

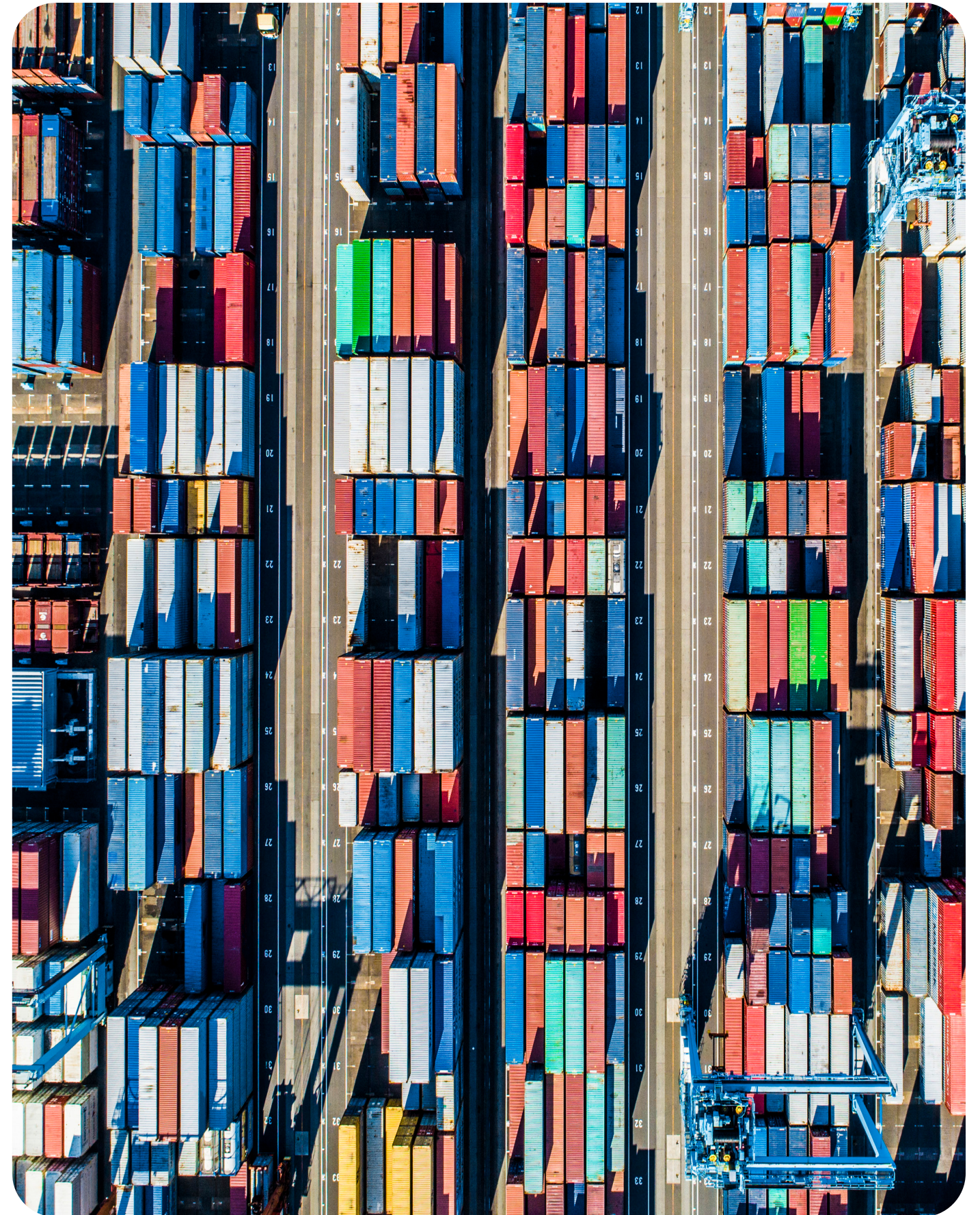


Supply Volatility Index Fall 2025

A Data-Driven Analysis of Uncertainty
& Supply Volatility Across \$5B in Direct Spend

Powered by SourceDay Data

[INDUSTRY REPORT]



KEY OBSERVATION

Uncertainty, not shortages, is driving supply chain volatility to new highs.

