real-time delivery insights, Extract was able to respond swiftly to international trade disruptions and maintain supplier relationships under new constraints.

As a result, the company achieved a 10% boost in on-time delivery, a 75% reduction in manual planning tasks, and a 22% decrease in stockouts. Most notably, Extract saved \$11 million in inventory costs, directly addressing the financial strain caused by tariff fluctuations—while improving supply chain resilience and decision-making across the board.



9. What Should Companies Do Now?

Stay ahead of rising costs and supply chain surprises with this smart, decision-driven checklist:

- Assess Supplier & Country Risk: Evaluate your current inventory and purchase orders by vendor country to pinpoint where your supply chain is most exposed to tariff risks. Understand which regions or suppliers are likely to drive up costs and take preemptive steps to minimize impact.
- Analyze Spend Forecasts vs. History: Compare historical spend data against forecasted costs using current and projected tariff rates. This helps quantify potential financial exposure and supports smarter budgeting, pricing, and financial planning.
- Run 'What-If' Tariff Scenarios: Use scenario modeling to explore the impact of various tariff rate changes, shifts in sourcing regions, or inventory disruptions. These simulations provide a roadmap to make proactive, data-driven decisions before issues arise.
- Recalibrate Procurement Strategy: Drill down into procurement at both the part and vendor level to identify high-impact items and suppliers. Adjust strategies by considering alternatives like pre-purchasing, bulk buying, alternate sourcing, or renegotiating terms.
- Activate Real-Time Alerts & Recommendations: Leverage ConverSight's real-time intelligence to receive automated alerts and actionable recommendations as tariff conditions shift. These instant updates empower you to respond quickly and maintain business continuity.

10. Conclusion: ConverSight is the Decision-Critical Tool

In an era defined by uncertainty, ConverSight stands out as a transformative force for businesses navigating tariff volatility. Where traditional analytics fall short, ConverSight's Unified Decision Intelligence platform delivers real-time visibility, predictive insights, and automated recommendations that empower organizations to move from reactive firefighting to strategic foresight. Whether it's mitigating rising costs, streamlining procurement, or protecting product margins, ConverSight equips manufacturers, distributors, and retailers with the solutions they need to stay competitive in a constantly shifting global trade environment. ConverSight is the only decision intelligence platform that seamlessly brings together analytics, Al/machine learning, and supply chain operations into ready-to-deploy solutions. Designed for industries where speed, agility, and precision are critical, ConverSight empowers businesses to adapt quickly and make smarter decisions. As tariffs and global regulations continue to shift, ConverSight helps your business stay ahead—more intelligent, more agile, and more resilient than ever.



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About ConverSight

ConverSight is the category creator in Unified Decision Intelligence. Combining generative AI and advanced analytics into a seamless platform that eliminates the complexity of traditional data science so businesses can make better decisions. Athena, ConverSight's patented AI-powered digital employee, delivers data stories, instant reporting, demand forecasting, and inventory optimization. By proactively providing real-time insights, predictive analytics, and recommended actions, ConverSight's Unified Decision Intelligence platform is an all-in-one solution that helps businesses streamline operations, reduce inefficiencies, and make smarter, faster decisions with confidence. ConverSight was named a Gartner Cool Vendor, Supply & Demand Chain Executive (SDCE) Top Software and Technology Solution 2024, and winner of the 2024 AI Breakthrough Award. Connect with ConverSight on LinkedIn, Instagram, Facebook, and Youtube, tune in to the Data Insights Podcast, or visit www.conversight.ai to learn more.



















