Transportation Disruption Risk

- Cannot find enough CDL licensed drivers to driver the busses for our special needs children. In addition all of our supplies have had long shipping delays on top of supply availability.
- Fuel prices and labor shortages remain the main risks.
- This is having a huge impact as business disruption. The US has a major shortage of drivers for trucks which is projected to get much worse.
- Labor shortages continue to trend upward. Infrastructure bill passage will likely significantly increase the shortage as historically many truck drivers "upgraded" their quality of life by switching to construction jobs.
- Ocean freight is at a premium.
- Ocean freight is extremely expensive and capacity is short.
- Pandemic driven sea container shortage Trade imbalance (Brexit) Fuel cost increasing Driver shortage globally Covid-19 driving port closings and ships being anchored off shore and not being loaded nor unloaded These are the top issues facing the global supply situation.
- Lack of drivers is main issue especially in bulk truck and the Ocean shipping market is terrible and getting worse!
- Transportation remains a challenge.
- Since 2018 international freight rates went up 600%. Domestic Rates hit the highest cost level beating the previous peak by almost 50%. Carriers are minimizing contractually commitment while going after more profitable spot shipments. When/if rates start to return to pre-pandemic levels there are many tuckers already looking at leaving the market. The infrastructure bill has the potential to remove 20% of truckers from the logistics/freight activities and move them to the construction industry. I do not think we have seen the worst of the transportation issues yet. I think 2023 and 2022 will be worse then 2021.
- Again, activity has reduced our risks in these areas.
- Labor shortages.
- Port congestion with Q4 holiday supply already above normal in August and September. Expecting the congestion to get worse in Q4.
- Probably inflation rates of maybe 4-6% YOY.
- Continued volatility in all of the above items is projected to increase.
- We have seen a dramatic increase in demand for all modes of transportation, combined with a scarcity of supply that has caused a dramatic increase in the cost of securing transportation capacity.
- My company produces online software and our employees work from home, so transportation issues should not impact us.
- DOT rule changes have put the entire transportation industry in a constant state of "disruption."
- Combination of high demand and shortage of labor.
- We anticipate increased supply disruptions related to transportation to continue or increase into next year.
- Driver and truck shortages have already affected our risk.
- We are still seeing the effects of COVID and natural disasters on transportation and expect this to continue for some time.
- Domestic ground shipping and container freight from Asia are huge risks to our business right now.
- We feel this risk most profoundly in inhibiting our sales force to directly deal with customers by being unable to freely travel.

Supplier Risk

- Price uncertainty. Companies must pass on some or all of the increasing costs.
- With the pandemic and the massive shift to on-line learning means we have had to make major technology infrastructure purchases including servers, switches, SaaS, and hardware for students. EVERYTHING is in high demand with long lead times and slow shipping. IN addition we work with medically fragile special needs youth and PPE with this new delta surge is again become scarce for some things. We have had to watch carefully with the KN95 vs N95 vs imposters - latex free supplies - cleaning supplies, etc.
- Labor shortages, material shortages, transportation capacity constraints.
- They are not reliable. Huge concern.
- Constraints in electronics market will generate creative solutions outside approved suppliers.
- As we further diversify our supply base to address supply shortages, the risk associated with new suppliers will increase.
- As we go into post pandemic and money starts to seize up and free governmental money go away I see many suppliers starting to close doors. Many company owners are older and they are going to be looking to get out. There has been a slowdown in companies going out of business for the past two year. I think that is all going to catch up. Add to this the mass movement of employees across organizations will further decimate capabilities of suppliers.
- Numerous disruptions from low inventories, sudden demand increase from pandemic rebound, and labor shortages.
- Shipping from Asia ports expecting continued delays due to carrier availability and higher costs.
- Lack of supply due to ramp down from COVID-19, inflation risks are higher, and global supply issues.
- While I don't make purchases for my company, I expect that the higher costs of resources will impact us, since we are not able to easily increase our prices to customers in turn.
- Vaccine mandates and travel restrictions are causing higher risk.
- The pandemic and political unrest has put the entire global supply chain at risk. We have moved away from being able to use the global landscape and must now adjust to keeping our supply chain closer to the end user.
- Continued global supply chain constraints driven by COVID-19.
- Ongoing risk from pandemic will affect supplier risk.
- Lead times continue to lengthen, delivery uncertainty is also increasing, and the price to transport products are at an all-time high.
- Expect continuing volatility as markets and life in general is trying to find its new equilibrium. As one part of the world gets some relief from natural disasters and COVID-19 another get hit hard. This keeps markets a bit off balance!
- As Covid-19 continues to impact our partners in Vietnam, Cambodia, etc. this remains a major risk.
- Our supplier risk declined substantially when we finalized a long term contract with a critical supplier.

Economic Risk

- As discussed labor shortages are a huge problem, shipping delays on technology, are purchases are 3 years out right now for electrical power and we haven't felt a crunch there yet.
- Labor and material shortages plus possible increased personal and business income taxes.