Supply chain volatility has rebounded to near-pandemic highs, but the cause has changed. In Q3 2025, it wasn't bottlenecks or shortages that created turbulence. It was uncertainty.

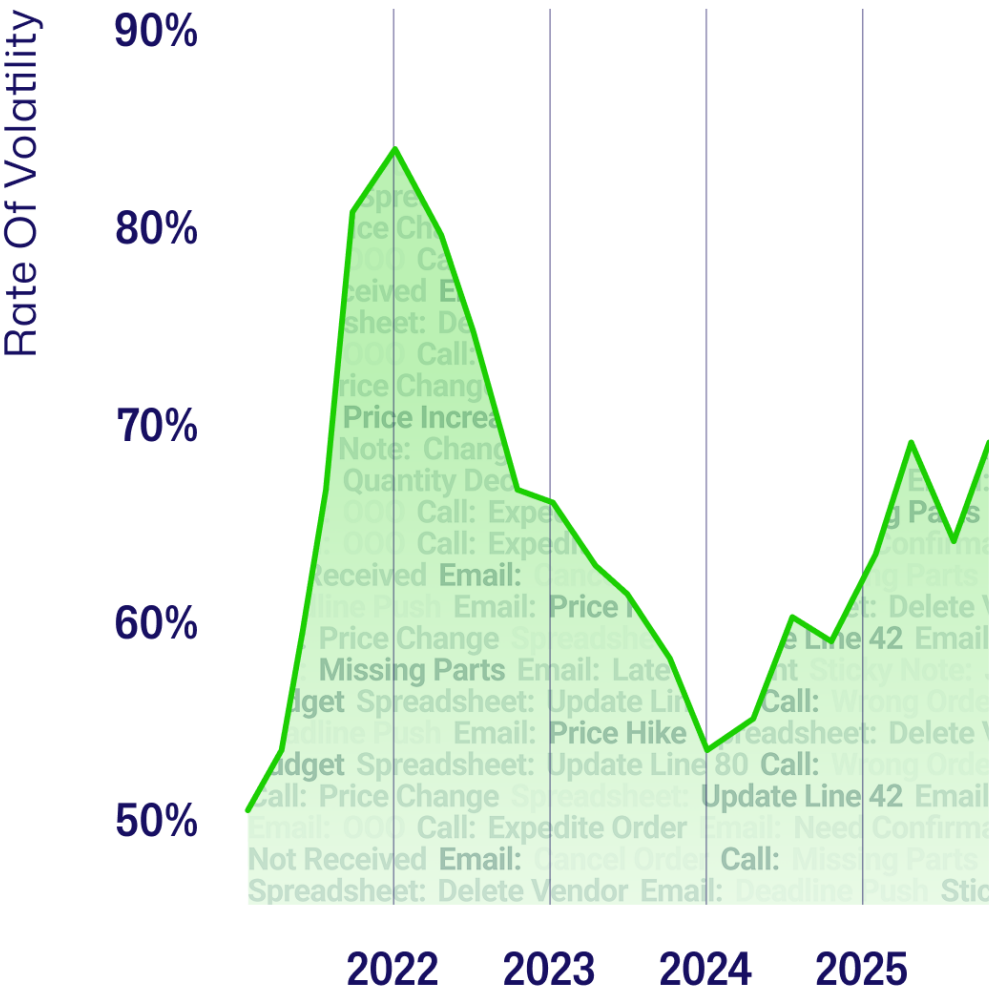


Supply Volatility Index, Fall 2025

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SourceDay Supply Volatility Index



[EXECUTIVE SUMMARY]

