

LRMI 2nd Quarter 2026

All Comments

1 Cybersecurity and Data Risk Comments

The LLM's depend on good data; the sourcing of data could be compromised.

AI will increase risk.

Digital technology exposes the environment to more attacks and ransomware.

This risk shows no sign of abating.

AI automation of cyberattacks will continue to scale up significantly.

Risk will remain the same; it is always bad!

We're seeing more attacks.

It is a big concern for Vanguard to ensure the clients' trust continues.

Risks in this area continue to accelerate requiring constant diligence and continuous improvement in security systems and processes.

We'll see higher cybersecurity risks directly tied to: 1) Russian actors as Russo-Ukraine negotiations tie to the U.S., 2) Iranian or Islamic state actors increasing pressure while U.S., Israeli and Iranian policy is negotiated.

As AI ramps up so does cyber risk.

I fear that AI will make this worse.

The latest releases by Anthropic and OpenAI just enable more tools for cybercriminals.

In general, public school systems are consider valuable targets by bad actors. Bad actors like to get child data because, for the most part, their credit profiles are "perfect" and rarely checked. They can sell child data and make money with a much lower chance of being caught due to the time horizon of children needing their own credit (generally not until age 18). Additionally, we are very visible, so bad actors know we will want to settle quickly and quietly.

We are seeing increasing sophistication of phishing attempts, including spoofing of actual email addresses and better language utilization.

Risk will remain the same because the same tech improvements that happen to do positive things also get used by the bad guys to steal.

We'll see an increase in phishing e-mails with more sophisticated messages and attachments.

We continue to be concerned about the use of AI as tools to attack our systems. We are countering by use of defensive AI supported tools.

This is the modern day battlefield for both corporations and nation states.

This seems like an ever-increasing problem.

There are worries about the chip market.

We see daily attempts to break into our system.

Cybersecurity is an ever-growing issue as there are more and more opportunities for access, as well as increased animosity in social behavior being causal in unsavory activities.

We have daily attempts on our system from bad actors trying to extract data or steal money from us.

I think cyberattacks will be on the rise.

As you see playing out in the war with Iran, currently cyberattacks are an absolute threat and expanding by the hour. There is no one sector that is safe from this threat. Any company associated with the supply chain, manufacturing, logistics, etc. will only become a higher target value to cause disruption and increased prices.

The Iran war may lead to cyberattacks.

I am seeing this continuing to be a big concern, more from the more sophisticated types of attacks on our clients.

We will see an increase in risk due to more AI-enabled cyberthreats.

2 Supplier Risk Comments

Tariffs and restructure of the supply chain are some things to watch out for.

Tariffs and U.S. administration policies on international trade will increase risk.

Domestic suppliers, who moved or increased operations will struggle this quarter; they will be crushed under the cost of metal prices.

Customers will return to overseas operations.

Geopolitical tensions will increase risk.

Constant tariff adjustments sends a ripple through the supply chain.

Risk will increase due to tariffs and diplomacy issues.

Risk is expected to increase because of shortages in raw materials due to delays and supply chain issues for all the reasons we mention in this report.

There are lots of volatility issues with this topic; the risk is elevated but expected to stay the same in Q2.

More scrutiny will cause risk to increase.

You can also call this "Trump Risk."

Risk is already pretty high due to tariffs and the uncertainty around what they may be in the future.

