

State of Supply Chain Report 2026

Building the Connected
Production Chain



Foreword



Chirag Patel

Chief Executive Officer
at Inspectorio

Supply chain leadership in 2026

is defined by a practical mandate: protect margin, move faster, and make better decisions across complex production networks. At the height of globalization, scale and just-in-time efficiency defined advantage. When the pandemic and tariffs hit, resilience did. Today, complexity and disruption are still abound, but the next advantage will come from the Production Chain: **the execution layer between sourcing strategy and logistics where product, partner, and performance data become operating intelligence.**

This year's report shows progress, but also the limits of old operating models. AI usage has nearly doubled since 2024, with **40%** now using it across operations. Most value is emerging in targeted quality, supplier risk, performance, and compliance workflows. These gains matter because they reduce manual work, shorten detection cycles, and protect margin. But the lesson is clear: **AI creates value only when the data and workflows beneath it are connected, structured, and trusted.**

The broader lesson: **fragmented data has become strategic drag.** When quality, sourcing, supplier performance, traceability, testing, and documentation sit in separate systems, leaders reconstruct the truth after work has already happened. Decisions slow down, teams absorb complexity manually, and technology investments struggle to produce measurable returns. The issue is whether organizations have connected the workflows and data those tools need.

This is why the Production Chain matters. When the work of making, validating, and releasing products is connected, the evidence created along the way becomes business intelligence. The same data needed to validate product origin, supplier readiness, and market access can improve sourcing allocation, identify risk concentration, reduce rework, and support faster response when conditions change. Built correctly, **proof is not overhead. It is intelligence that compounds.**

As requirements move deeper into the product lifecycle, this connected model becomes the foundation of Product Integrity. Product risk rarely begins at the end of the process. It is usually created upstream and discovered late, when it is most expensive to fix. Product Integrity moves control earlier by connecting requirements, supplier capability, evidence creation, and release readiness into a lifecycle view. This is not only control discipline. It is calendar, inventory, and margin discipline.

None of this scales without suppliers. The industry must move from asking partners for more data to engagement models that create shared value: clearer requirements, less duplication, better feedback, and performance-based trust. Stronger collaboration is how efficiency becomes durable across a distributed network.

The leaders best prepared for the next era will not be those making the boldest commitments or adopting the most tools. They will be those **building Production Chain systems and relationships that make execution faster, decisions clearer, commitments credible, and performance measurable.** That is the work ahead, and this report is intended to help leaders approach it with clarity and conviction.



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Executive Summary

Global supply chains in 2026 are operating under a new mandate: move faster, absorb more volatility, and produce stronger proof with fewer disconnected processes. Across the three-part State of Supply Chain Report, the central challenge is no longer awareness. Retailers, brands, and manufacturers understand that regulation, tariff volatility, sustainability expectations, and AI are reshaping how products move from design to delivery. The gap is in the systems, data, workflows, and supplier engagement models required to execute consistently.

The Compliance Control Gap

Compliance is no longer a downstream checkpoint. A product can fall out of compliance long before final inspection, shipment release, or customs review through a material choice, supplier approval, test protocol, packaging specification, labeling requirement, or missing document. The 2026 data shows why this matters: **52%** of respondents rate the impact of recent regulatory changes on supply chain management at 4 or 5 on a 5-point scale, while **54%** report high compliance execution strain and only **50%** report increased compliance budgets.

The issue is not that organizations lack standards. Most have supplier codes, quality manuals, restricted substance lists, testing rules, and audit protocols. The gap sits between standards and execution. Requirements are interpreted in one function, evidence is created in another, and release decisions are often made under calendar pressure with incomplete visibility. Product Integrity closes that gap by reframing quality and compliance as a lifecycle discipline from design to delivery.

The Proof Gap in Traceability and Sustainability

Traceability and sustainability are undergoing the same shift. Regulators and markets are no longer asking only what companies intend to do; they are asking what companies can prove. Yet much of the industry remains reactive. Only **21%** of respondents describe their traceability strategy as pursuing holistic, multi-tier network visibility, while **32%** say their efforts are primarily regulation-driven. Sustainability investment is similarly incremental, with only **13%** describing proactive sustainability investment as a strategic priority.

The structural challenge is architectural. Facility-level sustainability measurement cannot support product-level accountability. Document-based verification is reaching its credibility ceiling. Supplier engagement models built around extracting data upward do not create the trust needed for deeper visibility. The path forward is connected infrastructure that can serve multiple regulations, support smarter sourcing decisions, and turn traceability from compliance overhead into strategic intelligence.

54%

report high compliance execution strain — yet only 50% report increased compliance budgets in 2026.

32%

say their traceability efforts are primarily regulation-driven — reactive rather than strategic.



The AI Imperative

AI adoption is rising, but the industry is still early in realizing its full value. In 2026, **40%** of respondents report using AI across supply chain operations, up from **24%** in 2024 and **27%** in 2025. Early use cases are concentrated in quality inspection, supplier risk monitoring, supplier performance management, and compliance screening.

That pattern matters. AI is helping organizations detect issues faster, reduce manual workload, and surface risks earlier. But AI cannot create durable value on fragmented or untrusted data. Its effectiveness depends on structured, credible, product-linked information across suppliers, orders, inspections, audits, testing, traceability, and compliance workflows. The organizations best positioned for the next phase are those building the data architecture and operating readiness required to make AI productive across the Production Chain.



The Connected Production Chain Imperative

The consolidated finding across all three reports is clear: quality, compliance, sourcing, sustainability, traceability, and AI can no longer be managed as separate workstreams. Regulatory convergence, tariff volatility, supplier diversification, margin pressure, and rising evidentiary demands are forcing these functions together.

Today, many organizations still rely more heavily on structural risk hedges than digital control systems. Supplier monitoring and diversification remain essential, but they are incomplete on their own. Monitoring identifies issues; diversification creates options. Neither ensures that the right products, suppliers, materials, tests, documents, and markets are connected in time to act.

Leaders in 2026 and beyond will build connected Production Chain infrastructure: product-level data, workflow-generated evidence, supplier-linked performance records, risk-based oversight, and AI layered across trusted operational systems. In that model, compliance becomes readiness, traceability becomes intelligence, sustainability becomes efficiency, and AI becomes a force multiplier for execution.



Strategic Takeaways for 2026 and Beyond

Connected Production Chain Infrastructure

Leaders will unify quality, compliance, sourcing, sustainability, traceability, and trade data into a shared operating layer that supports faster, more confident decisions.

Proof-Ready Traceability and Sustainability

Organizations need product-level evidence for origin, materials, chain of custody, and impact – built to serve multiple regulations and business decisions, not one mandate at a time.

Risk-Based Supplier Enablement

Supplier accountability should shift from duplicative oversight to clearer requirements, shared workflows, performance feedback, and calibrated control based on risk and proven results.

Product Integrity From Design to Delivery

Compliance control must move upstream, with supplier readiness, product requirements, testing, documentation, and market-access rules connected before risk reaches production or shipment release.

AI Built on Trusted Primary Data

AI will deliver the strongest returns when applied to structured, credible Production Chain data tied to products, suppliers, orders, inspections, tests, and compliance workflows.

Digital Visibility and Scenario Readiness

Resilience requires more than monitoring and diversification. Teams need early-warning systems that reveal which products, suppliers, markets, and documents are affected by change.

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Part One

How A Focus on the Production Chain Can Catalyze AI ROI

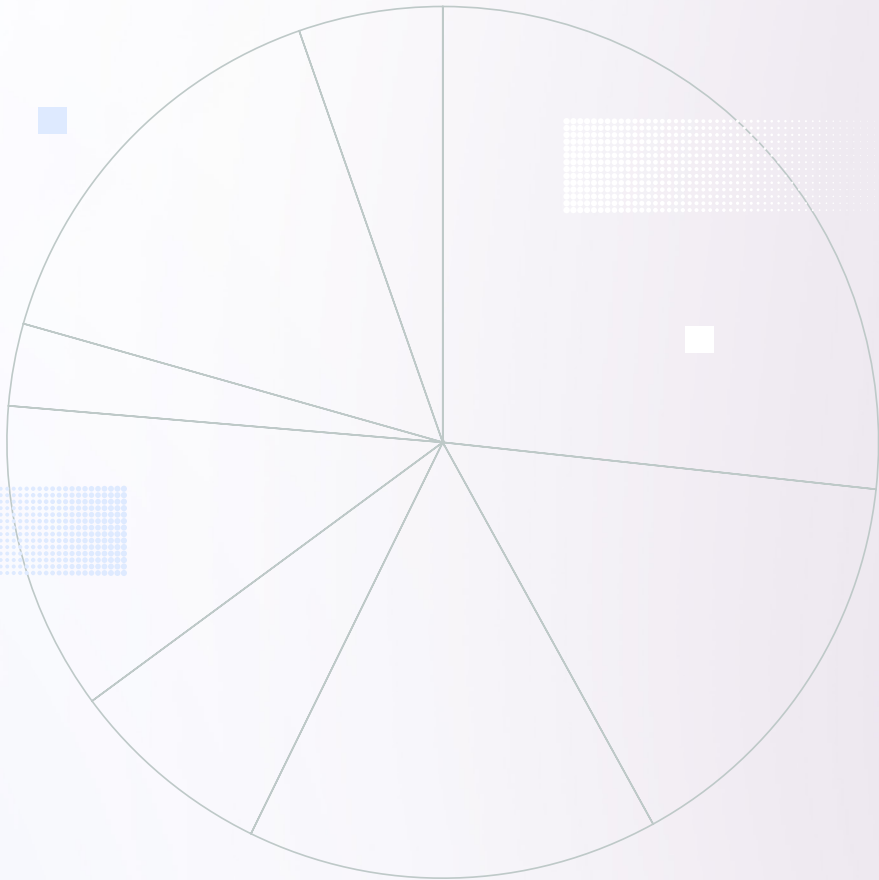


Introduction

For retailers and brands, supply chain technology is at an inflection point. The convergence of persistent volatility (tariffs, demand unpredictability, geopolitical disruption) and the rapid emergence of artificial intelligence (AI) have created both urgency and opportunity for leaders to rethink how they use technology to manage global production networks.

The 2026 State of Supply Chain report reveals an inside view into this evolving dynamic as retail business leaders balance their technology aspirations with their operational realities. The results show that AI is clearly gaining momentum with **40% of respondents reporting usage across their supply chain operations**—up from 24% in 2024 and 27% in 2025. This shift is notable, but a deeper look at the data suggests that the scale of adoption, tangible return on investment and AI maturity across business units are still challenges that retail organizations must grapple with as they mature their AI strategy.

The organizations ahead on this journey are not necessarily those with the largest technology budgets. The leaders have addressed the prerequisites (data integration, cross-functional alignment, and organizational readiness) that allow technology to seamlessly support operations. They have also demonstrated a clear understanding of the power of AI in the context of the **Production Chain**, the critical operational core where products are made, from raw material sourcing through manufacturing, quality, and compliance. This report identifies strategic insights shaping how AI is permeating and evolving leading retailers' technology roadmaps with a focus on unified Production Chain digitization as a competitive differentiator.



AI Has Arrived in Retail Supply Chains With A Focus on Process Optimization

Over half of survey respondents now report either active AI use or active evaluation, but the nature of that adoption tells a more important story than the headline numbers. Progress is real but gradual in the retail industry. And where AI is being deployed, **it is being used as a productivity tool that accelerates existing workflows**, not as a system that fundamentally restructures decision-making.

1.1 Adoption Is Accelerating, But the Gap Between Interest and Impact Remains Wide

Three years of survey data trace a consistent upward trend in AI integration across supply chain processes: **from 24% of respondents in 2024 to 27% in 2025 and 40% in 2026**. The acceleration is meaningful (nearly doubling since 2024), but the story underneath the headline number is more instructive than the number itself.

Of the respondents now using AI, only a fraction report that it is delivering measurable business value. A larger share is still in pilot stages or has deployed AI without yet measuring its impact.

Meanwhile, a quarter of all respondents selected “not sure” when asked whether AI is integrated into their supply chain, a signal that in many organizations, the conversation about AI strategy and capability has not yet reached certain teams and departments. This is not the rapid adoption curve that technology leaders predict in keynotes and earnings calls. It is the measured pace of an industry where risk aversion, operational sensitivity, and regulatory exposure shape every technology decision.

The gap between AI interest and AI impact is where the real strategic questions live: not whether organizations are adopting, but whether the adoption they are pursuing is structured to generate returns.

40%

of respondents report AI usage across supply chain operations in 2026 – up from 24% in 2024 and 27% in 2025

25%

of all 2026 respondents selected “not sure” when asked whether AI is integrated into their supply chain.



1.2 Process-Level Productivity, Not Large-Scale Transformation

Where AI is being deployed, the pattern is remarkably consistent: organizations are applying it to specific, well-bounded operational tasks. Among 2026 respondents with AI in use, **quality inspection and defect detection leads at 74%**, followed by supplier risk monitoring (55%), supplier performance management (47%), and compliance screening (43%). The two most cited outcomes, each at 62%, are faster detection of quality issues and reduced manual workload for audits and documentation.

These meaningful efficiency gains suggest that AI is accelerating existing workflows, surfacing patterns faster, reducing manual review cycles, flagging anomalies earlier, rather than reshaping how sourcing, compliance, or production decisions are made. The distinction between AI as a productivity layer and AI as a decision engine matters. In compliance, for example, AI is proving valuable for processing regulatory documents faster, but outputs still require human legal verification. In sourcing and production, the value lies not in replacing judgment but in identifying patterns that human analysts would take weeks to notice, hidden inefficiencies in factory production flow, bottlenecks in lead times, cost anomalies across supplier networks.