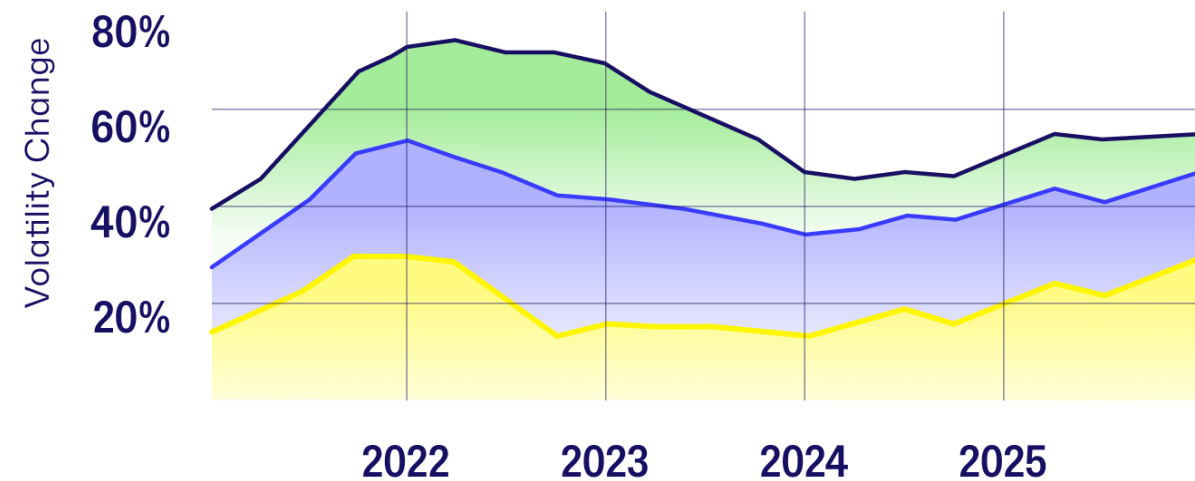
The Supply Volatility Index analyzes SourceDay’s proprietary data, generated from processing real-world, inbound supply chain spend. In Q3 2025, it analyzed \$5B in direct spend across more than 100,000 global suppliers for North American manufacturers and distributors.

It measures volatility across inbound supply using key drivers like on-time delivery (OTD), shifting prices, and purchase order (PO) changes. By monitoring and reporting trends, this report helps manufacturers and distributors spot early signs of instability and risk, so they can make smarter business decisions.

In Q3 2025, overall supply volatility reached its highest levels since the last peak in 2022, during the Covid pandemic. Volatility trended up at a similar rate, but its sources and root causes have changed.

Highest Levels Since 2022, Shifting Drivers

A deeper look at root causes of supply volatility reveals that the forces behind this quarter's increase have shifted. Prices held steady despite the shifting global tariff landscape, suggesting that businesses are not passing through higher raw material costs to their customers—at least not yet. Conversely, purchase order changes and resulting order uncertainty increased significantly in Q3. In addition, shifting on-time delivery (OTD) rates contributed to volatility more than price risks.



SourceDay Supply Volatility Index Drivers

Volatility in this report is measured by how often three primary indicators change from the time a manufacturer or distributor submits a purchase order to a vendor, until the materials in that order are received. The three primary indicators of volatility are:

- **Price:** How often parts are subject to rising or inaccurate prices
- **On-Time Delivery:** Whether parts are delivered by the date they are due
- **Uncertainty:** How often dates, quantities, or prices change while POs are still active

A woman with her hair in a bun and a man with glasses are standing in a warehouse, looking at a document together. The background shows shelves filled with boxes and a workbench with various items.

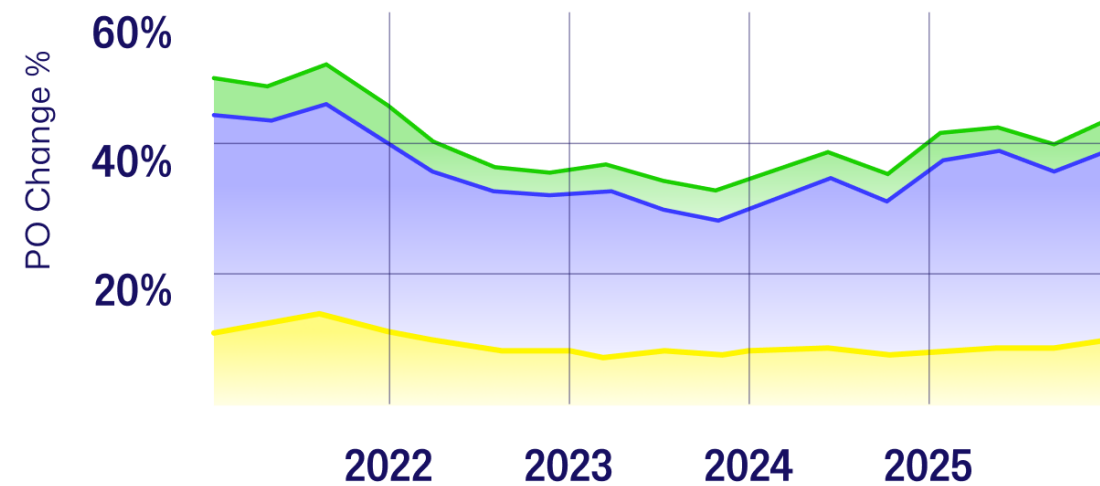
Purchase order changes
hit their highest rate since 2022, as buyers
and suppliers worked proactively to protect
their businesses from uncertainty.