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The AI boom has created a major shortage of Memory in the electronics manufacturing industry. This constraint will impact consumer goods the most (phones, laptops, video games). Manufacturers are allocating the memory supply at about 70% of required forecast. This constraint is expected to remain well into 2028.
Risk will increase because of wackadoodle tariff shtick - no way near a policy.
Counterfeit products are increasing.
We have a wide array of suppliers from a wide array of places.
The biggest impacts here are our tech purchases and construction materials. Tariffs are making things very challenging.
Continued tariffs impact global pricing.
Tariffs and suppliers continue to be in flux.
Tariffs have caused all prices, especially for commodity metals, to increase. Those prices are currently artificially high. We are concerned that this trend will continue.
Some consolidation of supplier networks is creating supply risks.
There is increasing tariff risk.
Sourcing disruption risk is expected to rise in the near term due to several converging factors. The ongoing uncertainty surrounding tariffs, the war in the Middle East, and the onboarding of many new suppliers - undertaken as a strategy to mitigate tariff impacts - are all contributing to a more volatile and unpredictable supply chain environment.
With the ongoing globalist activities of the United States government, a business has a difficult time and general uncertainty of what the next day may bring. Localized decisions are generating ripples across the global supply chains.
All examples of supplier risk will increase in the 2nd quarter.
Geopolitical shocks will cause risk to increase.
Price volatility, due to changing exchange rates and fuel prices, will cause an increase in risk.
The war in Iran will increase risk. Rising oil prices, geopolitical tension, and goods being used as political leverage are expected to continue.
Risk is expected to increase because of price volatility from oil cost increases.
Risk will increase because of price inflation due to the U.S. war with Iran driving oil shortages, volatility, and high Trump tariffs, etc.
3 Economic Risk Comments
There is a lot of chaos, but no real harm or benefit to the economy.
Commodity price volatility remains a consistent risk (i.e., fluctuations in raw material markets).
Steel, copper, aluminum and gold have peaked. The bubble will burst and the market will reset.
Is the stock market over valued? International volatility will increase risk.
Inflationary government policies will increase economic risk.
Price volatility will increase economic risk.
Current U.S. policies in many areas are signaling that the U.S. economy continues to be at a higher risk of significant crisis.
Tariff-driven costs are likely to continue to bleed into pricing as the market slowly improves through the year.
Tariffs and Memory shortage will increase economic risk.
Labor shortages will increase as long as the benefits of staying unemployed outweigh those of being employed.
Our electric and water bids are up this quarter; we expect to see an increase in the cost of our electricity bids in Q2.
Energy consumption and costs are rising.
Economic risk is steady with mixed commodity prices but an increase in energy.
The economic landscape will continue to be volatile in this environment of great power competition.
Labor shortages, due to fears surrounding ICE activity, are possible if our geographical regions become the next areas for the ICE surge.
Recent global developments have led to a significant increase in overall economic risk. Key contributing factors include the ongoing war in the Middle East, heightened uncertainty within various governments, and substantial volatility in commodity pricing.
I believe that inflation pressures will increase, disposable income will shrink, and the end customer will continue to do a valuable assessment for goods and services they will buy.
April will see a decrease and a reset to all economic risk globally!
Yes, yes, and yes. All types of economic risk are currently at play within the current situation. However, if things end quickly we could see an economic boom!
Risk will increase due to costs associated with increase petrol costs.
The 2nd quarter will continue to coast, and as long as the Iran war continues, the global energy markets will experience shortages.
We will see how long the oil price increases impact the economy and businesses in the U.S.
We expect volatile, high oil/energy and subsequently widespread material and goods price increases in Q2 as USA/Israel's war with Iran likely continues and high risk for oil shipments grows even worse.