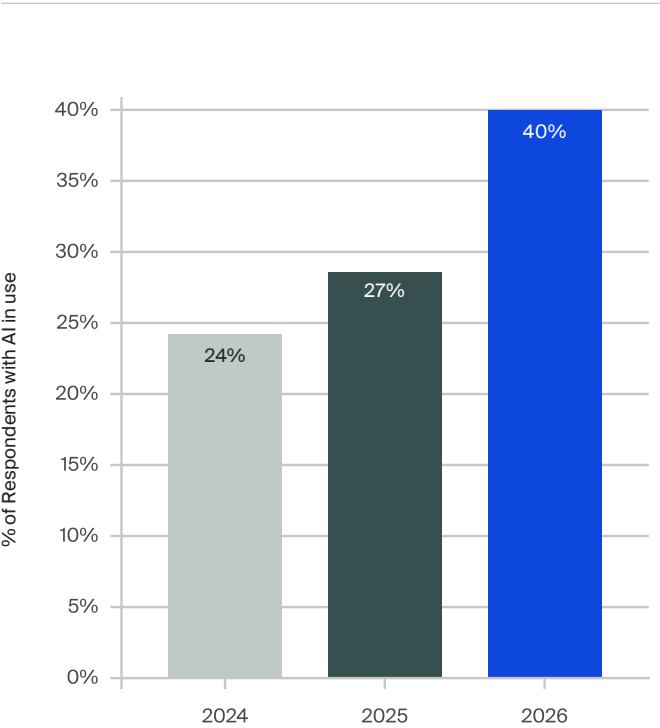
What stands out is where AI is not yet being applied. Most adoption is concentrated in areas where the business case is well-established, and the risk of error is manageable: quality checks, documentation, and supplier monitoring. Meanwhile, higher-stakes domains such as dynamic sourcing decisions, real-time production rebalancing, and demand-driven allocation, areas where speed and pattern recognition could create significant competitive advantage, remain largely dependent on manual processes and human judgment.

For supply chain leaders evaluating AI investments, this research suggests that the highest-return opportunity may not be the next tool, but the next use case. Rather than adding another AI application to a domain already being served, the greater value may lie in identifying operational areas where current processes are slow, manual, and imprecise, and where even an imperfect AI-driven approach would meaningfully outperform the status quo.

“You can’t hide anymore. The data shows you which factories are really efficient, which lines are slow, and why. If you can take meaningful time out of lead times through that kind of visibility, that’s real money.”

Ronnie Robinson
Supply Chain Executive

AI Integration in Supply Chain Processes (2024 – 2026)



Part One

02

For AI Laggards, Organizational and Technical Barriers Remain



For AI Laggards, Organizational and Technical Barriers Remain

While the data confirms that AI interest and adoption are accelerating across the retail supply chain community, it is equally clear that a mix of organizational and technical challenges must be addressed before AI becomes a mission-critical source of strategic value. **The barriers that persist are not about whether the right tools exist. They are about whether organizations are structured to use them.**

2.1 Organizational Barriers: The Demand for Certainty in an Uncertain Domain

The most underappreciated finding in this research may be that the primary barriers to supply chain AI adoption are not about technology at all. Among respondents who have not adopted AI, the leading barriers are **budget constraints or competing priorities (39%)**, integration complexity with existing systems (36%), and lack of internal skills or change management capacity (36%). Every leading barrier in 2026 is internal and organizational, not technological.

Retail business leaders must constantly manage the balance between the pragmatic and the possible. While AI visionaries list endless opportunities for innovation, actual operators must weigh the risk of negative outcomes that could impact business performance or brand perception. The risk is that companies adopt AI because it is fashionable rather than because it solves a specific, measurable problem.

If this wave of AI does not lead to long-term business value and sustained adoption, it joins the growing list of digital initiatives that produced activity without impact.

39%

cite budget constraints or competing priorities as the top barrier to AI adoption.

36%

point to integration complexity - tied with skills and change management capacity.



At the leadership level, the issue often manifests as a demand for perfection. Organizations reject tools that are 80–90% accurate, while ignoring that very little in business achieves perfection. The instinct to wait for flawless outputs before deploying new systems sounds prudent, but it often masks a deeper resistance to changing established workflows. **The organizations furthest ahead tend to be those willing to deploy imperfect tools, learn from the outputs, and improve iteratively.**

Trust is a related but distinct obstacle. Even where AI is delivering value, uncertainty about the reliability of underlying data sources makes organizations reluctant to treat AI outputs as inputs to consequential decisions. This is compounded by internal guardrails around proprietary data that slow experimentation, and by the reality that many companies are deploying AI broadly without first identifying where it will create measurable business benefit. The risk is that teams adopt new tools without the discipline to tie them to specific outcomes, producing activity without impact.

The counterpoint is encouraging. Technology itself is becoming more accessible than ever. Newer AI-driven and cloud-based tools are cheaper, more flexible, and faster to deploy than the legacy systems they replace. **The tools are no longer constraints. Organizational readiness is.**

The survey data reinforces this: **25% of all 2026 respondents selected “not sure” when asked whether AI is integrated into their supply chain.** In a quarter of organizations, the conversation about AI has not yet reached a level of clarity where leaders can assess their own status. The implication for leadership is direct: organizations that treat technology adoption as a procurement exercise will likely repeat the patterns that have stalled previous waves of investment. The harder and more important work is building the conditions under which technology can succeed: data readiness, talent, process redesign, and institutional willingness to act on imperfect information.

“Building trust in AI requires two things: understanding the data behind it and being able to validate its accuracy. Today, AI is best used to inform decisions and strengthen connections as organizations learn and improve.”

Scott Lercel

VP of Global Sourcing,
Dick’s Sporting Goods



2.2 Technical Barriers: Data Fragmentation and Disconnected Systems

If there is a single structural impediment that emerged most consistently across this research, it is data fragmentation. The data needed to manage modern supply chains (supplier performance, compliance status, quality metrics, traceability records) is scattered across systems, tiers, functions, and geographies. Until that data is unified and trustworthy, the ability to translate operations data into high-value business outcomes using AI will remain largely unrealized.

Data quality and data access limitations were cited as barriers by **28% of respondents** who have not adopted AI, and security and privacy concerns by 26%. But the problem runs deeper than what a single survey question captures. AI is only as effective as the data it operates on. Without structured, credible inputs, matched to the right products, the right purchase orders, the right suppliers, AI tools produce outputs that cannot be trusted at the precision levels that compliance and sourcing decisions demand.

“If you don’t have credible data—specific, structured, matched to actual products—there’s no way you can use AI effectively. And manual validation will not work at the scale we need.”

Thiwanka De Fonseka

Chief Sustainability Officer,
Komar

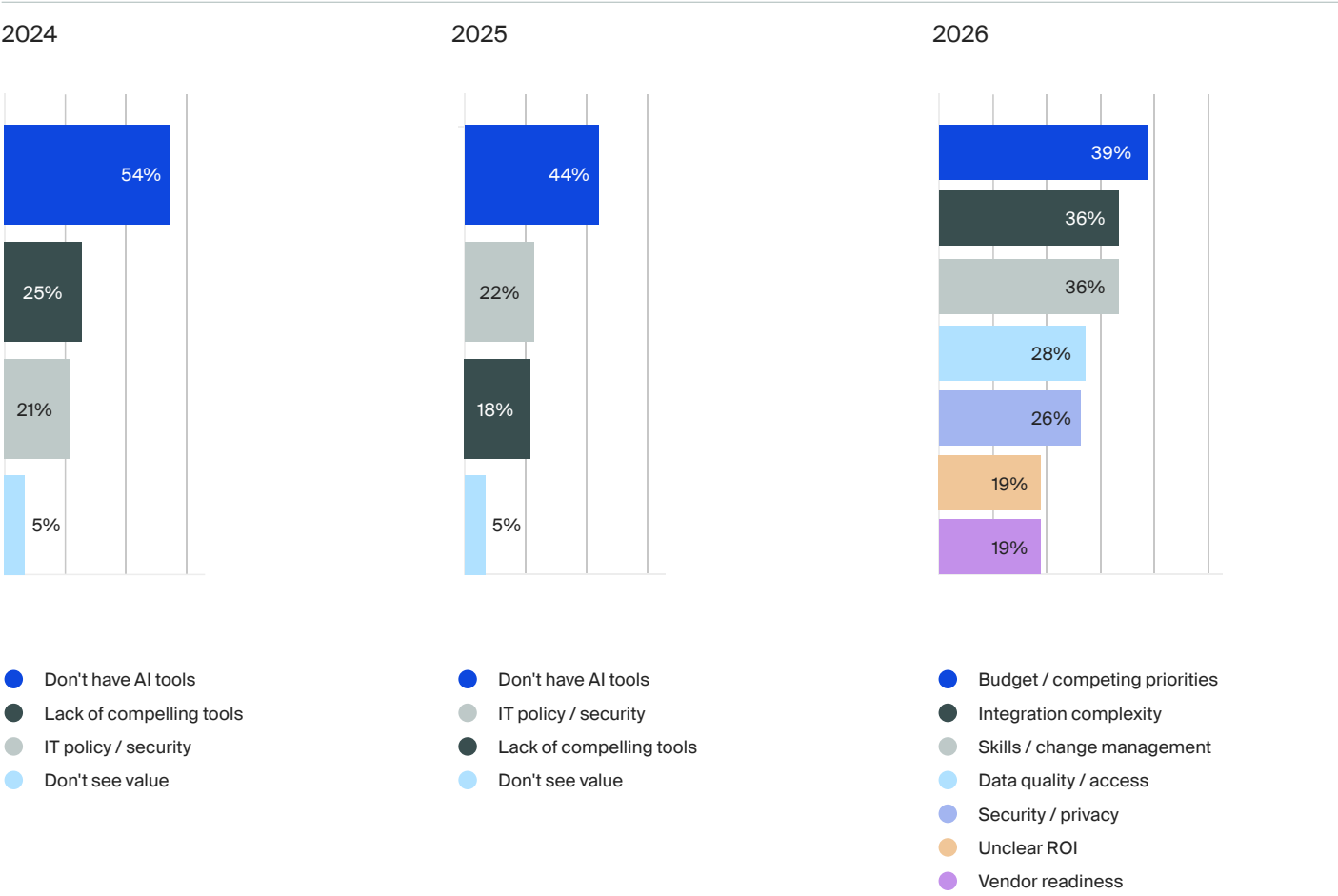


The problem operates at every level of the supply network. Suppliers are overwhelmed by fragmented, duplicative data requests from multiple brands, each using different formats, platforms, and standards. **Audit fatigue remains a structural problem** that has been discussed in major industry forums for years and remains unresolved. At the brand level, critical information lives in separate systems that do not communicate.

The gap runs deeper than data availability. Many sustainability measurement systems still operate at the factory level rather than at the product or process level needed for meaningful intervention, and even the data that is collected may not be specific enough to support accurate analysis. The distance between “data exists somewhere” and “data is structured, accessible, and trustworthy” is where most organizations are stuck.

The question is no longer whether the right tools exist. It is whether organizations have the data quality, architecture, and integration to make those tools productive.

Evolution of AI Adoption Barriers (2024 - 2026)



Part One

03

The Strategic Opportunity Ahead—Converged Operations, Data Streams, and AI Layered Across



The Strategic Opportunity Ahead— Converged Operations, Data Streams, and AI Layered Across

The first two sections of this report describe where the industry stands: **growing AI adoption concentrated in process-level tasks, constrained by organizational and technical barriers that are fundamentally about readiness, not tool availability**. This section turns to what the data reveals about the path forward, and the strategic opportunity that emerges when those barriers are addressed.

3.1 Regardless of AI Maturity, Retail Executives See Technology as the Foundation for Resilience

The first generation of supply chain technology investments were justified primarily on efficiency: reducing manual workload, automating repetitive tasks, and cutting costs. That framing remains relevant but is no longer sufficient. Technology is increasingly being reconceived as foundational infrastructure for resilience and competitive differentiation, the organizational capacity to monitor, anticipate, adapt, and respond in an environment where disruption is the norm rather than the exception.

Three years of survey data confirm the sustained weight of external pressures driving this shift. Respondents rating the effect of regulatory changes at 4 or 5 on a 5-point scale have remained above 50% every year: **66% in 2024, 68% in 2025, 52% in 2026**. The slight decline this year likely reflects shifting dynamics in the United States, but the underlying complexity is not abating. Tariff uncertainty, demand volatility, and regulatory proliferation are not disruptions to navigate past; they are permanent features of the operating landscape.

“The one thing I can be sure is permanent is this volatility. It’s not going away. Tariffs, demand swings, new regulations every quarter. The question is whether your systems can keep up, or whether you’re still scrambling with spreadsheets when the next disruption hits.”

Luis Marquina

Chief Operating Officer,
Intradeco



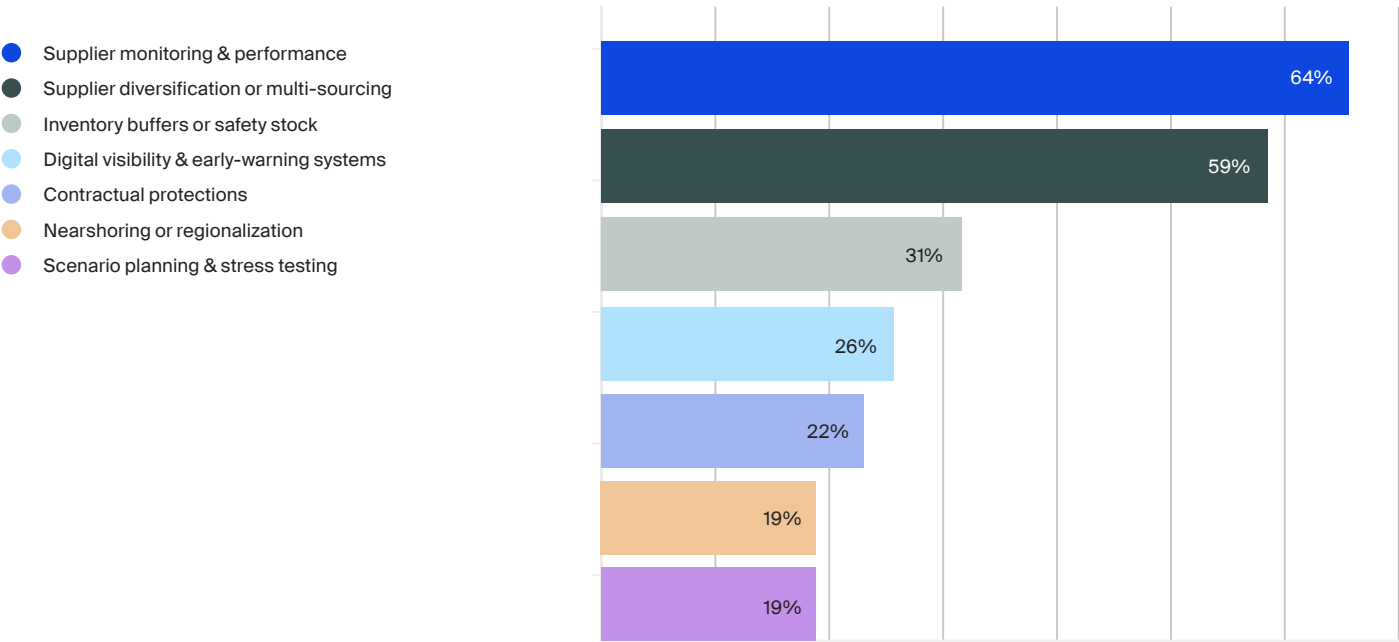
In this environment, the value of technology extends well beyond cost reduction. It lies in the ability to see emerging risks earlier, to connect signals across functions that would otherwise remain siloed, and to respond to shifts (in regulation, in sourcing economics, in supplier performance) before they become crises. The companies best prepared for disruption are not those reacting fastest, but those that maintain structured, ongoing visibility into what is coming, enabled by centralized systems, regular review processes, and digital tools that surface signals proactively. Awareness of what's on the horizon and the ability to model scenarios and decisions based on evolving market dynamics is what separates prepared organizations from those that are merely reacting.