Supply Volatility Index, Fall 2025

POs Changing at Highest Rate Since Pandemic

● All Changes ● Buyer-Initiated ● Supplier-Initiated



45%
POs changed

Nearly half of all purchase order (PO) lines were changed in Q3, up 9% from the previous quarter.

[PURCHASE ORDER CHANGE REVIEW]

Increasing changes from both buyers & suppliers

From July to September 2025 the supply volatility climbed to its highest level since Q2 2022, marking a significant rise in changes to purchase order due dates, OTD, and pricing. Nearly half of all purchase order (PO) lines—45.4%— changed in Q3 2025, up 9% from the previous quarter. Both buyers and suppliers reacted rapidly to evolving tariffs and shifting demand signals, as they worked proactively to protect their businesses and customers from rising costs.

- **Buyer change rate:** 40.7%, the highest since Q2 2022, and up 24% year-over-year
- **Supplier change rate:** 10.2%, also the highest since 2022 and up 31% year-over-year
- **Change frequency per PO line:** up 10% quarter-over-quarter
- **Most common change type:** date move-outs, led by suppliers

During the Covid pandemic, volatility stemmed from inventory scarcity and delivery failures. In Q3 2025, turbulence was driven by **strategic reshuffling**. This reshuffling shows how uncertainty—rather than physical disruptions like severe weather, closed ports, or logistics bottlenecks—drove business decisions. Buyers and suppliers proactively adjusted their sourcing schedules, to shield their balance sheets from the anticipated ripple effects of tariffs and persistent inflation.



A background image showing several workers in a factory setting, wearing safety glasses and blue shirts, working on a production line. The image is overlaid with a dark blue semi-transparent filter.

Inflation persists for manufacturers as the tariff landscape continues to shift, but that same pricing pressure has not reached retailers and consumers.



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[PRICE PRESSURES & INFLATION IMPACT]