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4 Transportation Disruption Risk Comments
The loss of drivers due to the deportation push could be an issue.
As we move product between locations and exit an existing facility, transportation flow may temporarily be less predictable.
Geopolitical issues will increase risk in this area.
Risk is expected to decrease. There is excess capacity, shipping costs are stable, and it's a buyers market.
Reduction in force within shipping and transportation companies is putting additional stress on drivers and scheduling teams.
Fuel prices, as well as the cost of other resources, continue to rise.
Concerns that drivers may be pulled out of the driver workforce due to language tests may create additional shortages of capacity, driving up costs.
The freight market should see a rebound with TL rates rising, consolidation continuing, and capacity shrinking. The driver shortage should begin to emerge as a constraint as the year moves along.
Upward pressure on fuel prices, possibly linked to Venezuela or OPEC push, will heighten risk. Concurrently, stricter naval screening and policing in enhanced territorial waters is having a negative impact on legal trade.
We're expecting more readily available transportation capacity in Q2.
Fewer drivers will lead to an increase in risk.
Again, tariffs are the issue, at least regarding demand volatility. Fuel prices will come down if anything. Driver shortage is on-going. Can't see a big change in the next quarter.
Spikes in pricing, demand, and risks to fuel prices all remain.
With over 100 diesel and propane school busses on the road we are extremely exposed. While we do put in for fuel bids yearly - on average 50,000 gals of diesel and 100,000 of propane - the fluctuation of the market at bid time and the future of these fuels at the point in time of the bid is impactful. Additionally, our driver pool continues to age and finding folks interested in the schedule and pay of a public school bus driver is becoming highly challenging.
Fuel price decreases, infrastructure changes, and focus on replacing drivers who shouldn't be driving with trained and more capable drivers will all help the current situation.
Risk is expected to decrease due to less volume in the industry and more local carrier options.
This will be a challenge if fuel prices spike due to military activity in the Middle East.
The geopolitical environment in the Middle East plays a significant role in shaping global energy markets. Given the region's importance as a major supplier of crude oil and natural gas, any instability or uncertainty can have immediate and pronounced effects on fuel prices and the availability of supply.
In the past few days, fuel costs have jumped dramatically. This may continue for an unforeseen amount of time. A second area of concern is international freight movements, as there are a number of global issues impeding the movement of goods.
Price spikes in oil and gas due to Iran conflict will increase risk.
Fuel prices will increase and we will continue to have driver shortages.
Increased fuel costs and shipping route disruption from the Iran war lead to heightened risk.
Fuel prices are expected to remain volatile through the 2nd quarter.
Risk will increase, primarily due to fossil fuel costs rising, at least in the near future.
Risk will increase due to the USA/Israel war with Iran driving major oil/fuel price spikes and volatility and Middle East/global logistics concerns.
5 Government Intervention Risk Comments
President Trump is the ultimate wild card.
Tariffs continue to be a significant concern for our operations.
The uncertainty of tariffs continues.
Unnecessary tariffs and trade wars are expected to increase risk.
Business is adjusting to ever-changing direction from the USA's CEO.
Government intervention risk is highly volatile, unstable, and driven by numerous variables.
There are too many wildcards; consistency is lacking.
It's still a very volatile environment with tariff barriers going up and down randomly.
Tariff nonsense continues.
Nothing is predictable.
Volatile policies around tariffs, and stressed and fractured international relationships, are a continued cause for concern.
Tariffs craziness is expected to increase risk.
Volatility and uncertainty will likely remain, with a mix of deregulation, trade wars, tariffs, and shifting administrative priorities.
Tariff risk is already pretty high with high levels of long-term uncertainty.
We would expect risk to increase, but this is the new world we live in and are we already used to this risk?
Decreasing regulations are expected to decrease risk.
Questions about the dollar, many critical issues before the Supreme Court, and deportations all add to the risks.

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We watch the news daily. The Trump administrations' targeting of the USDE is leaving many confused and concerned. Additionally, PA was the LAST state to pass it's budget and this had profound funding impacts on all PA school districts.
Continuation of tariffs will lead to increased risk.
There is no stability with this current administration.
We have no confidence that tariffs will not throw us a curve in Q2.
This is a very difficult question to answer - who knows what's coming next from the current executive administration?
We are in the midst of the greatest global power reckoning of all time. Buckle up!
Who knows what is going to happen next with this President at the wheel?
Big swings with tariffs are expected to increase risk.
Tariffs and war continue to put pressure on prices.
There is a constant level of overall government uncertainty surrounding every global sourcing decision we make.
This is just a crazy world that we are trying to conduct business in. The global supply chain is far more intertwined then many want to admit. Throwing a decision in a one area sends ripples across the global landscape.
This risk does not apply to us.
The government continues to be difficult, adding more compliance and expense to our already difficult environment.
There are going to be battles over tariffs, either real or imagined.
Israel being at war with Iran, along with America, is a double whammy for our industry, as 90% of our vendors are in those countries. If anything significant happens to them, it will surely have a major impact on our business. The war, causing oil prices to go up, will impact us if they stay at these levels for an extended period of time.
Tariffs and U.S. state regulations will cause risk to increase.
I expect government volatility to continue through the 2nd year of this administration; the 2nd quarter will be no different.
Tariffs are still causing issues; however, fewer U.S. government regulations will have a "nets out" economic effect.
After the Supreme Court rejected Trump's authority to issue country-specific tariffs, his administration is actively issuing new tariffs and planning others (301, 232) to make up the big tariff revenue gaps. This adds major risk.
6 Customer Risk Comments
Price increases, particularly to the lower-income consumer, will be a problem. Inflation may be slowing , but prices are not going down.
Customers are under threat from ongoing risk of e-commerce transformation and consumer economic constraints.
The loss of international customers due to the U.S. administration's international trade policies increases risk.
Changing consumer demand causes firms to be able to adjust to market demand quickly.
Just-in-time (JIT) manufacturing with highly flexible forecast and ordering demands being up creates additional risk.
Customer demand is volatile; especially regarding environmental uncertainty.
Fast-changing demand will increase risk.
Risk will increase as customers scramble to grow their bottom line.
Customers are more volatile.
There are unknown impacts to U.S. consumerism and employment. Officials and business are essentially "flying blind" due to government shutdowns preventing the accurate measurement of economic health, and political influence potentially compromising the accuracy of the data being reported.
General economic uncertainty and tariff additions have us concerned about the long term viability of our various customer bases.
Tariffs and potential price increases will drive smaller companies out as they are unable to maintain profits.
It's hard to predict customer behavior and requirements.
People always want to eat, and we are the best food port. Mediterranean Shipping Company (MSC) is building a new terminal in Baltimore, but I don't see that affecting us for at least another quarter.
While consumer confidence remains low, it is now stable. Corporate customers are starting to make more spending decisions.
This risk is not applicable to us as we are a public school.
Tariff induced chaos has led to significant uncertainty about sourcing decisions. This has caused a lot of "churn" in strategy and request for quotes (RFQ's), wasting time and resources.
Consumer spending habits are being closely monitored.
There has been a recent surge in clients trying to reshore their operations in the U.S.