Yet the survey data reflects an industry that recognizes this imperative but has not fully acted on it. **64% of respondents cite stronger supplier monitoring as a primary risk strategy** and 59% cite diversification, but only **26% cite investment in digital visibility and early-warning systems**. In response to trade tensions, most organizations have focused on structural hedges: 40% added secondary suppliers; 37% shifted sourcing to new regions. **Just 15% pursued technology investments specifically to bolster sourcing agility**.

The compliance budget trajectory underscores the urgency. The share of respondents reporting budget increases has dropped from 75% in 2025 to 50% in 2026, even as regulatory complexity and execution strain remain elevated, 54% rate compliance execution strain at 4 or 5 on a 5-point scale. Organizations are being asked to manage more with proportionally less. That dynamic makes technology-driven efficiency not a strategic option but an operational imperative.



Primary Risk Mitigation Strategies (2026)



3.2 AI Leaders See Converged Production Chain Processes, Data, and Partners as the Opportunity for Transformative Innovation

For most of the past two decades, quality, compliance, sourcing, sustainability, and trade operated as distinct functions, with separate systems, teams, and decision frameworks. **That model is breaking down.** Regulatory convergence, risk complexity, and the growing recognition that isolated optimization creates blind spots elsewhere are driving a fundamental shift toward integrated supply chain intelligence, and the organizations furthest ahead in AI adoption are already building toward this convergence.

The regulatory environment is accelerating this shift. Regulatory requirements have made social responsibility directly relevant to customs clearance, collapsing what were once separate compliance domains into a single operational reality. Trade compliance, social responsibility, and sustainability functions that historically operated independently are now being forced together by the practical reality that failure in one domain can halt operations in another.

“These functions hadn’t been very connected before. Social responsibility was over here, trade compliance was over there. But now, if your social compliance isn’t right, your goods don’t clear the border. That changed everything.”

**Global Trade and Compliance
Executive at a U.S. Retailer**



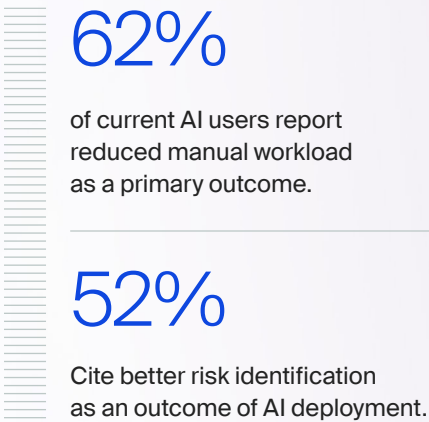
European regulations around human rights due diligence and Digital Product Passports are extending this convergence further, making sustainability, labor practices, and environmental impact directly relevant to market access. Functions that historically operated in parallel must now operate in concert.

The strategic opportunity lies in the sequence: **digitize and connect the underlying supply chain processes first** (breaking silos between quality, compliance, sourcing, and sustainability data) and **then layer AI across that connected foundation**. Organizations that can integrate these data streams into a single view of supplier and product performance are gaining a meaningful advantage in both risk management and operational efficiency. Those still reconciling information across separate platforms face growing friction, particularly under the kind of time pressure that tariff changes, regulatory enforcement, or supply disruptions create.

Among current AI users, **62% report reduced manual workload** and **52% cite better risk identification**, demonstrating that the returns are real where organizations have committed to deployment. The organizations positioned to lead in the next phase of supply chain technology are those building toward a converged operating model: connected workflows, integrated data, and AI layered across the full Production Chain to surface trends, simulate scenarios to account for those data signals, and then execute tasks across teams and partners based on the agreed upon path forward.

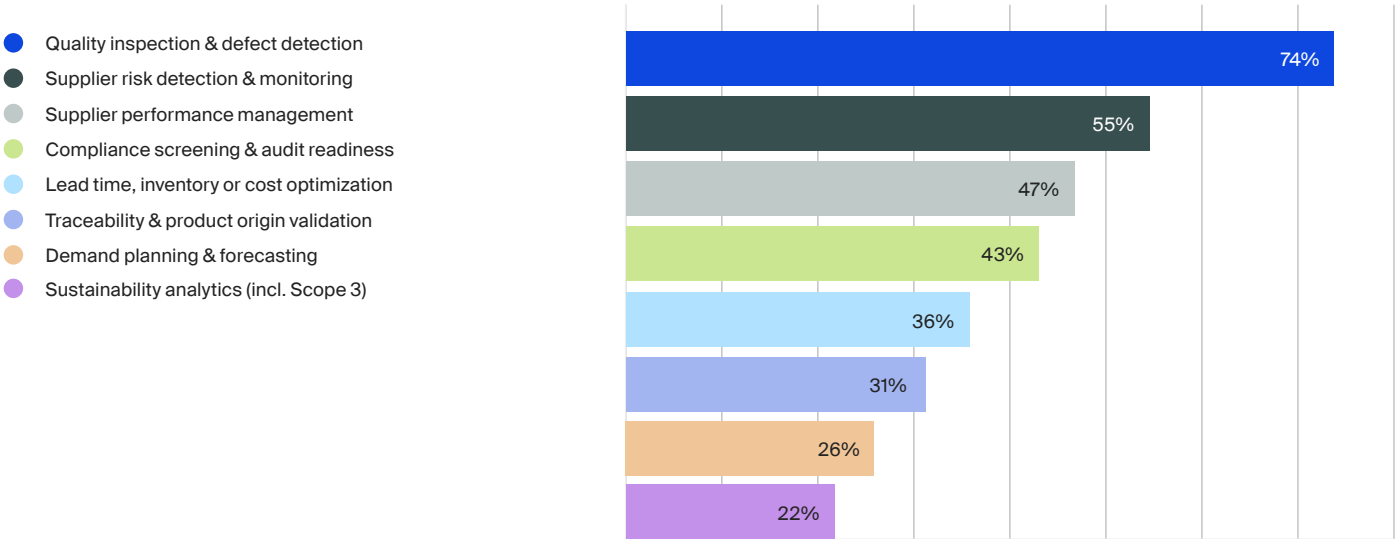
“We had critical path management on Excel and expensive systems nobody wanted to throw away. Within 18 months we transformed that into an AI-based collaborative model with suppliers. The technology is finally usable and worth the investment. But you have to be willing to let go of what you already have.”

Sourcing & Product Executive



AI Objectives Among Users (2026)

% of AI-adopting respondents citing each objective



Inspectorio POV: From Data Foundation to Measurable Returns

POV Author



Nathaniel
Fleming

Senior Vice President,
Marketing at Inspectorio

The findings in this report describe an industry where the prerequisites for AI value (**unified data, cross-functional integration, and organizational readiness**) remain unmet for most organizations.

Inspectorio's position at the center of brand, retailer, and supplier sourcing operations – the Production Chain – offers a direct view into both the challenge and the opportunity. Across its network, the Production Chain generates **tens of millions of discrete data points** (inspection results, audit findings, certifications, corrective actions, supplier contacts, and compliance documents) creating one of the most data-dense environments in which AI can be applied.

Inspectorio's AI ecosystem, **Paramo**, translates this data density into business value across the Production Chain, operating on three levels that each build on the foundation beneath.



Data Gravity: Primary data collection at scale

66%

defect rate reduction over seven years at
one large-scale retailer — preventing an
estimated 1.4M defective units annually.

\$4.8M

per year in margin protection at a global
apparel manufacturer — 75% defect
rate reduction across its sample-
inspected population.

The first is what Inspectorio calls **Data Gravity**:
primary data collection at scale. Unlike tools
that rely solely on third-party or self-reported
inputs, **Inspectorio captures structured,
first-party data directly from production
floors, audit cycles, and field operations.**

This primary data layer, enriched by broader
industry benchmarks, gives AI models the
specificity and accuracy that compliance
and sourcing decisions require.

The results are tangible: one large-scale retailer
reduced its defect rate by **66%** over seven years,
preventing an estimated **1.4 million defective
units** annually. A global apparel manufacturer
achieved a **75% reduction in defect rates** across
its sample-inspected population, translating to
approximately **\$4.8M per year** in margin protection.



Paramo's Copilots: Generative AI to compress decision cycles

68%

reduction in compliance assessment
cycle times at one retailer – with 38%
fewer corrective actions.

\$1.7M

annually in planner productivity
unlocked at a major sporting goods
retailer – 86% of time-and-action
records automated.

The second is **Paramo's Copilots**, which apply
generative AI to compress decision cycles that
historically required days of manual review.

Copilots surface real-time insights and
recommendations aligned with user-driven
processes across quality and compliance workflows.

One retailer **cut compliance assessment cycle times
by 68%** and **reduced corrective action volumes by
38%**, while a major sporting goods retailer automated
86% of its time-and-action records, unlocking
over **\$1.7M annually in planner productivity**.



Compliance Copilot

powered by paramo

How is this factory performing
across all standards?

Based on recent reports

High Performing Areas	Needs Attention
Environmental Data Collection	On-site Audit
Score 35/35	Score 73%
Compliant	Rating E

AI Recommendation: Focus on critical areas



Paramo's AI Agents: Beyond insight, into autonomous execution

93%

drop in failed inspections at one major retailer over seven years – avoiding ~\$4.8M annually across 116,000+ inspections.

227%

increase in inspections per inspector at another brand – operating with 251 fewer inspector equivalents and avoiding ~\$1.9M/yr in network overhead.

The third is **Paramo's AI Agents**, which move beyond insight into autonomous execution. Agents handle tasks such as traceability of document validation, regulatory compliance benchmarking, and CAPA generation – converting multi-step, manual processes into one-click workflows aligned with team KPIs.

One major retailer saw a **93% drop in failed inspections** over seven years, avoiding an estimated **\$4.8M annually** in re-inspection churn, rescheduling, and delay handling across more than **116,000 inspections**. Another brand increased inspections per inspector by **227%**, operating with **251 fewer inspector equivalents** while scaling volume—avoiding nearly **\$1.9M annually** in network overhead.

In a global trade environment defined by tariff complexity, inflationary pressure, and margin compression on both sides of the buyer-supplier relationship, retailers and brands need Production Chain strategies that protect margins without destabilizing vendor economics or pushing costs downstream.

That is the model Inspectorio is building alongside leading global brands: **Production Chain orchestration powered by Paramo** – grounded in ecosystem-validated primary data, layered with Copilots and Agents, and measured in returns.

Regulation Agent powered by paramo

Importing cotton apparel to the US, UK and EU. What regulations apply?

Regulation	Requirement	Result
CPSIA - Lead & Phthalates	Chemical limits	Pass
Flammable Fabrics Act	Flammability	Pass
REACH	Restricted substances	Review

Traceability Agent powered by paramo

PO-2026-01.pdf Validated by AI

PackingList-5000pcs.pdf Mismatch detected

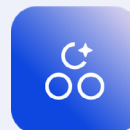
Data does not align with Chain of Custody records



Paramo's AI Agents: Beyond insight, into autonomous execution

In a global trade environment defined by tariff complexity, inflationary pressure, and margin compression on both sides of the buyer-supplier relationship, retailers and brands need Production Chain strategies that protect margins without destabilizing vendor economics or pushing costs downstream.

That is the model Inspectorio is building alongside leading global brands: **Production Chain orchestration powered by Paramo** — grounded in ecosystem-validated primary data, layered with Copilots and Agents, and measured in returns.



Building the Bedrock for AI with the Production Chain

The **state of supply chain technology in 2026** is defined by a gap between the capability now available and the organizational capacity to use it. **The tools and technologies are more powerful and accessible than ever.** Adoption is growing but remains nuanced. And three years of survey data confirm that the constraints have shifted decisively from external access to internal adoption.

The themes that define this landscape are clear. AI has arrived in supply chains but as a targeted, process-level productivity tool with transformative potential. For organizations that have not yet adopted, the barriers are organizational and technical: a demand for certainty before deployment, insufficient change management capacity, and data fragmentation that undermines the foundation AI requires. Across the industry, technology is being reconceived as foundational infrastructure for resilience, made more urgent as compliance demands grow while budget increases slow. And the organizations furthest ahead are those building toward converged supply chain operations: **connecting quality, compliance, sourcing, and sustainability data into integrated Production Chain platforms with AI layered across.**

For the executive leaders responsible for supply chain strategy, the question is no longer whether to infuse your supply chain operations with AI technology. It is whether their organizations are prepared to make those investments productive. The most important investments may not be in new tools, but in the data architecture, cross-functional alignment, and organizational readiness that determine whether technology delivers lasting strategic value. The data suggests that some retail business leaders are finding that the structure of a **Production Chain technology strategy is a good starting point for AI integration across key processes and workflows.** This approach keeps AI investments grounded in high-quality data and established workflows so that the path to agility, resilience, and ROI is clear and achievable.



