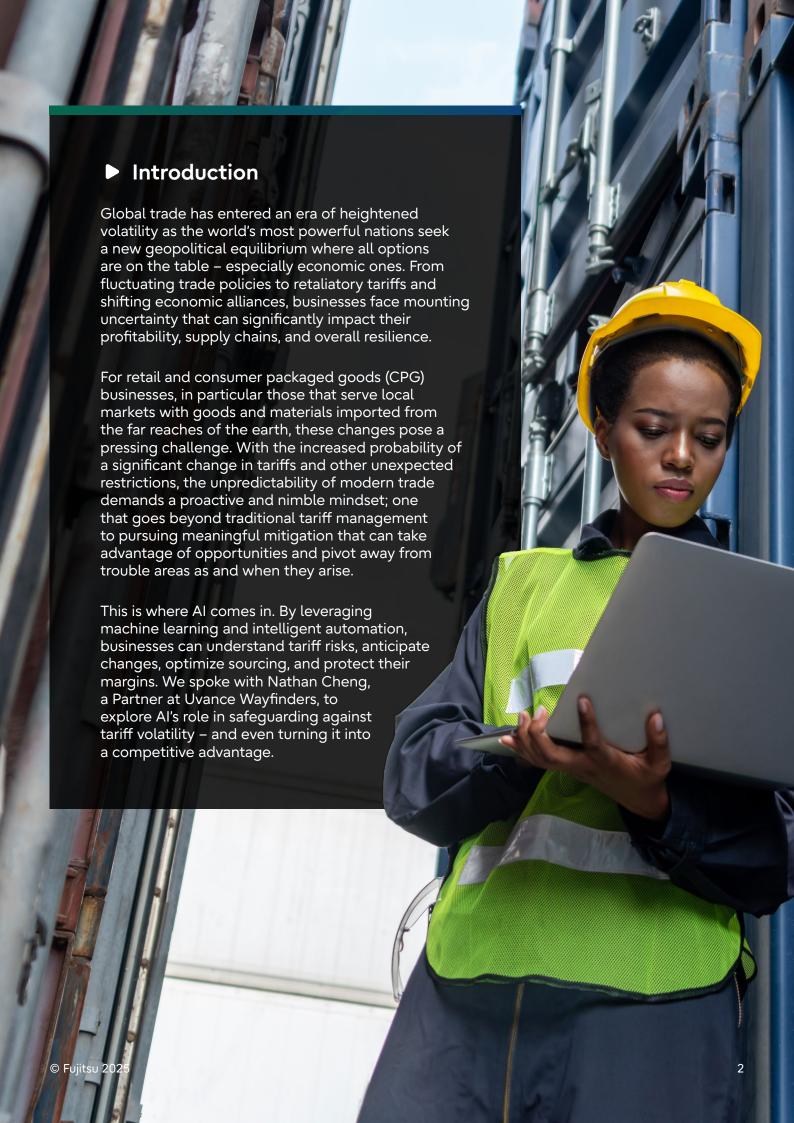
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Resilience and AI: How smart retailers are combating tariffs

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## ► The role of AI in tariff mitigation

Forward-thinking retailers and CPG businesses are fast learning that traditional tariff management strategies - like resetting supplier relationships post-tariff or simply passing on costs directly to consumers – are unsustainable. "After the 2018 trade war, many businesses anticipated a return to 'normal', so they delayed investing in reshoring manufacturing," Nathan explains. "But now, with the way tariffs have become more actively used for conflict resolution and market access, they're realizing it's likely a long-term shift." And AI can fundamentally transform how businesses navigate this trade uncertainty in the long run by replacing reactive, manual processes that are perpetually in recovery mode with proactive, data-driven strategies that help make optimal decisions quickly.



The sheer volume of work involved in effectively managing tariffs is enormous, and most organizations do not have the personnel readily available with the systems and processes in place to handle it.