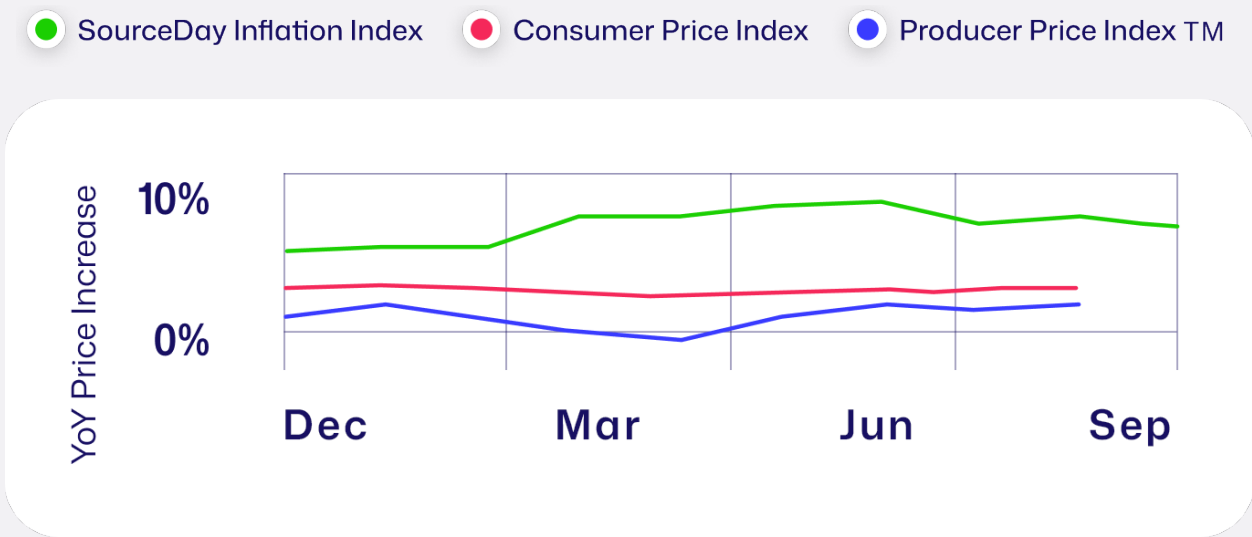
Prices hold steady, but pressure builds

The SourceDay Inflation Index tracks monthly changes in direct materials prices using real purchase order data from SourceDay. It’s a clear, early indicator of supply chain cost trends because it’s built on actual transactions, not assumptions.

Throughout 2025, SourceDay’s Inflation Index trended higher than other measures of inflation like the Consumer Price Index or Producer Price Index: Total Manufacturing (published by the [US Bureau of Labor and Statistics](#)). SourceDay’s Inflation Index has trended higher than 2024, but it has cooled slightly after surging in Q2 2025.