Part Two

What It Takes to Turn Traceability and Sustainability Ambitions Into Verifiable Results



Introduction

Legislators, environmental advocates, and business leaders have spent the better part of a decade building the language of traceability and sustainability. Commitments have been made, frameworks adopted, pilot programs launched. The conversation is sophisticated. The infrastructure behind it is not.

This disconnect, between the maturity of the commitments and the immaturity of the systems supporting them, is now the defining risk in global supply chains. Regulators are no longer asking organizations what they intend to do. They are asking what they can prove. But the nature of what they are asking has also changed. Early regulations like the Uyghur Forced Labor Prevention Act (UFLPA) asked relatively bounded questions — where did this material come from, and were labor standards met? Brands could answer with dedicated programs and purpose-built tools. The next wave of regulation demands something fundamentally different.

The EU's Digital Product Passport (DPP) requirements demand material-level disclosures tied to specific items. Extended Producer Responsibility (EPR) schemes require verified material compositions to calculate fees. Product safety regulations like CPSC eFiling now embed traceability questions inside safety filings. The Corporate Sustainability Due Diligence Directive (CSDDD) mandates processes that demonstrate meaningful oversight and remediation.

These regulations look different on the surface (different agencies, different timelines, different reporting formats) but they share a common requirement: data that has historically lived in separate functional silos needs to be connected, consistent, and attributable at the product level. The evidentiary bar has not just risen. It has widened.

The regulatory direction is well understood. What this report examines is how the industry is actually responding, and the answer is more defensive than strategic.

Regulatory Wave – Key Mandates

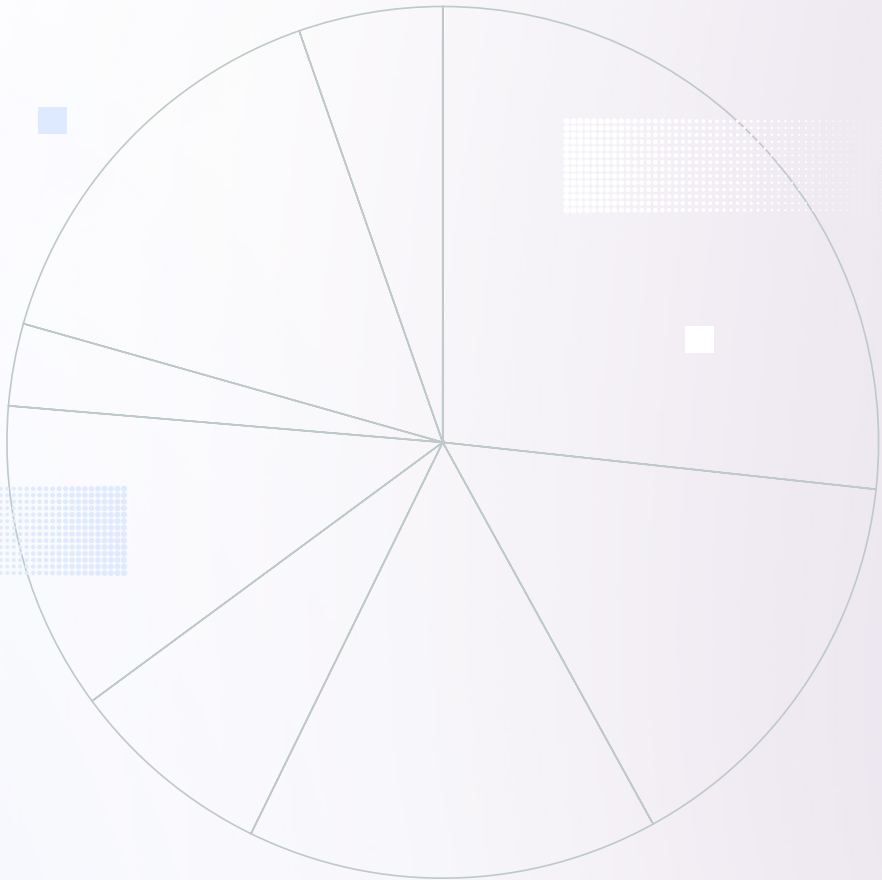
- **EU Digital Product Passport (DPP)**
Material-level disclosures tied to specific items
- **Extended Producer Responsibility (EPR)**
Verified material compositions to calculate fees
- **CPSC eFiling**
Traceability questions embedded in safety filings
- **CSDDD**
Demonstrated meaningful oversight and remediation processes
- **UFLPA**
Chain of custody at the raw material level



First, despite years of conversation and a clear regulatory trajectory, the industry's traceability and sustainability posture remains overwhelmingly reactive and compliance-driven and trade volatility is actively undermining even the progress that has been made. Second, the barriers to closing the gap are not about ambition or tool availability; they are about measurement systems, verification methods, and supplier engagement models designed for a different era, one where each regulation could be addressed independently, and where the quality team's test reports, the sustainability team's supplier assessments, and sourcing's bills of materials never needed to talk to each other. Third, the path forward requires rebuilding that foundational architecture, and the organizations that build it solely for compliance will underinvest and subsequently underperform. The real return comes when traceability data becomes the connective tissue for better decisions across the entire business.

Compounding these structural challenges is an operating environment defined less by directional change than by volatility itself. Tariff shifts, regulatory fragmentation, and geopolitical realignment are not unfolding as single disruptions to absorb. They are recurring, overlapping, and often contradictory, creating conditions where the long-term investments that traceability and sustainability demand are precisely the ones most difficult to commit to.

The common thread across all three themes: **the organizations that will lead are not those making the boldest commitments, but those rebuilding the underlying systems that turn commitments into proof with recognition that the same connected data infrastructure that satisfies one regulation can serve the next, rather than treating each new mandate as a standalone problem to solve from scratch.**



04

The Industry Is Responding, But Defensively, Not Strategically



The Industry Is Responding, But Defensively, Not Strategically

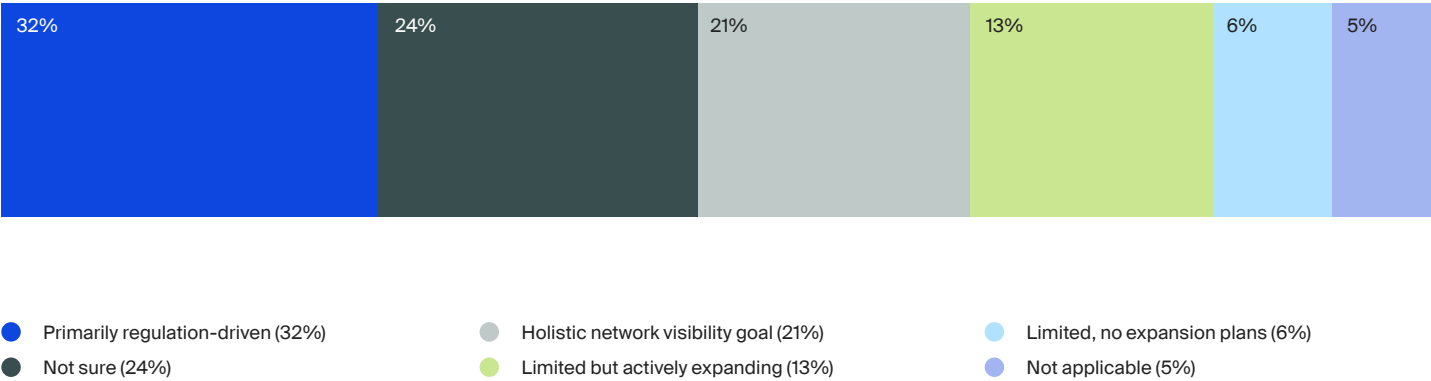
The industry has had years to prepare for this moment. The strategic direction toward mandatory due diligence, product-level proof, and multi-tier visibility has been clear since at least the passage of UFLPA in 2021 and the EU’s escalating regulatory agenda. Yet the 2026 data shows that most organizations remain in a defensive posture, treating traceability and sustainability as compliance obligations to satisfy rather than strategic capabilities to build. And the complexity of the operating environment is making it harder, not easier.

4.1 Progress Is Real but Narrow – Traceability Remains a Compliance Exercise for Most

The survey data tells a consistent story: despite a mature industry conversation about traceability and sustainability, most organizations are still operating reactively. Only 21% of respondents describe their traceability strategy as pursuing holistic, multi-tier network visibility. Nearly a third (32%) say their efforts are primarily regulation-driven. Just 13% are actively expanding beyond Tier 1.

Traceability Strategy Maturity (2026)

% of respondents by strategic posture



The sustainability picture is similarly incremental. Only 13% of respondents describe proactive sustainability investment as a strategic priority. Regionally, EMEA shows a more strategic sustainability posture than North America. Thirty percent of EMEA respondents describe proactive sustainability investment as a strategic priority, compared with 9% in North America. 28% meet requirements and selectively invest beyond them. 15% focus on regulatory requirements alone. Among respondents with sustainability KPIs in place, 27% describe their data quality or coverage as limited.

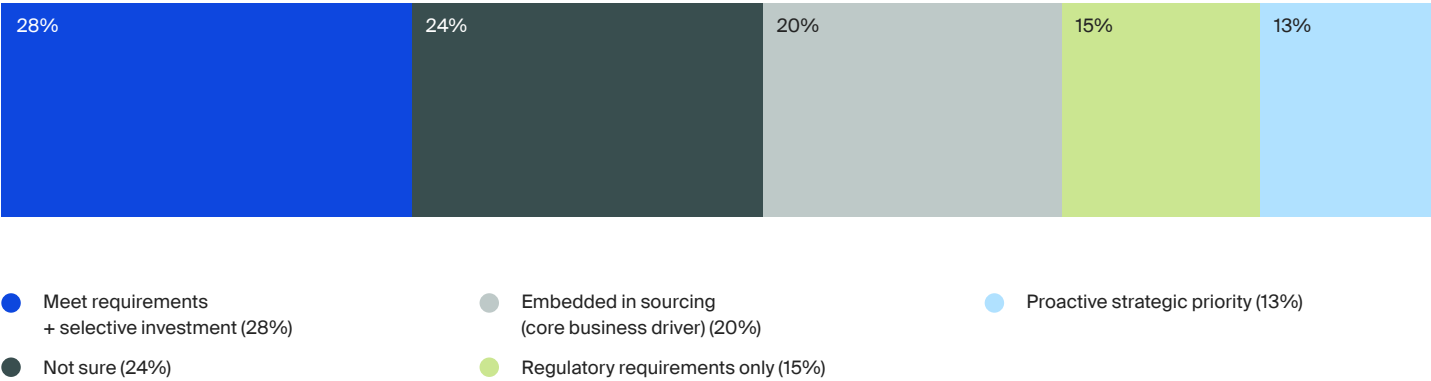
The gap is not about awareness. Leaders across the industry understand what regulators expect and where the trajectory leads. The gap is between

understanding that direction and having built the technical infrastructure to act on it. Most organizations are still stretching old systems to meet new demands rather than building new capability.

Not every company needs the same depth of visibility. But 100% visibility into Tier 1 should now be considered a minimum expectation, not an aspiration, and many organizations are not even there. The pattern is clear: **the industry talks strategically about traceability but acts defensively meeting minimum requirements rather than building ahead of them.**

Sustainability Investment Posture (2026)

% of respondents by strategic approach



4.2 Tariff Volatility Is Eroding the Sustainability Infrastructure the Industry Has Built

One of the least discussed but most consequential dynamics in global supply chains is the structural tension between tariff-driven sourcing shifts and sustainability progress. Every time production moves to a new country for trade policy reasons, the sustainability infrastructure built in the previous location is partially or entirely left behind. In recent years, the industry has been caught in a loop: build capability, shift production, start over.

Before the current wave of tariffs, organizations sourced heavily from China, where sustainability capabilities are comparatively mature. As tariff pressure forced diversification into newer sourcing markets, those strategic sustainability initiatives had to be paused. China's infrastructure advantage did not transfer. The environmental and compliance maturity of a sourcing region is built over years of investment, regulatory pressure, and supplier development.

What makes this moment different from earlier diversification waves is the velocity and unpredictability of policy change. Even organizations that planned diversification carefully and proactively find their strategies destabilized.

“Supply chain diversification is the “new norm” as it provides you with the ability to mitigate production risks in this age of unpredictability. Having strategic vendor partners on your matrix that are aligned with your country of production diversification, compliance and quality expectations is key to minimizing business disruption while maintaining your compliance and quality standards.”

Scott Lercel

VP of Global Sourcing at Dick's Sporting Goods



Diversification is no longer a one-time strategic reset. It is a continuous exercise. There is an operating rhythm built around constant contingency planning where the organization expects to shift between scenarios regularly rather than settle into any single configuration. That kind of dynamic planning requires not only internal sophistication but supplier partners with diversified geographic footprints who can absorb and rebalance production across regions.

The defining characteristic of the last twelve months has not been any single tariff rate or policy decision but the uncertainty itself. Companies can plan around a poor business environment more easily than an ambiguous one. Uncertainty distorts compliance investment specifically because those programs require continuity, patience, and the ability to commit resources over time, precisely the conditions that volatility erodes.

The budget dynamics underscore the collision. Compliance budgets—the primary funding mechanism for sustainability infrastructure—have plateaued: **75% of respondents reported increases in 2025**, dropping to 50% in 2026, even as 54% rate compliance execution strain at 4 or 5 on a 5-point scale. Organizations are diversifying their supplier networks for trade policy reasons while simultaneously losing the budget headroom to rebuild sustainability capability in the new locations.

Sustainability decisions remain driven primarily by materials rather than by holistic supply chain impact. Long freight routes and the associated carbon emissions from multi-country production networks are often not fully accounted for. **Tariff-driven geographic diversification is improving trade risk profiles while silently degrading environmental ones.**

The two dynamics in this section work together. The industry’s traceability and sustainability posture is more defensive than strategic, and even the progress that has been made is being actively undermined by trade volatility. This raises a natural question: if this is where the industry stands, what is actually preventing it from moving faster?