- Nathan Cheng



By integrating supplier data, trade regulations, and cost structures, AI-powered systems provide real-time visibility into tariff exposure, while AI models can learn from historical patterns to predict the impact of policy changes, allowing companies to model and plan for different response scenarios before tariffs take effect. AI can also enhance competitive benchmarking by tracking sourcing shifts and pricing adjustments in real time. "Tracking 100 items manually is manageable," Nathan notes. "But tracking 1,000 or more, across multiple competitors, is tedious. LLMs can make that process much more efficient."

# Tackling tariff mitigation from all angles: Wayfinders' consulting-led approach

At Wayfinders, we combine our vast global expertise with cutting-edge technology to deliver a consulting-led approach to tariff management. "We approach this from a management consulting perspective, focusing on business strategy first," Nathan explains. "We provide organizations with the ability to act now without having to build everything from scratch, ensuring rapid response while keeping long-term options open."

One of the biggest challenges in tariff mitigation is the siloed nature of many analytics, procurement, and finance teams, which makes it difficult to create a unified response. Wayfinders acts as an enabler, coordinating these functions and delivering AI-driven insights in a digestible, actionable format.



Savvy retailers needn't fear tariffs. They can learn how to use analytics and AI to stay calm, protect customers, and safeguard margins.

- Nathan Cheng



Our methodology includes a discovery and assessment phase, where we assess existing mitigation strategies, identify key stakeholders, and evaluate available tools. We then help establish a structured tariff mitigation office using a four-prong approach to tackle tariff challenges from every angle. This includes:

#### Supply chain reconfiguration.

Whether its localizing supply chains or developing and maintaining a diverse set of other-country options, we use AI to ingest and organize all available data to compile and prioritize each possible local supplier option for each item. This empowers merchants to follow up with identified suppliers and make informed decisions.

#### Supplier (re)negotiation.

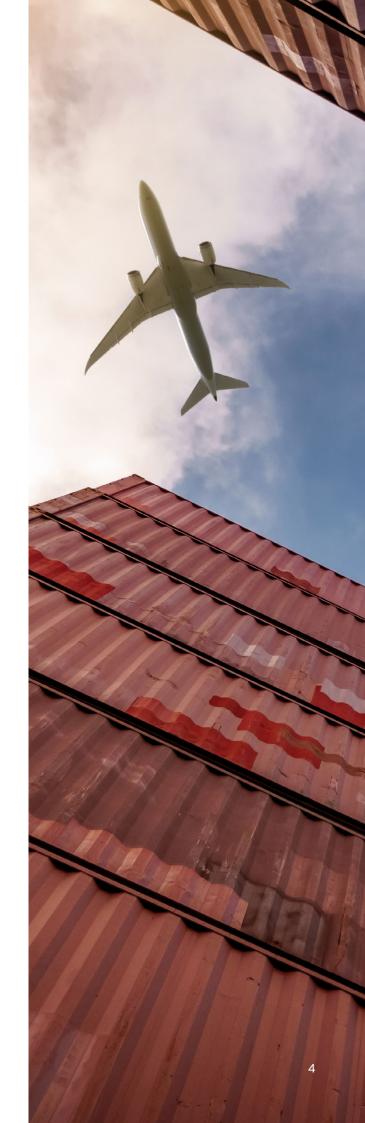
Here, we utilize analytics and AI to create detailed materials that equip customers with scripted arguments and analytical proof points to proactively reset relationships with suppliers. We also help them manage a coordinated and unified campaign across their many stakeholders and suppliers.

#### Price optimization.

"Tariff costs that can't be mitigated through negotiation can be passed to customers through price," Nathan explains. "However, these increases needn't be on only the tariffed items." AI-powered price optimization tools can identify products that can absorb tariff costs without negatively impacting demand.

#### Competitive benchmarking.

While most businesses benchmark periodically, the difficulty lies in matching competitor items with their own like-for-like items. As a result, benchmarking is usually only done for a small subset of the most important items. But the current tariff landscape demands a more expansive and frequent approach. Wayfinders enables cost-effective benchmarking at scale through tracking sourcing and pricing shifts across thousands of SKUs with Al-driven monitoring.