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When assessing the increase in customer risk, it's important to recognize that our customer base likely conducted similar evaluations of their own suppliers. This means that if there were issues or vulnerabilities within their supply chains, our customers would have identified them during their risk assessments. As a result, they could have proactively sought out new suppliers to support and diversify their private label portfolios. This creates an environment where our customers are not solely reliant on their existing suppliers, making it easier for them to adapt to disruptions or reduce dependency on any single source. Consequently, the overall risk to our business relationship increases, as customers have the flexibility and motivation to switch suppliers if they perceive any shortcomings or risks in our performance or supply reliability.

With the K-shaped economy, consumers are wary of spending money. Many households have retracted their purchasing. There is a growing shift from luxury buying to everyday sustainment purchases. Some of those sustainment purchases are even moving from sustainment to catastrophic repair scenarios, like in the automotive sector where people are putting off repairs and maintenance on their vehicles until they have to.

My sense is the end user always has increasing choices to solve their problem. So my business mantra is to always be running fast and faster, and to assume that competition can arrive at any time.

Volatility is at an all-time high in all markets.

Customers are delusional at this point and want what they want. Americans, in particular, are comfortable with their on-demand lifestyle. Customer loyalty is at an all-time low.

Our sourcing locations are outside of the Middle East. While customer supply chains may be disrupted for Middle East suppliers, we are able to fill the voids.

With customers increasing their use of AI applications, we anticipate a reduction in inventory levels and a reduction in order cycle times.

Higher global economic uncertainty, persistent inflation, higher unemployment, and the war with Iran are all adding more customer risk.

We expect a decrease in risk as an upcoming merger will mean that an additional pool of patients will be transferred to our facility.

7 Technological or Competitive Risk Comments

There are lots of competitive pressures for firms to stay current.

Obsolescence occurs quickly in the life cycle of products / applications.

While increasing, bigger risks are probably farther out in time.

AI-innovation is rapid.

AI dominates the discussion. Does AI build or destroy traditional businesses?

There is an increased use of AI, both Predictive (forecasting future trends) and Conversational (chatbots/virtual assistants), but we're still lacking data to show if these are any better than previous methods. The risk is that these technologies are being used assuming a benefit, but the reality may be that there isn't a benefit or, even worse, that there's a negative impact.

AI-focused tech solutions and competitors using AI to enhance their offerings will increase risk.

Regulations need to be put under control.

I don't know enough to be sure, but AI could be a threat. Wilmington Port is investing, Baltimore will have the new MSC terminal, CSX has the Baltimore tunnel clearance, and the NS - UP merger could affect us. There are always new dangers.

Cyber & Charter school impacts remain the same.

The level of alerts has increased this past quarter, indicating an increase in risk.

AI use cases and deployment options continue to represent risk to our business.

AI changes the landscape on a daily basis.

This is just an ongoing money suck which often has little viable financial returns.

The IT environment continues to grow more complex and expensive. It's a big problem for small companies.