"Lingering uncertainty means you are constantly in a state of reacting rather than being able to plan. A lot of long-term projects and investments that were being considered have been paused, because you can't plan if you don't know what the steady state is going to be."

Avedis Seferian
President & CEO of Worldwide
Responsible Accredited Production



Part Two

05

The Current Systems Weren't Built for This



The Current Systems Weren't Built for This

The barriers to closing the traceability and sustainability gap are not about a lack of ambition or tool availability. They are about systems, data structures, and relationship models designed for a different era, one where sustainability was evaluated at the supplier level, not the product level, and where compliance was voluntary, not mandatory. Until these structural mismatches are addressed, more investment in the current architecture will produce diminishing returns.

Traceability and sustainability involve fundamentally different types of data. Traceability answers provenance questions: where did this material originate, and what is the chain of custody? Sustainability answers impact questions: what were the environmental and social conditions under which this product was made? The data is different, the collection processes are different. But this report treats them together because the infrastructure failures holding both back are the same: data collected at the wrong level of granularity, fragmented across disconnected systems, and dependent on supplier willingness to share information that the current engagement model does not adequately incentivize.

5.1 The Measurement and Verification Gap: Facility-Level Systems in a Product-Level World

The fundamental mismatch at the heart of the industry's measurement challenge is one of unit: the unit of sustainability measurement, the factory, no longer matches the unit of sustainability accountability, the product.

Most sustainability data today is collected per facility, per reporting period. Energy consumption, water usage, chemical management, carbon emissions, these are tracked through frameworks that rely on annual, often self-reported data. This approach was adequate when the goal was to evaluate whether a factory was “good” or “bad.” But the regulatory and commercial environment has moved decisively toward product-level accountability. Digital Product Passports require material-level disclosures tied to specific items. Forced labor legislation requires chain of custody at the raw material level. Carbon claims require emissions attributable to individual products, not averaged across a facility's total output.

“At a factory level, data like energy and water is generally reliable. But when you go down to the product or process level, most of that data is still based on multiple assumptions rather than properly measured primary data.”

Dr. Thiwanka De Fonseka

Chief Sustainability Officer at Komar



The gap extends beyond measurement granularity. Many organizations do not have reliable component-level weight data for their own products. Without this, accurate per-product impact calculations for emissions, water, or chemical exposure are mathematically impossible, regardless of how good the facility-level data is.

Data fragmentation compounds the problem. Even organizations that have invested heavily in data systems struggle with interoperability across tools and platforms.

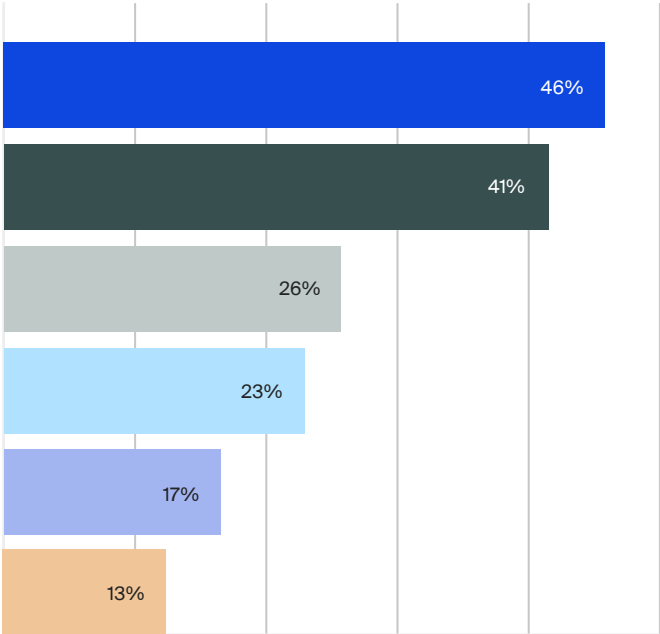
Traceability documents live in sourcing systems, sustainability assessments in compliance platforms, and quality data in yet another tool. The obstacle is not data absence but system-to-system integration, a structural pattern across the industry.

The survey data confirms these operational consequences. Among respondents with sustainability KPIs, **46%** cite tooling and systems limitations as the main gap in measurement, **41%** cite supplier data availability, and **23%** cite lack of consistent methodology.

Main Gaps in Sustainability KPI Measurement (2026)

% of respondents identifying each gap

- Tooling and systems limitations
- Supplier data availability or quality
- Budget or staffing constraints
- Lack of consistent methodology or definitions
- Lack of internal ownership or governance
- Low supplier engagement or capability



Beyond measurement, the conventional approach to verification (collecting documents from each tier, matching certificates to shipments, building paper-based chains of custody) is approaching the limits of what it can credibly support. Document-based traceability depends on every actor in the chain reporting accurately, consistently, and without incentive to misrepresent. In practice, that assumption fails frequently. Manual validation at scale is infeasible.

The gap between “data exists somewhere” and “data is structured, accessible, and trustworthy” is where most organizations are stuck. These are not gaps that can be closed by collecting more of the same data. They require a fundamentally different measurement and verification architecture.

“You can’t say organic cotton or recycled polyester anymore unless you can prove it’s real. And you can’t just take a factory’s word for it. That era is ending.”

Ronnie Robinson
Supply Chain Executive



5.2 The Broken Engagement Model – Why Suppliers Won't Share What Brands Need

While the industry's dominant framing of the traceability challenge focuses on technology the research reveals a more fundamental constraint: a structural trust deficit between brands and suppliers that actively discourages the transparency both sides claim to want.

Suppliers resist sharing upstream relationships for rational commercial reasons. In an industry where margin pressure is intense and switching costs are low, disclosing sources creates a real risk of disintermediation. Brands, for their part, often approach traceability as an extraction exercise: data flows upward for compliance reporting, but the value returned to suppliers is negligible. The result is reluctant, often unreliable data, because the incentive structure rewards opacity.

“How much of our supply chain do we actually see? That’s the fundamental question. And the answer depends as much on whether suppliers trust us with the information as it does on what tools we use to collect it.”

Responsible Sourcing Executive
Global Retailer



Much of the industry still operates transactionally, season by season, rather than through long-term supplier relationships. In that world, factories have little incentive to invest in capabilities, systems, or transparency for a buyer that may not return.

"From the factory's perspective, I'm not going to invest in a major tool just to make one order for you. But if I know you're coming back with stable quantities, I'll put money down because that long-term relationship is worth it."

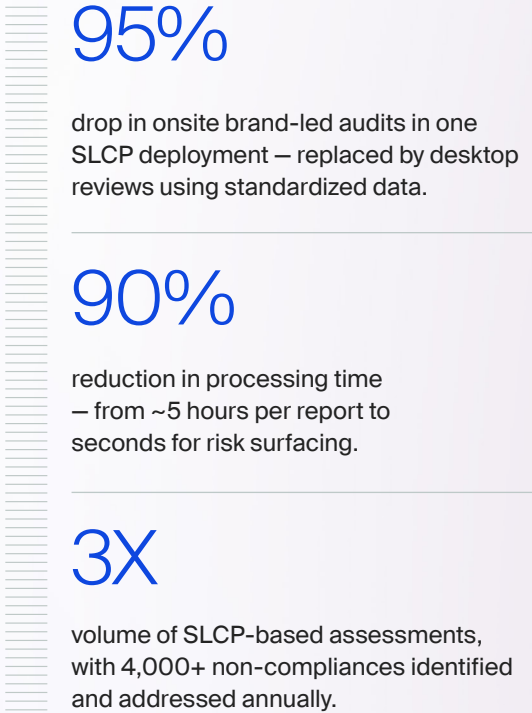
Avedis Seferian
President & CEO of Worldwide Responsible Accredited Production

A fragmented compliance environment amplifies the challenge. Before, every brand maintained its own framework and suppliers bore the cumulative burden. Over time, audits became more standardized and mutually acceptable. However, the industry should not expect true harmonization across jurisdictions, largely because governance structures are too fragmented. But as Seferian noted, there is a realistic path toward what he calls “symphonization”: a world in which different credible programs are accepted as equivalent enough to reduce duplication and audit fatigue, even if they are not identical. The evidence supports this. Organizations that have

adopted standardized assessment frameworks like SLCP are seeing measurable returns. In one deployment, onsite brand-led audits dropped by **95%**, replaced by desktop-based reviews using standardized data. Processing time fell by **90%**, from roughly five hours per report to seconds for risk surfacing. Meanwhile, the **volume of SLCP-based assessments tripled** and over 4,000 non-compliances were identified and addressed annually, evidence that reducing audit burden does not mean reducing rigor, but redirecting effort from duplicative process to actual improvement.

Why have more brands have not embraced that model? The answer is control. Companies prefer doing things their own way because it is what they built and feel comfortable defending. Compliance duplication is an organizational control problem as much as a technical one.

Together, the measurement and engagement barriers paint a complete picture of why the gap between commitment and proof persists. The problem is structural—not solvable by simply buying better tools. Which raises the most important question: if the barriers are structural, what does it actually take to rebuild?



Part Two

06

Rebuilding for Proof — And Unlocking the Strategic Business Value of Traceability



Rebuilding for Proof – And Unlocking the Strategic Business Value of Traceability

The path forward is not about bigger commitments, more frameworks, or bolder targets. It is about rebuilding measurement systems, verification methods, cost structures, and supplier engagement models, the architecture that turns commitments into proof. The real return comes when traceability data becomes the connective tissue for better decisions across the entire supply chain.

6.1 The Business Case Has Been Resolved, Sustainability Must Pay for Itself Through Efficiency

For years, sustainability carried an implicit cost premium. Sustainable materials cost more, better factory conditions cost more, and the assumption was that someone – the consumer, the brand, or the retailer – would have to absorb the difference. Building a business case for sustainability meant justifying that premium. That dynamic has shifted. This recalibration is one of the most consequential strategic shifts documented in this research, because it fundamentally changes how sustainability initiatives are funded, measured, and operationalized.

Today, many of the investments that improve sustainability performance also reduce operational costs. Solar panels lower energy expenses. Regenerated fibers reduce material waste. Better factory processes cut inefficiency while simultaneously improving environmental outcomes. The organizations succeeding are not absorbing a sustainability surcharge – they are finding that sustainability and operational efficiency increasingly point in the same direction. Basic ethical standards cannot be compromised, but the old framing – that sustainability necessarily costs more – no longer holds across the board.

The 2026 survey confirms this convergence is recognized but not yet widespread. Only **13%** of respondents describe proactive sustainability investment as a strategic priority; **28%** meet requirements and selectively invest beyond.

The organizations that have moved furthest share a common pattern: they have aligned sustainability investments with direct operational returns. Luis Marquina described Intradeco's investments in solar panels, thermal energy generation, and regenerated fibers as decisions that make both sustainability and economic sense.

13%

describe proactive sustainability investment as a strategic priority – the convergence is recognized but not yet widespread.

28%

meet baseline requirements and selectively invest beyond them – recognizing the business case but not yet fully committed to sustainability as a strategic driver.



Retailer pressure is accelerating this alignment, driving real improvements at the source, not as premium features, but as standard conditions of doing business. Capabilities—including innovation, ESG performance, carbon footprint reduction, water management, and community development—weigh as heavily as price.

Because sustainability increasingly delivers operational returns rather than adding cost, the strategic question has shifted from “will consumers pay for this?” to “can we achieve this at cost parity through better processes and smarter sourcing?”. For a growing number of organizations, the answer is yes.

Regulation should establish a minimum floor, analogous to baseline car safety standards, that no company can compete below. Above that floor, brands differentiate based on price, values, positioning, and performance. This avoids the false choice between ethics and affordability: some aspects are mandatory costs of doing business, while others remain part of brand strategy.

The implication is clear: sustainability data must be integrated into costing and sourcing models, not siloed in sustainability reports. Organizations that treat sustainability as a separate budget line to defend each year will continue to lag behind those that have embedded it into how they make, move, and sell products.

“Our investments in sustainability initiatives are not only positive for the environment, but they also make business sense.”

Luis Marquina
Chief Operating Officer at Intradeco



6.2 From Compliance Checkbox to Strategic Intelligence: What Leading Organizations Are Building

The industry's default framing treats traceability as a compliance cost. That framing guarantees underinvestment. The more consequential insight from this research is that the data organizations collect for traceability is the same data that enables fundamentally better decision-making across the business. Traceability infrastructure, built right, is not compliance overhead. It is strategic bedrock for business agility and resilience.

When traceability data is connected and structured, it unlocks capabilities the compliance lens obscures: sourcing allocations based on total risk and total cost rather than unit price alone; earlier detection of supplier concentration risks and compliance gaps; objective supplier performance benchmarking where quality and traceability data became the basis for direct, evidence-based conversations that were impossible when data lived in separate systems; and faster disruption response is only possible with the underlying data to evaluate each scenario. When sustainability data is connected to sourcing and costing systems, it becomes an input to decisions, not a report produced after decisions are already made.



Realizing this requires rebuilding three foundational layers.

● Layer 1

Verification Beyond Documents

First, verification must evolve beyond documents. Product-based methods identify origin and composition directly from the physical product. The survey confirms the transition is early: third-party certifications remain the most common tool (49%), followed by QR codes (38%) and chain-of-custody documentation (34%); digital product passports sit at just 14%, blockchain at 4%. Due diligence depth should be risk-calibrated, with independent validation becoming more valuable as companies must prove diligence was performed, not merely claimed.

● Layer 2

Supplier Enablement Over Extraction

Second, supplier engagement must shift from extraction to enablement. Compliance is constant maintenance, because the factory in compliance last year is not the same factory this year.