Additionally, the SourceDay Inflation Index trended well above CPI and PPI rates all year. This suggests manufacturers have not passed on the higher prices they pay for raw materials to consumers..

Inflation Rates in 2025



- **SourceDay Inflation Index:** 6.8% in September, down slightly month-over-month but up 36% since January 2025
- **Price risk:** declining as order changes shift toward date and quantity adjustments

Manufacturers are bearing cost risk longer—delaying price adjustments as they assess tariff and demand stability.

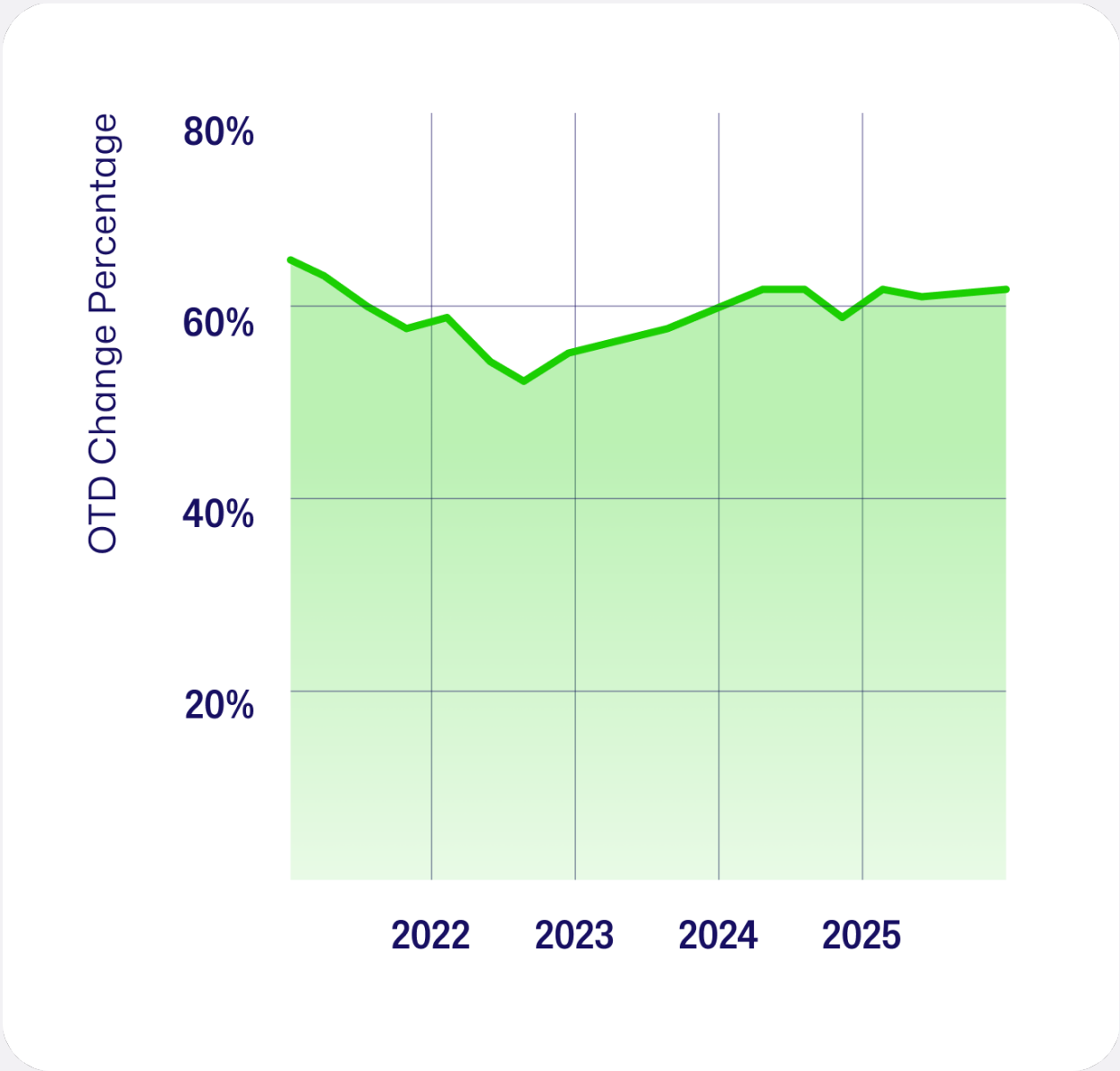
On-time delivery remains stable.
Volatility isn't coming from restricted supply anymore, but **uncertainty in demand**.