- Labor shortages continue to be our largest concern.
- Global labor shortages, governments paying people too much to stay home for too long.
- Higher diesel prices leads to significant increase in fuel surcharges.
- Inflation is going to kick our butts big time. It will be double digit and then some. Congress is already looking at how they can redefine it.
- Inflation, labor shortages.
- Labor shortages expected to improve as more state governments stop Federal unemployment. More people will return to work even if remotely.
- Inflation and the geo-political environment has led to great instability for the near/medium-term.
- Supply chain will continue to be volatile for the rest of the year and into next.
- Once again your examples list is spot on in producing upside pressure.
- Labor shortages, rising energy costs - worldwide supply chain issues will continue to increase leading to increasing inflations costs, dramatically reducing service throughout, limiting supplies and increasing product shortages will become the new normal ---- any major global shocks will just magnify. On-shore and Near-shore Supply Chain management will be seriously considered/implemented to remain competitive/in business in coming years.
- These will be balanced out.
- This will continue at an increasing rate.
- Unless we see 3rd Covid-19 spike.

Cybersecurity and Data Risk

- As a public school entity we have been warned by our cyber insurance provider and other industry groups that schools are at high risk for cyber-attacks due to increase tele-work of students, lower security measures, and an identification by bad actors that schools are prime targets for hacks and ransoms.
- All these listed are all significant risks.
- It just keeps happening more and more.
- Attacks are increasing.
- Financial Services has a lot of data risks. Always cyber threats.
- Always getting more attempted attacks.
- Data theft attempts typically go up around holidays.
- See my comment on point 1.
- An increase in Ransomware attacks could be a potential threat to business operations
- Still a significant risk.
- I see the technology companies becoming the new data risk of the future. There will be a cost to get data and cost to play that will be ever increasing. We currently have ransom ware attacks but I am already seeing technology companies holding data hostage for higher and higher cash values.
- As "interrupters" become more sophisticated, compromising of the data and information that we rely upon has been more of an issue.
- We suffered a massive breach of all of our systems and platform last year, as a result our systems and security have been significantly improved. However, as a whole this is a significant issue for the industry.

- Although I don't hold an IT role, it does appear that cyberattacks are becoming more prevalent, and I have been receiving an increasing number of questions from customers asking for assurances that our software hasn't been impacted.
- Cyber security is here to stay. Constant on going risk.
- I see increased risk of ransomware (i.e. colonial pipeline).
- I'm not sure if the rate of attacks are increasing or if the bad guys are after different assets or inflicting greater damage. Money and IP continue at the top of the list to guard.
- We are getting more requests to help companies with how to protect against cybersecurity and data risk.
- While it is not changing this is arguably our most serious risk.

Government Intervention Risk

- The ARP funding has added a layer of complexity to ALL spending by public school entities. While these funds are desperately needed the additional reporting requirements borne out of political debate have put a huge burden on the local education entities charged with spending these funds. The politician's tout these funding streams but the application for, reporting of, and dissemination of funds requires vast amounts of administrative time that the workforce is struggling to find.
- international trade restrictions especially technology.
- Biden administration favorable bias toward labor unions is bad for businesses and the economy, possibility of increased taxes. A lot will depend on whether the $3.5 Trillion legislation passes beyond the current "blueprint" status.
- COVID regulations are always changing. Labor pool shortage is real and has limited available candidates. Global shipping impacted by war.
- Any trade with China is no longer tenable.
- More political instability. The US government making a complete mess in Afghanistan. Lack of government actions on climate control.
- Department of Labor implementing new rule for retirement products at year end
- Repeal of steel and aluminum tariffs would be great.
- The more they meddle the more life get screwed. The infrastructure bill seems good on the surface but dig into it and start asking where is the money going? The number just don't add up.
- Stupidity is our biggest enemy.
- China tariffs not expected to go away in 2021.
- the need to reshore and insource has never been greater.
- My company produces an appraisal software for the mortgage industry, so changes in the industry can result in updates that we need to make to our products.
- The US government is in a mess. It has become so divisive and focused on how do i "hurt" the other side vs what will make our country stronger and provide our citizens a healthy and fulfilling life.
- Current administration policies are creating/adding increased government controls and requirements on business operations.
- Vaccination Mandate.
- Increased risk to pharma/device resulting from changes to Medicare rules for price negotiation.
- Dems in control; salivating over putting controls and taxes on everything. Companies will pass the increased costs to consumers who will slow down buying.
- Hopefully not more.