● Layer 3

Product-Level Data Architecture

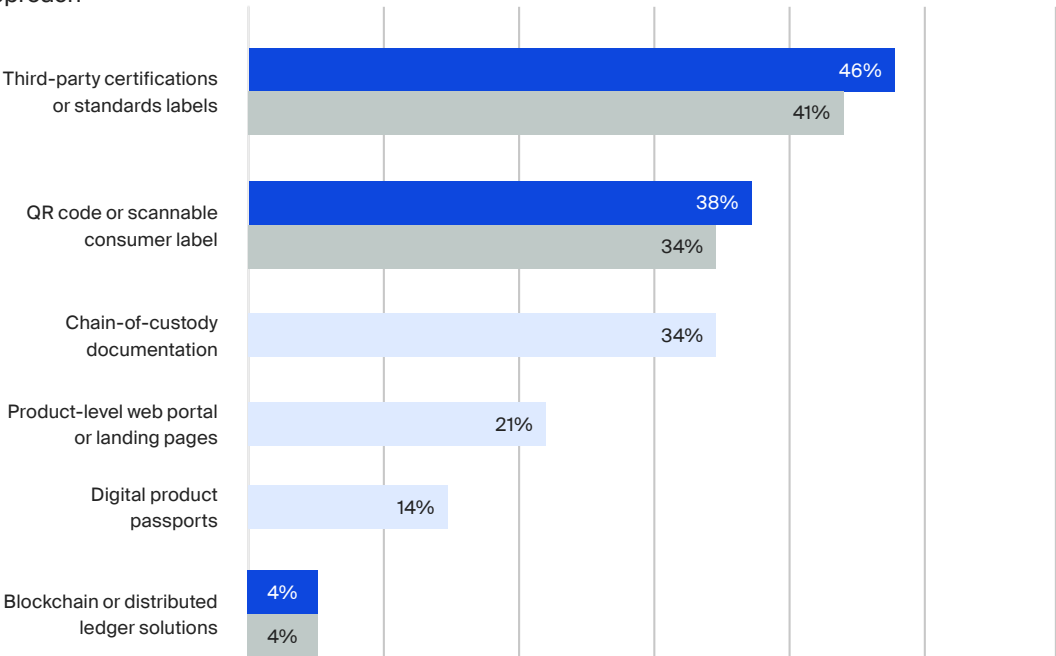
Third, data and measurement must be rebuilt for product-level accountability, connecting sustainability data with sourcing, costing, compliance, and quality data across functional silos.

This is the connective tissue: **organizations that achieve this integration do not just comply better. They operate better.**

Consumer Transparency Tools (2025 vs 2026)

% of respondents using each approach

- New in 2026
- 2026
- 2025



The operating environment will not make this easier. But the organizations that see traceability as strategic infrastructure rather than compliance overhead are building capability that compounds—each investment in data, verification, and supplier enablement makes the next disruption easier to navigate.



Inspectorio POV: From Compliance Proof to Strategic Infrastructure with a Connected Production Chain

POV Author



Nathaniel
Fleming

Senior Vice President,
Marketing at Inspectorio

This report describes an industry caught between rising evidentiary demands and systems that were never designed to meet them. Inspectorio's position across brand, retailer, and supplier networks—spanning tens of millions of inspections, assessments, certifications, corrective actions, and lab reports—offers a direct view into both the structural gap and what it takes to close it.

Inspectorio's approach to bridging the proof gap operates on **three levels**, each addressing a core barrier identified in this research.



Product-Level Data Architecture

The first is **product-level data architecture**.

The report identifies the fundamental mismatch between facility-level measurement and product-level accountability. Inspectorio's platform captures structured, primary data at the point of production—tied to specific product bill of materials (BOMs), purchase orders, and suppliers—rather than aggregated at the factory level. This is the connective layer that regulations like UFLPA and the EU's Digital Product Passport framework require: **traceability evidence that links materials, processes, and compliance status to individual items, not facility averages.**



Verification Throughput at Scale

\$4.7M

estimated annual value from faster compliance assessment and disclosure workflows across 15,000+ assessments at one major retailer.

68%

reduction in compliance assessment cycle times – 31 days to 10 – with 56% cut in disclosure lead times.

34,000+

inspections executed annually at one global apparel manufacturer.

227%

increase in inspections per inspector – demonstrating that verification rigor and operational efficiency are not trade-offs.

The second is **verification throughput at scale**.

Document-based verification, as this report outlines, is reaching its credibility ceiling. Inspectorio's digitized assessment and disclosure workflows compress the cycles that manual processes cannot sustain. One major retailer reduced compliance assessment cycle times by **68%**—from 31 days to 10—and cut disclosure lead times by **56%**, unlocking an estimated **\$4.7M annually** in throughput value across more than 15,000 assessments.

A global apparel manufacturer scaled to over **34,000** inspections annually while increasing inspections per inspector by **227%**, demonstrating that verification rigor and operational efficiency are not trade-offs when the underlying architecture is right.



Supplier Enablement Over Extraction

38% to 60%

CAPA volume decline across multiple deployments – while closure times improved in every measured program.

76%

reduction in time-to-close – evidence that enabling suppliers produces better outcomes than auditing them.

The third is **supplier enablement over extraction**.

The report identifies the structural trust deficit between brands and suppliers as a fundamental barrier to transparency. Inspectorio's model returns value downstream: digitized corrective action workflows, shared performance benchmarks, and faster closure cycles give suppliers operational benefits from participation rather than treating data collection as a one-directional compliance exercise. Across multiple deployments, CAPA volumes have declined by **38% to 60%**, while closure times improved in every measured deployment, with the strongest programs reducing time to close by up to **76%**. This shows that enabling suppliers to improve, rather than simply auditing them, can produce both better compliance outcomes and lower remediation costs.

In an environment where tariff-driven sourcing shifts are forcing organizations to rebuild sustainability infrastructure in new geographies, the imperative is clear: **traceability systems must be portable, product-level, and designed to generate operational value beyond compliance.**

That is the architecture **Inspectorio is building alongside leading global brands—turning the proof gap into a foundation for smarter sourcing, faster disruption response, and margin protection on both sides of the buyer-supplier relationship.**



The Path Forward Is Architectural

The traceability and sustainability landscape in 2026 is **defined not by a lack of ambition but by a structural gap between what the industry has committed to and what it has built the systems to deliver.**

Three realities define this moment. The industry is responding to traceability and sustainability demands, but defensively, action remains compliance-driven and incremental, and trade volatility is actively undermining even the progress that has been made. The current systems were not built for what is now required: facility-level measurement cannot support product-level claims, document-based verification is reaching its credibility ceiling, and supplier engagement models designed to extract data upward do not generate the trust needed for deeper visibility. And the nature of what regulators are asking has changed. Earlier mandates asked bounded, standalone questions. The regulations now entering force – DPP, EPR, CSRD, CPSC eFiling – ask connected ones, requiring data that overlaps far more than the regulations themselves appear to, yet lives in disconnected systems owned by different teams. **The path forward is architectural**, fund sustainability through efficiency rather than premiums, rebuild verification for product-level proof, transform supplier relationships from transactional to enabling—and recognize that traceability infrastructure, built right, is strategic intelligence, not compliance overhead.

This last point may be the most consequential. The organizations that build traceability and sustainability architecture solely to satisfy regulators will treat every dollar spent as a cost to be minimized and will keep rebuilding that data from scratch for each new mandate, even when a supplier's facility address, a product's material composition, or a batch-level chain of custody could serve multiple filings simultaneously. The organizations that recognize the same connected data infrastructure powers smarter sourcing, earlier risk detection, and readiness for regulations not yet finalized will invest at a level that compounds over time. The difference is not about capability. It is about framing. **The compliance challenge facing most organizations is not that they lack the data. It is that the data is not connected to holistic business outcomes.**

The business environment will not make this easier. Uncertainty rewards caution, and the appetite for long-term investment shrinks when the planning horizon keeps collapsing. But that same dynamic is precisely what separates leaders from the rest. The organizations most likely to lead are not those making the boldest commitments. **They are those rebuilding the systems, relationships, and operating disciplines that make commitments credible, and that use the data those systems produce to operate better, not just comply better.**



Part Three

Why Quality and Compliance Must Be Managed From Design to Delivery



Introduction

For leaders at retailers, brands, and manufacturers, regulatory compliance is no longer a downstream obligation checked at the end of production. It has become a core operating condition for bringing products to market on time, at target cost, and with the evidence required to sell.

A product can fall out of compliance long before final inspection, shipment release, or customs review. The risk can begin with a material decision, a chemical treatment, a packaging specification, a supplier approval, a test protocol, or a missing document that surfaces too late to correct without delay, rework, margin loss, or market access risk.

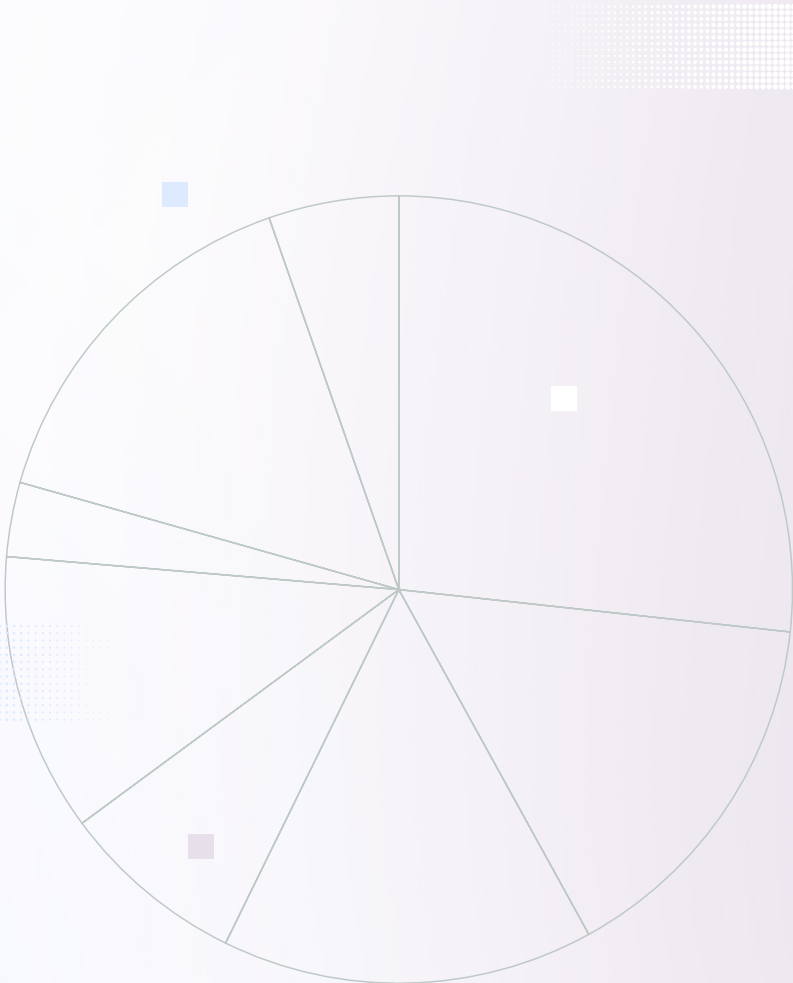
That is why Product Integrity is emerging as the foundation for regulatory compliance. Product Integrity means ensuring quality and compliance from design to delivery. It reframes compliance as a lifecycle control discipline across product development, sourcing, supplier qualification, testing, inspection, corrective action, and shipment readiness.

The 2026 State of Supply Chain survey shows why this shift is becoming urgent. 52% of respondents rate the impact of recent regulatory changes on supply chain management at 4 or 5 on a 5-point scale. 54% rate compliance execution strain at 4 or 5, reflecting pressure from budgets, staffing, supplier documentation, audits, and remediation workload. Yet only 50% report that compliance budgets have increased over the past two years.

The imbalance is clear: regulatory expectations are rising faster than the operating model built to manage them. Organizations are being asked to prove more across more product types, more jurisdictions, more supplier tiers, and more documentation categories, without always receiving the resources or systems required to execute that work consistently.

This report examines the compliance control gap. First, regulatory compliance is moving into the product lifecycle because the decisions that create risk now happen before production is complete. Second, the weakest point is execution between standards and delivery: fragmented rules, testing complexity, manual review, and documentation burden create exposure even when organizations understand what is required. Third, leading organizations are building connected Product Integrity systems that turn quality, compliance, testing, supplier performance, and product documentation into an operating layer rather than a risky late-stage scramble to aggregate siloed data.

The strategic question is no longer simply whether a company can meet regulatory requirements. It is whether it can demonstrate that each product was designed, sourced, made, tested, inspected, documented, and released under control.



Part Three

07

Regulatory Compliance Is Moving Into the Product Lifecycle



Regulatory Compliance Is Moving Into the Product Lifecycle

The requirements that determine compliance readiness now attach to product attributes and production decisions much earlier in the lifecycle. Chemical restrictions may depend on material selection. Safety requirements may depend on component selection and testing protocols. Labeling obligations may depend on market, composition, performance claims, or packaging format. Product Integrity brings those requirements into one operating frame: the product as the unit of control.

7.1 From Late-Stage Validation to Upstream Control

The most important shift is timing. Compliance failures are often discovered late, but they are usually created early. A product that fails a test, lacks the right supplier documentation, uses an unapproved component, or requires a market-specific label change may look like a late-stage compliance issue. Operationally, it is often an upstream control failure.

When compliance is treated as a final checkpoint, the organization relies on detection. When Product Integrity is embedded earlier, the organization relies on visibility, intelligence and prevention. That distinction matters because late detection is expensive. It can trigger retesting, shipment holds, rework, production delays, or missed launch windows. It also forces teams into exception management, where decisions are made under commercial pressure rather than through a controlled process.

The survey data helps explain why late-stage models are under pressure. **54%** of respondents report high compliance execution strain, yet compliance budgets have not risen at the same pace. When work increases faster than capacity, teams either absorb the burden manually or narrow their focus to the most urgent issues. Both responses create risk: fatigue, inconsistency, and less visible product-level gaps.

That expectation is precisely what makes the operating challenge so difficult. The business assumes quality and compliance will be achieved as baseline conditions, while simultaneously pushing for faster calendars, lower cost, diversified sourcing, and product-level proof. Product Integrity is the mechanism that allows those expectations to be managed together rather than traded off at the end.