AI is the largest disruptor at the moment. New tech companies are forming daily, and valuations for these companies are overinflated, which could cause major financial issues down the road if not corrected. Data Centers also bring their own set of risks, including rising electricity costs for communities. If not regulated properly, this will have a significant impact.

We must embrace the technology that will improve productivity, inventory accuracy, and increase customer satisfaction.

This seems to have quieted down, with not as much innovation finding its way into products/uses. AI is still trying to find a definitive value proposition for many business purposes. Consumers are playing with it, but that is not the target market (AI is still looking to define the value equation for markets beyond what is a narrow field). AI investment looks oversaturated.

AI-enabled new technologies are accelerating new competition for many companies across technology, medicine, and many industries.

8 Quality Risk Comments

We expect risk to decrease as there is greater focus on production quality and supplier oversight.

Increased use of automation without good audit processes presents a potential risk.

Changing quality standards has the potential for increased risk.

Risk will be decreased by added personnel.

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The ocean lines have new ships coming on, which should help quality. If tariffs have settled down, I can't see any quality issues.
This risk is flat for us.
In an effort to mitigate tariffs, we onboarded many new suppliers. While these new partnerships are helping us manage costs and navigate the current landscape, it's essential that we remain vigilant and prioritize quality throughout the process - especially since our partnership is new or expanded. Ensuring that our standards are maintained will help us avoid potential pitfalls and safeguard the integrity of our operations.
An increase in quality standards and requirements will increase risk.
New projects are, right now, already more difficult to pursue or implement due to proprietary advancements/security issues.
Our policies and procedures will remain the same, and we provide feedback to all employees at monthly company meetings.
9 Environmental Risk Comments
The expected increase in risk is mostly weather related.
Risk is expected to stay the same, though increased severe weather activity is impacting athletic field maintenance.
This risk can't get worse than it was during Q1 on the east coast. Hurricane season doesn't start until August. Similarly, on the west coast, the storms and flooding cannot get worse. All in all, things should be quieter.
This is not an issue of the same scale for us.
I see nothing in this area to be concerned about.
Global warming will continue to cause extreme weather conditions.
Global warming, causing volatile weather, continues, and the U.S. government putting our head in the sand won't help the global situation.
10 Operational Risk Comments
Operational risk is expected to remain the same as long as geo-political issues are minimized.
We're going through a major operational transition: adding a new location, moving product, exiting (giving up) a facility, and doing all of it while protecting customer fill rates.
Heavier scrutiny to lower expense ratios while maintaining or reducing headcount will increase risk.
My first thought is that there is less likelihood of weather disruptions, which will lead to reduced risk.
The combination of a more stable workforce and reinvestment in equipment maintenance will reduce risk overall.
We are currently undertaking a \$260M renovation project to our 4,000 student high school. The building was originally built over 60 year ago, so any renovation could create man-made disasters (water, structure damage, etc.) Additionally, increased electrical storm activity this fall took several HVAC and plumbing systems down. As infrastructure ages in the publicly controlled building, deferred maintenance leaves us vulnerable to these system shocks.
We don't see any significant risk coming on this quarter (knock on wood).
To mitigate the lack of personnel available in the local pool, many manufacturers are turning to automation and robotics. This is driving significant competition for the very few people who can manage that technology.
As CV interest rates drop, money frees for investment, not just for new products. Or, it frees for restoring, and also refreshing, old or outdated existing equipment, and for robotics to increase efficiency.
Aging assets continue to cause operational disruptions, but at the same rate as previously demonstrated.
We should have fewer snow events, which will reduce risk.
While there have certainly been changes in how tariffs are being managed, it's important to recognize that this remains an ongoing risk to our operational business. As we move forward, we should continue to monitor developments closely and proactively to address any potential impacts.
My context is a SaaS business model that has no physical product. My product will be delivered and downloaded to the user. The Ideal Customer Profile is a family, couple, or individual who owns a dog.
There may be force majeure due to the Iran conflict. This conflict will be short and will have some risks and variables. Individual companies and countries will experience risks differently.
The Iran war may cause limited material availability.
Since the installation of cameras in our tractors, our drivers are less distracted and closely monitor their daily and weekly safety scores. We recently installed telematics on two of our forktrucks to provide similar feedback to management and our warehouse associates.