As a result, on-time delivery remains stable.



Supply Volatility Index, Fall 2025

On-time Delivery Rates



[ON-TIME DELIVERY REVIEW]

Improving on-time delivery, despite uncertainty

On-time delivery (OTD) has increased roughly 2% in 2025. It grew from 61.1% in Q1, to 62.3% in Q3, and has remained relatively steady after recovering from dips in OTD that occurred toward the end of the pandemic.

This suggests that this year’s volatility is distinct from pandemic disruptions, as suppliers’ ability to deliver on time has not degraded this year. Part shortages and logistics bottlenecks have given way to market uncertainty and changing geopolitical landscapes.



[KEY TAKEAWAYS]

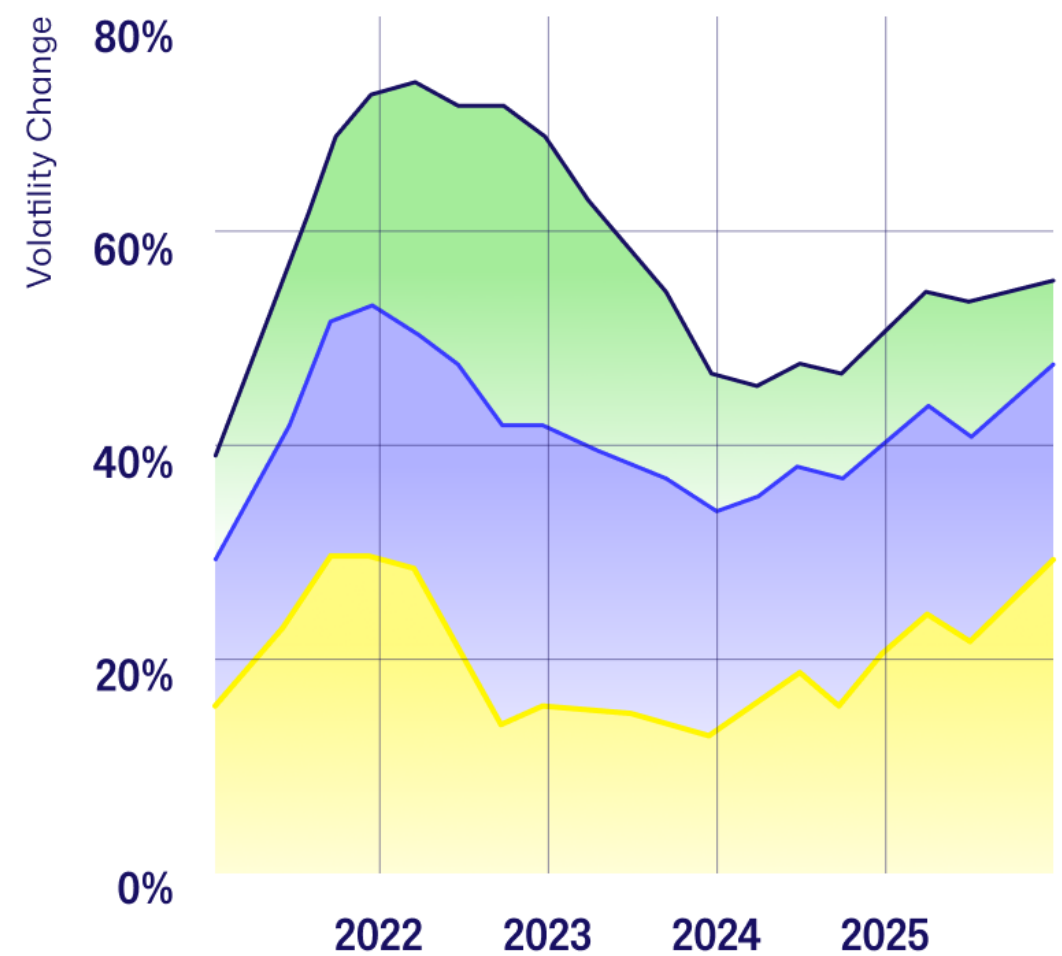
What this means for 2026 planning

Today's supply chain volatility is not about scarcity—it's about confidence.

1. Manufacturers are delaying raising prices on their customers. They are waiting for tariff clarity, and reconfiguring supplier networks in real time. The winners will be those who can read and react to these shifts fastest.
2. Proactive management of delivery dates and purchase order changes has helped SourceDay customers improve on-time delivery performance, despite persistent inflation and heightened levels of market uncertainty.
3. By using actual direct material purchase transaction data, the Supply Volatility Index gives a real-world view into how North American manufacturers and distributors are responding to current market pressures.

SourceDay Volatility Index

● SourceDay Volatility Index ● Price Risk ● Order Uncertainty ● OTD



[METHODOLOGY]

SourceDay’s *Supply Volatility Index* is an analysis of supply chain volatility from the pre-pandemic period through post-pandemic recovery (Q1 2021–Q3 2025). It identifies critical drivers impacting inbound supply stability for manufacturers and distributors that use SourceDay to automate the vendor purchase order lifecycle. Volatility factors include on-time delivery (OTD), price risk, purchase order uncertainty (PO changes), and overall supplier engagement.

This report uses SourceDay’s proprietary dataset containing insights from SourceDay’s network of more than **101,000 suppliers**, tracking **100 million annual PO updates**, **5 million mastered items**, **75 million supplier messages**, and **over \$70 billion in direct materials spending**.

The *SourceDay Inflation Index* tracks monthly changes in direct materials prices using real purchase order data processed through SourceDay’s AI-driven supplier portal. Analyzing pricing volatility in this way offers a clear, early indicator of supply chain cost trends because it’s built on actual transactions, not assumptions.

The #1 supplier portal trusted by leading ERPs

[ABOUT SOURCEDAY]

SourceDay is an AI-driven supplier portal purpose-built to help executives eliminate risk and inefficiency from purchase order lifecycle management. The platform uses patent-pending artificial intelligence and machine learning to deliver real-time visibility, predictive risk detection, and automated workflows—empowering leaders to drive supply reliability and efficient growth.

SourceDay connects seamlessly with any ERP, centralizing purchase order data and automating manual tasks to improve accuracy and reduce errors. Executives benefit from measurable improvements in on-time delivery, buffer stock, invoice processing, and supplier reliability. The platform enables supply chain, operations, and finance leaders to reduce costs, protect revenue, and scale their business with resilience to supply chain disruption.