“At this point, quality and compliance are the starting point. They have to be built into the way the business operates.”

Luis Marquina

Chief Operating Officer at Intradeco



7.2 The Purchase Order Is Too Late to Discover Product Risk

Supplier approval is becoming one of the most important Product Integrity control points. The key question is no longer whether a supplier can make the product at the quoted cost. It is whether the supplier can meet the full integrity profile of the product: quality standards, testing requirements, upstream transparency, and market-specific compliance requirements.

If those criteria are not assessed before purchase order issuance, the company enters production with unresolved risk. By then, the sourcing calendar has created pressure to proceed, materials may already be purchased, and capacity may already be booked. Correcting a weak approval decision after production begins is far more expensive than preventing it during onboarding.

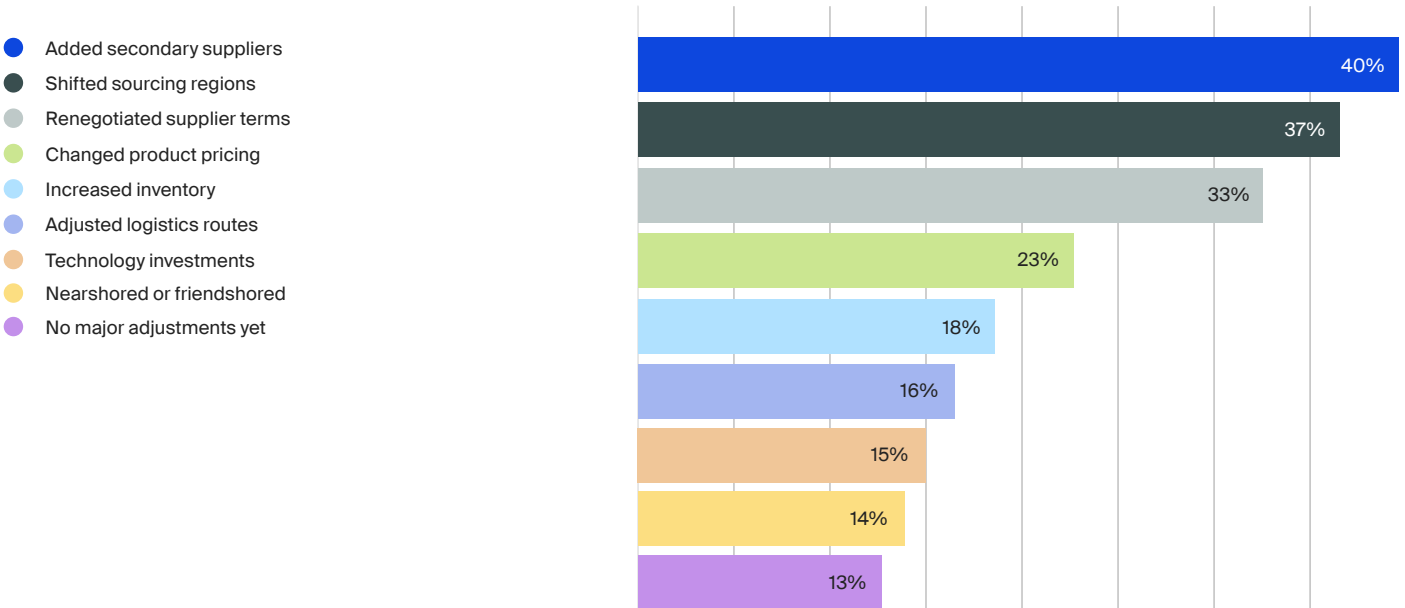
This is becoming harder as sourcing networks shift. In response to trade tensions or potential tariff changes, **40%** of survey respondents added secondary suppliers for critical products, **37%** shifted sourcing to new countries or regions, and **33%** renegotiated supplier pricing or terms. These actions improve resilience and optionality, but they also create Product Integrity workload. Every new supplier, factory, country, material source, testing partner, and logistics route introduces new qualification and documentation requirements.

“Supplier decisions have to balance cost, quality, and capability. Cost matters, but it cannot be the only filter.”

Karen Smith
Chief Supply Chain Officer,
Carter’s

Sourcing Adjustments from Trade Tensions (2026)

% of respondents selecting each action



Diversification therefore creates a paradox. It reduces concentration risk while increasing execution complexity. A company may be less exposed to one geography or supplier, but more exposed to inconsistently qualified alternatives. A more diversified network can be more resilient only if the control system travels with it.

This is where **Product Integrity becomes a strategic operating discipline rather than a compliance function.** A qualified supplier matrix, testing protocol, inspection history and market-access requirement should form a connected view of whether the product can be responsibly and legally produced in the chosen path.

On-time delivery and Product Integrity are often treated as competing goals, but in practice they are linked. Poor quality delays shipments. Missing documents delay release. Unclear testing protocols delay approvals. Weak supplier readiness creates rework. A supplier that cannot meet quality, compliance, and documentation requirements predictably is not simply a compliance risk. It is a delivery risk.

“Quality and timing are inseparable. If a supplier cannot deliver both consistently, the business risk increases.”

Sourcing & Product Executive



Part Three

08

The Control Gap Sits Between Standards and Execution



The Control Gap Sits Between Standards and Execution

Most organizations do not lack standards. They have supplier codes, quality manuals, restricted substance lists and audit protocol. The problem is that standards alone do not create control. Control depends on whether those standards are translated into daily work across teams, suppliers, labs, auditors, inspectors, and factories.

The control gap is the space between knowing what must happen and being able to prove that it did happen for the right product, in the right market, at the right time. It is where regulatory fragmentation becomes operational confusion, testing becomes a throughput bottleneck, documentation becomes a manual chase, and supplier accountability depends on fragmented tools rather than a shared system of record.

8.1 Fragmented Rules Create Operational Variability

Regulatory fragmentation is not an abstract policy problem. It is ingrained in the array of product decisions that happen across processes and partners throughout its lifecycle. If requirements vary by country, product category, or customer, the organization must decide how to translate that variation into sourcing and production. In some cases, the answer is to manage the highest applicable standard. In others, the answer is to create market-specific handling. Both approaches require strong control.

The highest-standard approach simplifies distribution because one product can move across multiple markets, but it raises the baseline for all suppliers and product teams. Market-specific handling can reduce over-compliance, but it increases complexity because the right product must flow into the right channel.

“More regulatory structure from the industry would help manage the ever-changing market and customer requirements.”

Karen Smith

Chief Supply Chain Officer,
Carter’s



The compliance burden becomes heavier when internal ownership is fragmented as well. Product development owns specifications. Sourcing is responsible for supplier selection. Quality oversees inspection and testing. Compliance covers documentation and regulatory interpretation. Each function operates correctly inside its own scope while the product record remains incomplete and disconnected.

The survey shows that companies are still relying more heavily on structural risk hedges than on digital control systems. **63%** of respondents cite stronger supplier monitoring, audits, and performance programs as a primary risk mitigation strategy. **59%** cite supplier diversification or multi-sourcing. Only **26%** cite investment in digital visibility and early-warning systems.

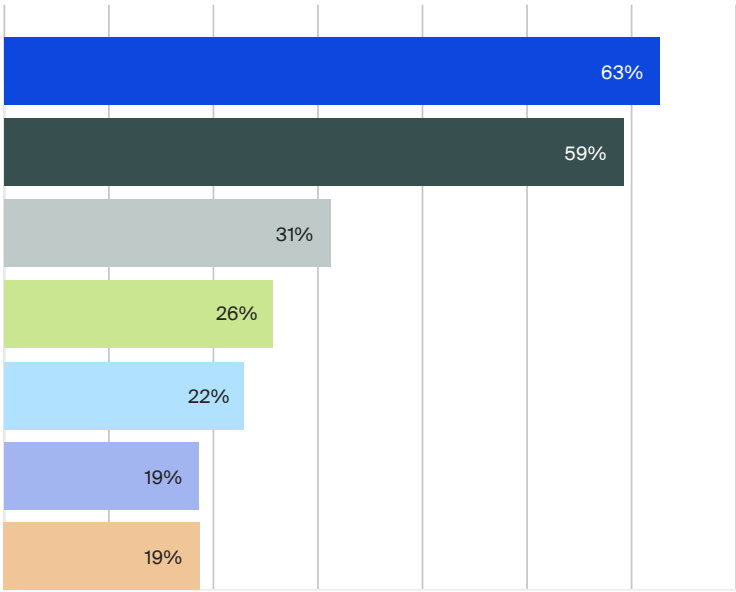
Monitoring and diversification are necessary. They are also incomplete. Supplier monitoring identifies issues, but it does not automatically connect the issue to affected products. Diversification creates alternatives, but it does not ensure those alternatives are qualified to the same standard. Without connected Product Integrity infrastructure, both strategies can expand the workload without closing the control gap.

Fragmentation also increases the importance of timing. Product Integrity systems must support structured readiness for known requirements and rapid impact assessment when sourcing economics, enforcement posture, or market rules shift. The organizations that can respond quickly are not those that react most aggressively. They are those that already know which products, suppliers, materials, tests, documents, and markets are affected.

Primary Supply Chain Risk Mitigation Strategies (2026)

% of respondents selecting each strategy

- Supplier monitoring and performance
- Supplier diversification or multi-sourcing
- Inventory buffers or safety stock
- Digital visibility and early-warning
- Contractual protections
- Nearshoring or regionalization
- Scenario planning and stress testing



8.2 Testing and Documentation Are Becoming Throughput Bottlenecks

Testing is where standards become evidence. It is also where Product Integrity often slows down. The protocol must be rigorous enough to protect the company and consumer, but not so broad that it creates unnecessary cost and delay.

The problem is not simply the number of tests. It is the coordination required to determine which tests apply, which lab is approved, which market requirements are in scope, and whether the result is connected to the correct product and production run. When those steps are managed manually, the bottleneck is not the lab alone. It is the orchestration around the lab.

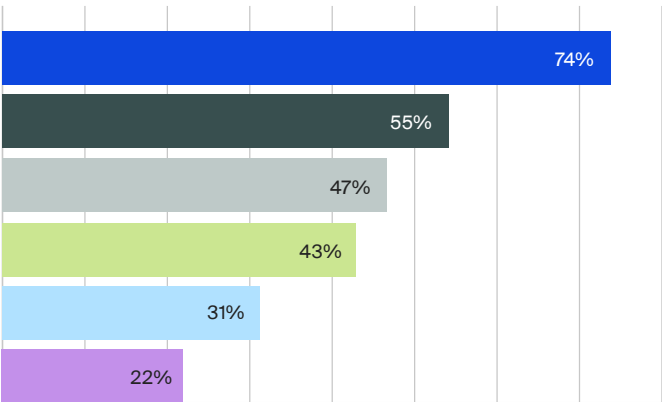
Documentation creates a parallel bottleneck. Test reports, certificates, bills of material, supplier approvals, declarations, and shipment records may all be needed to support a product decision. If evidence is scattered, the organization can complete the work and still lack readiness.

AI adoption patterns in the survey show where organizations feel the strain most acutely. Among respondents using AI in supply chain operations, Product Integrity workflows are leading adoption: **74%** cite quality inspection and defect detection, **55%** cite supplier risk detection and monitoring, **47%** cite supplier performance management, and **43%** cite compliance screening and audit readiness. The most common reported outcomes are faster detection of quality issues or non-compliance and reduced manual workload for audits, checks, or documentation, each cited by **62%** of AI users.

Product Integrity Workflows
Lead AI Use Cases (2026)

% of AI-adopting respondents

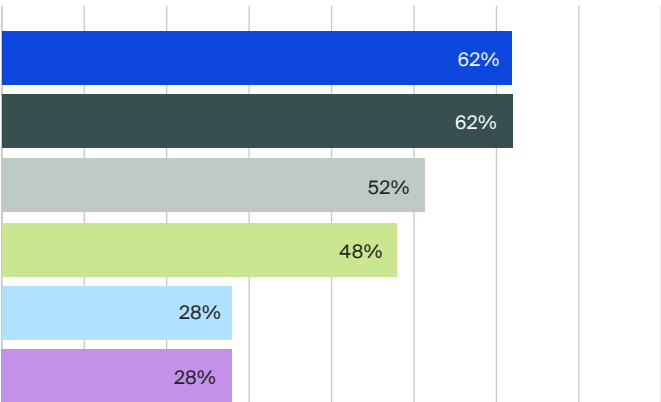
- Quality inspection and defect detection
- Supplier risk detection and monitoring
- Supplier performance management
- Compliance screening and audit readiness
- Traceability and origin validation
- Sustainability analytics



Measured Outcomes From AI
in Product Integrity Workflows (2026)

% of AI-adopting respondents

- Faster detection of quality issues or non-compliance
- Reduced manual workload for audits, checks, or documentation
- Better risk identification or earlier disruption signals
- Improved supplier performance or accountability
- Reduced lead times or fewer delays
- Improved traceability or consumer transparency outcomes



This does not mean AI is becoming the decision-maker for regulatory compliance. It means organizations are applying automation where manual burden, data volume, and decision urgency are highest: defect detection, audit review, documentation screening, and supplier risk monitoring.

But the compliance threshold remains high. In regulated workflows, a faster answer is not valuable if it cannot be trusted. Automation can accelerate review, surface anomalies, and reduce repetitive work, but it still depends on structured data, clear rules, and human judgment. Product Integrity systems must therefore balance speed with defensibility. The goal is not simply to process more documents faster. The goal is to know which evidence matters, whether it is valid, and what decision it supports.

The organizations that make progress will treat testing and documentation as connected workflows rather than administrative tasks. A test report should not be a file stored somewhere. A corrective action should not be a static form. This is how evidence becomes control.

“AI can support compliance work, but the tolerance for error is very different when regulatory exposure is involved.”