- Potential Federal tax code changes could adversely affect our product

Environmental Risk

- Wildfires continue, hurricane Ida, etc.
- As above…
- Hurricane season.
- Look at the recent storms!
- Only as these events disrupt our business.
- Several extreme weather events.
- Our global supply chain assumptions are being tested and shown to be fragile to emerging environmental trends.
- Since our product is a web-based software with home-based staff, we are not impacted by weather/disasters to the same extent as companies that produce a physical product or have on-site staff. However, with recent storms and flooding could cause staff members as well as customers to be without power. Oddly, though, natural disasters and extreme weather actually increase the number or orders we receive, since individuals whose homes have been damaged need to have the damage assessed and our software is used for that purpose.
- Increased risk of extreme weather (events similar to hurricane Ida).

Customer Risk

- Many companies will model Ford Motors and others by using a custom ordering process to reduce inventory and control delivery times. That was popular 50 years ago!!
- With the flood of students returning to schools this fall we are stretched thin for instructional assistants, bus drivers, cafeteria works, janitorial staff, and other trade type work supports. If we cannot scale up our workforce we will be unable to provide. medically/emotionally/educationally important services. The threat is that they will leave the public system and move to charters or private schools.
- Current customers have increased forecasting and are pre-buying stock for Q4-Q2 2020.
- Material availability in market will drive forecast fluctuations.
- Supply shortages as the result of labor shortages is creating customer dissatisfaction increasing the risk that some customer will seek other suppliers.
- Customers are being crushed by costs. This is going to have huge long term impacts. I am already hearing of customers cutting back just to survive.
- "Prediction" has become more difficult. More folks are feeling that what we have to offer, they can perform themselves. Whether or not this is true, I do not know. But it is what others believe. Conversely, each morning we have to awaken and begin running.
- E-Commerce customers expected to have increased supply expectations with faster delivery demands.
- Customers are going to switch to whatever supplier can get them materials.
- Our customers are constantly being approached by competitors, and one in particular has been successful in securing their business. We have lost a number of customers to this competitor as they have promoted certain features of their software, along with integrations they offer.
- Consumer buying patterns have changed in terms of how, where, what and when they buy.
- Da and signals continue increase but are tempered by labor and supply constraints leading to increased customer frustration.
- Ongoing risk to changes in customer demand of pharmaceutical product due to pandemic.

- Customer expectations have increased dramatically over the last 5 yrs.
- As long as they can get what they want.

Operational Risk

- Global warming concerns adding to unpredictable deliveries.
- Overall supply chain issues and shortages of everything across the board increases risks due to decreased availabilities.
- Labor shortages and COVID-19 blip have adverse quality impacts further creating operational risk.
- Supply Chain has been severely impacted by COVID and Chip shortage. Experiencing 2 -3 month delays, and do not expect it to get better until Q3 2022.
- Constraints on electronics market will drive high demand, counterfeit parts through broker buys will likely increase.
- Cyber-attacks on Logistics Service Providers.
- Risk is an arbitrary item that you cannot control and thereby will impact your organizations in a way that is unintended. It can occur both as a negative and a positive. Both have the opportunity to bolster or reduce your organization considering actions and reactions. Risk is common thought of as a negative however positive risks can be just as devastating.
- Since we are a "software company", the return of business activity has reduced our risks.
- Significant operational expansion planned 2nd Qtr, 2022 will increase operational risk.
- Vaccine mandates are resulting in employees across multiple supply chain industries resigning and are limiting the ability of firms to rehire.
- Weather patterns and natural disasters are becoming increasingly more common. This has an impact on our entire supply chain.
- Major operational risk is access to labor. Risk will increase if Presidential executive order directing OSHA to enact a workplace rule requiring COVID vaccination and/or testing is enacted. Already routinely operating 10 - 20% short of required number of associates.
- Additional internal capacity and additional site added to the network to reduce this risk.
- Examples of increased risk are pandemic and weather related risk.
- Assuming COVID does not get worse, as short staff and short cuts will likely increase. I am assuming you are asking about the world economy for all questions as the USA is totally integrated in some many industries.

Quality Risk

- I believe quality risk will increase because of more rapid turnover/ changes in the workforce. Design and product quality especially since on boarding/ training of new personnel impacts those areas quickly.
- how does the challenge of getting labor impact quality - as shortage of staffing may drive short cuts in safety, quality testing and drive companies to reduce testing.
- Assuming COVID does not get worse, as short staff and short cuts will likely increase.
- As the supply chain in the Far East remains unpredictable at best, I see us having to shift to new manufacturing partners which always introduces risk.

Technological or Competitive Risk

- We’re the best ;)

- Technology is supposed to be beneficial but also at the same time it is becoming a bigger and bigger burden. Many organizations are expending hundreds of thousand so dollars a year just for the perceived benefits of what technology might assist with. In reality it often has added more cost than it has reduced.
- Same as above. We need to become both current on and expert in the new knowledge and new technology.
- One competitor has received significant VC funding, putting them at an advantage.
- We have long product life cycles, ag sector will be disrupted but nothing to worry about for the 4th qtr.
- I do believe energy related technology will be coming much faster but not for at least 3 years.
- Key supplier contract was finalized in third quarter, assuring our ability to remain price competitive into the foreseeable future.