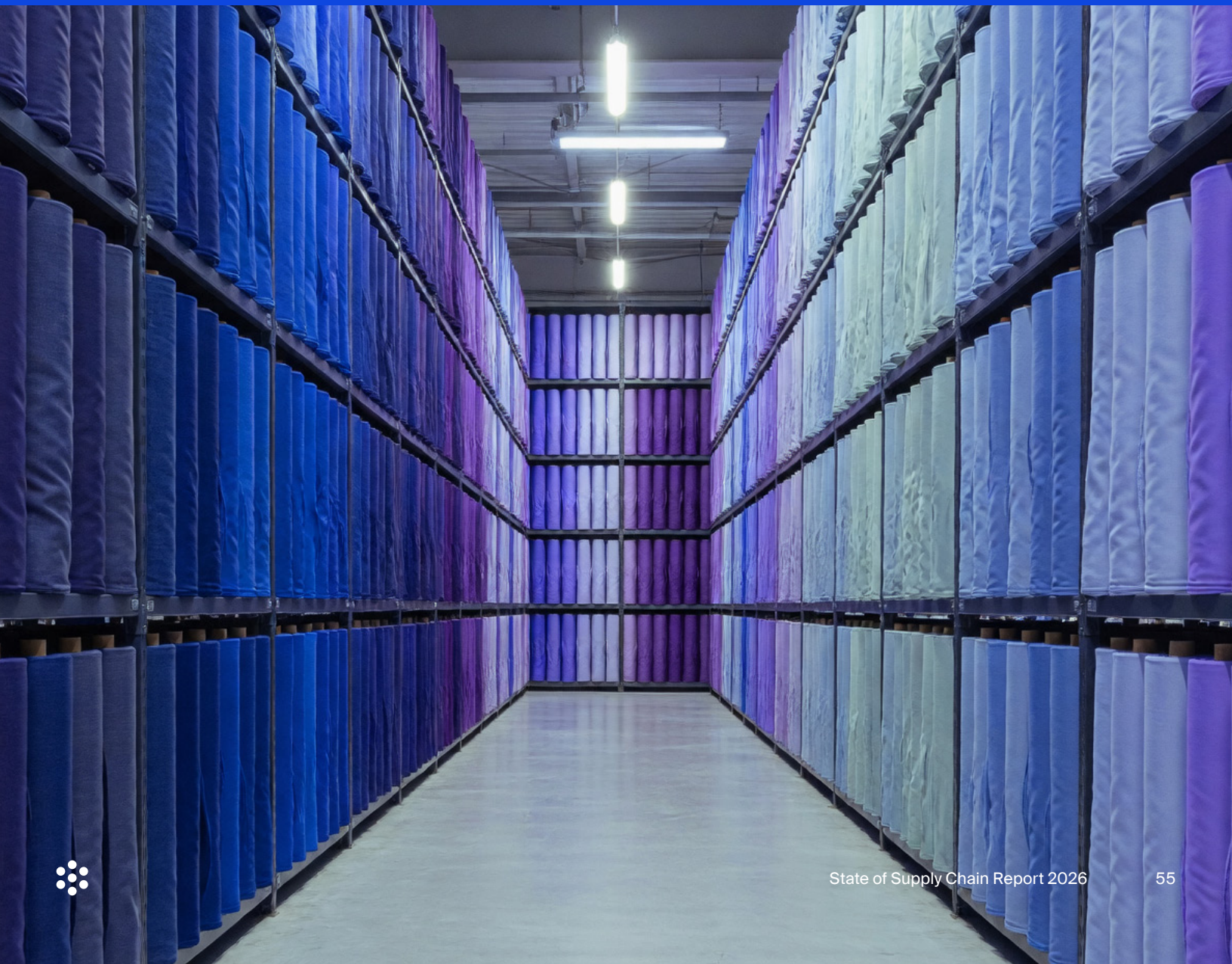
**Global Trade and Compliance
Executive at a U.S. Retailer**



Part Three

09

Leading Organizations Are Turning Product Integrity Into Operating Infrastructure



Leading Organizations Are Turning Product Integrity Into Operating Infrastructure

The next stage of compliance maturity will not be defined by more checklists. It will be defined by the ability to create product-level evidence continuously as work happens with evidence metadata acting as a trigger for downstream alerts and actions. This requires a shift from compliance as review to Product Integrity as infrastructure.

Operating infrastructure is different from a data repository. A repository stores documents. An operating infrastructure connects data to decisions to business outcomes.

9.1 Evidence Has to Be Created in the Workflow

The traditional documentation model is reactive: collect what is needed when someone asks for it. That approach may work when requirements are narrow, and volumes are manageable. It breaks down when evidence is needed across many products, suppliers, and markets at once.

A Product Integrity model creates evidence in workflow. Supplier onboarding creates the approval record. Testing creates the product and protocol record. Inspection creates the quality record. Each activity adds to the product's integrity profile. The value is not just compliance defense. It is operating speed. When evidence is created as the work happens, teams do not have to reconstruct product readiness at the end. This shifts the organization from exception response to continuous readiness.

Centralization is a foundation, but it is not the full answer. The repository must be structured around the questions teams actually need to answer. The practical architecture of Product Integrity is product-level, supplier-linked, and workflow-generated. Product-level means evidence attaches to the product or order, not only to the factory or season. Supplier-linked means performance, qualification, and corrective actions follow the parties responsible for execution.

Workflow-generated means data is captured during inspections, audits, tests, approvals, documentation reviews, and remediation rather than assembled later.

This also changes the role of data quality. The question is not only whether the document exists. It is whether the document is current, complete, connected, and decision-ready. Product Integrity requires evidence that can be used, not just stored.

“Companies need a centralized repository for the documentation and data required to comply. Once that information is spread across multiple places, the process becomes difficult very quickly.”

**Global Trade and Compliance
Executive at a U.S. Retailer**



9.2 Supplier Accountability Is Shifting From Inspection to Performance Management

Supplier accountability has historically been built around brand-led control and that model remains necessary, but it is not sufficient for the scale and speed of current regulatory demands. The future model is more performance-based. Suppliers are expected to understand requirements, manage their own data, use performance feedback and earn greater autonomy through consistent results.

This shift does not reduce brand or retailer responsibility. It makes responsibility scalable. A central team cannot manually inspect, review, chase, and validate every activity across a large global supplier base with equal intensity. Product Integrity requires calibrated oversight: proactive guidance on expectations, more intervention where risk is high and more autonomy where performance is proven.

“A major part of the work is reducing friction for suppliers while still getting the visibility and data the business needs.”

**Responsible Sourcing
Executive, Global Retailer**

Reducing friction is not the same as lowering the bar. It means making requirements clearer, data submission easier, and performance expectations more transparent. Supplier fatigue is not only a supplier experience problem. It is a control problem. When suppliers receive duplicative requests in different formats from different teams, the quality of participation declines. When requirements are clear and workflows are shared, suppliers can become active participants in Product Integrity rather than passive respondents to compliance requests.

Risk-based oversight is central to this model. Not every supplier or product requires the same intensity of review. A new factory producing a regulated category in a higher-risk environment should not be treated the same as a long-standing supplier. The goal is to direct scarce expert attention toward the areas where failure would matter most.

“The right level of rigor depends on the level of risk. You have to understand what could go wrong in that supply chain and calibrate oversight accordingly.”

Avedis Seferian

President & CEO of Worldwide
Responsible Accredited Production

The same logic applies to testing and inspection. High-performing suppliers may earn self-inspection, faster review, or more efficient testing pathways when performance data supports that trust. Higher-risk suppliers require tighter controls, more frequent review, and stronger validation. In both cases, the system must remain evidence-based. Trust is not granted because a relationship is old. It is earned through data.

This is where Product Integrity becomes a performance system. Quality defects, audit findings, and supplier responsiveness are not separate metrics. Together, they describe the reliability of a production path. The most mature organizations will use that reliability profile in sourcing allocation, supplier tiering, and market-access planning.

“The more transparent brands and suppliers can be with each other, the stronger the sourcing relationship becomes.”

Scott Lercel

VP of Global Sourcing
at Dick's Sporting Goods



Inspectorio POV: Product Integrity as Connected Production Chain Infrastructure

POV Author



Nathaniel
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This report describes an industry caught between rising product-level compliance demands and operating models still built around fragmented checks. The gap is not a lack of standards, effort, or documentation. It is a lack of connected control. Requirements are often interpreted in one function, evidence is created in another, and release decisions are made under calendar pressure with only partial visibility into whether the product is truly ready for market.

Inspectorio's position across the Production Chain gives it a direct view into both the control gap and what it takes to close it. The Production Chain is the operational layer between strategic sourcing and logistics where brands, retailers, suppliers, factories, labs, and auditors coordinate production, validate quality and compliance, and generate the evidence needed to release goods with confidence. Across this layer, Inspectorio captures tens of millions of data points from the factory floor to the executive suite, creating the operating evidence required to ensure quality and compliance from design to delivery.

That evidence shows Product Integrity is not achieved by adding more checkpoints. It is achieved when the product record becomes the control layer for quality and compliance from design to delivery. Inspectorio's approach to closing the Product Integrity control gap operates on three levels, each addressing a core barrier identified in this research.



Lifecycle Control

The first is **lifecycle control**.

The report identifies a fundamental timing problem: many compliance and quality failures are discovered late but created early. Inspectorio helps organizations move control upstream by connecting product requirements, supplier readiness, and production execution into a single operating view.

This allows teams to identify risk before it becomes rework, manage exceptions before they delay release, and make earlier decisions with clearer evidence. The value is not only compliance readiness. When Product Integrity controls are embedded early, they become calendar discipline, inventory discipline, and margin discipline.



Evidence Throughput at Scale

30%

faster compliance cycle times in the same deployment – with 15% fewer redundant resubmissions and 265 failures contained earlier in the process.

\$1.8M

per year in avoided lab spend, rework, and workflow overhead – from a unified lab workflow supporting 11,400 lab reports with 30% faster cycle times.

66%

defect rate reduction over seven years at one large-scale retailer – preventing an estimated 1.4M defective units annually and avoiding ~\$21.2M/yr in defect-related cost.

\$21.2M

per year in avoided defect-related cost at the same large-scale retailer – making the business case that stronger Product Integrity does not have to slow the business.

The second is **evidence throughput at scale**.

Testing and documentation are where standards become proof, but they are also where manual processes often slow the business down. Inspectorio helps organizations turn evidence into a product-linked workflow rather than a document chase, making it easier to see what is missing, where failures require containment, and whether a product is ready to move forward.

In one major retailer deployment, a unified lab workflow supported **11,400** lab reports, contained **265** failures earlier in the process, accelerated cycle times by **30%**, and reduced redundant resubmissions by **15%**, generating an estimated **\$1.8M** per year in avoided lab spend, downstream rework, and workflow overhead.

In another deployment, a large-scale retailer reduced its defect rate by **66%** over seven years, preventing an estimated **1.4M** defective units annually and avoiding approximately **\$21.2M** per year in defect-related cost.

These results demonstrate that stronger Product Integrity does not have to slow the business. When evidence is structured and connected, rigor and speed reinforce each other.



Supplier Performance and Risk-Based Accountability

38% to 60%

CAPA volume reduction across
deployments – with closure time
improvements in every measured program.

\$4.8M

saved through reduced third-party
inspection volume – enabled by a Factory
Risk Prediction deployment that shifted
lower-risk factories to self-inspection.

The third is **supplier performance
and risk-based accountability**.

Product Integrity cannot scale through brand-led inspection alone. Suppliers need clearer expectations, buyers need objective performance signals, and oversight needs to be calibrated by risk rather than applied uniformly across every factory and product. Inspectorio supports that shift by turning quality findings, corrective actions, assessment outcomes, and supplier history into a **performance loop both sides can act on**. Across deployments, the impact is measurable. One major retailer reduced corrective action volume by **38%** and improved closure time by roughly **15%**, avoiding approximately **\$1M** per year in handling cost and follow-up drag. A global manufacturer reduced corrective-action intensity by roughly **60%**, avoiding an estimated **\$2.46M** per year in handling effort, while faster closure reduced open-issue exposure by approximately **\$1.96M** per year. A Factory Risk Prediction deployment also enabled lower-risk factories to shift toward self-inspection, saving **\$4.8M** through reduced third-party inspection volume.

Inspectorio's AI layer, including Paramo, builds on the same foundation. AI can accelerate reviews, surface risk patterns, and support next-best actions across quality and compliance workflows. But in **Product Integrity**, AI is not the starting point. Connected primary data is. AI only creates durable value when it operates on structured records tied to the product, supplier, order, facility, test, inspection, and requirement behind the decision. Without that foundation, automation only accelerates fragmented work. With it, AI becomes a force multiplier for Product Integrity execution.

In a global trade environment defined by regulatory fragmentation, tariff volatility, margin pressure, and rising evidentiary demands, retailers and brands need Product Integrity systems that are portable, product-level, supplier-enabled, and measured in operating outcomes. **Connected Production Chain infrastructure that turns quality and compliance from late-stage checkpoints into continuous, measurable execution from design to delivery.**



Product Integrity From Design to Delivery

The regulatory compliance landscape in 2026 is defined by a widening control gap. Organizations are being asked to meet more complex product requirements, produce more evidence and respond faster when risk emerges. Yet many still rely on workflows built for a less demanding era.

Product Integrity closes that gap by reframing compliance as a lifecycle discipline. It connects the decisions that shape the product with the evidence needed to release it confidently. It makes quality, compliance, testing, documentation, and supplier performance part of one operating model rather than separate workstreams that converge too late.

The organizations best prepared for the next phase will not be those that simply add more audits or collect more documents. They will be those that create product-level evidence as work happens, qualify suppliers before risk enters the calendar, calibrate oversight based on performance and risk, and connect compliance readiness to sourcing, quality, and market-access decisions.

This shift has strategic consequences. A company that cannot demonstrate Product Integrity will increasingly struggle to move goods confidently across markets.

A company that can demonstrate Product Integrity gains a stronger basis for supplier decisions, faster issue resolution, better margin protection, and greater confidence in the products it brings to market.

In this environment, **Product Integrity is not a new label for quality control or regulatory compliance.** It is the foundation that allows both to scale. For retail and brand leaders, the strategic question is no longer whether quality and compliance matter. It is whether the organization can ensure them from design to delivery, at the speed, complexity, and evidentiary standard the market now requires.





Intelligent supply chains start here.
Learn more at inspectorio.com