To support these strategies, we leverage advanced tools like our GK Software portfolio to enable AI-driven adjustments to minimize customer impact while protecting profitability. We also work with our partner, Palantir Technologies Inc., to help build and deploy a tariff response engine that integrates enterprise-wide data to map the cost journey of products through the entire network. Potential changes can then be assessed across the whole portfolio to evaluate different scenarios and identify high-risk SKUs. This enables the engine to automate decision-making for sourcing, supply chain and operations teams, supporting vendor negotiations, forecasting price change impacts on demand, and helping finance and merchandising teams adjust pricing at scale.

This is made possible through what Palantir calls 'the Ontology' - a component of their platform that not only understands all the data in one source but also the relationships between that data. So, for example, when you're managing tariff changes, it can understand how a shift in pricing relates to sales, how that relates to customer service, and then how that loops back to raw materials. "All these different verticals will have to make different decisions to deal with changing tariffs," explains Alex Phillpotts, Deployment Strategist at Palantir. "Palantir's software takes all these into consideration - understanding the knock-on effect these decisions will have on the business so that the right decisions can be made, by the right people, at the right time."



We are ready for this. We've built our platform over more than a decade to meet moments like this.

- Alex Phillpotts



### What's next in AI, hyper-personalization, and beyond

As tariff unpredictability becomes a defining feature of global trade, those who make the investment in proactive, data-driven strategies that can adapt in real time will no doubt gain a significant competitive edge – not just by protecting margins, but by positioning themselves as leaders in supply chain resilience.

"The biggest challenge with legacy enterprise technology is that it's quite rigid," suggests Alex. "These systems take multiple years to build and rebuild so they just aren't agile enough to match the speed of change of the world." Malleable software, as Palantir calls it, can adapt quickly to whatever disruption has happened so that there isn't a massive fallout in terms of cost.

And as AI continues to evolve, so too will its role in tariff mitigation. Using connected data sources to streamline operations and automate documentation and compliance is just one example of where the technology is heading. But perhaps the biggest 'next step' will lie in predictive insights - using AI-powered models to analyze trade patterns, policy shifts, and economic indicators to forecast tariff changes before they occur. Real-time supply chain monitoring will also provide early disruption warnings, allowing businesses to reroute shipments or pivot suppliers before problems arise. This adaptive approach will mitigate financial risk and enhance long-term operational stability.



Beyond AI, there are other emerging technologies reshaping tariff mitigation. Blockchain provides greater transparency and Proof of Origination for international shipments, while smart contracts can execute pre-negotiated tariff adjustments based on real-time trade data. Holistic supply chain modelling and digital twins can simulate multiple trade scenarios, optimizing logistics networks accordingly, and IoT and cloud-based trade hubs could enable real-time coordination for automated rerouting and dynamic inventory optimization. "Beyond pricing, these technologies will consider geopolitical risks, environmental factors, and currency fluctuations to drive more holistic supplier and market decisions," Nathan explains. "Businesses that embrace these advancements now, will be best positioned to thrive in an increasingly complex global trade environment."

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### Preparing for the unpredictable: Best practices and insights

For businesses implementing AI-driven tariff mitigation, Nathan advises starting with data. "AI models are only as good as the data they are trained on," he says. "Clean, comprehensive data sets are critical for accurate AI modelling."

Of course, data alone isn't enough - knowing what to do with it is also key. "A lot of organizations fall into this trap of thinking that the perfect data landscape will solve all of their problems," says Alex. "But that's just not true." Instead, businesses need to view data collection from the lens of the decisions that need be made with it. If, for example, there's a sudden price increase of 25%, who in an organization will need to make decisions around this, and what do they need to know to make an optimal decision? By adopting this decision-centric view to data - and using the right tools to organize and understand the relationship between the data – businesses can gain an important competitive advantage.

Strong governance practices and fostering internal trust in AI-led insights are also essential. Without robust processes to maintain and update data, businesses risk basing strategies on outdated or incomplete information, leading to miscalculations and missed opportunities.

Meanwhile, finance, merchandising, procurement, and supply chain teams need to collaborate to ensure everyone understands and is prepared to act on Al-driven recommendations. Without clear cross-functional coordination, even the best AI insights will struggle to be effectively implemented. "Tariffs may happen unexpectedly, so organizations must be able to react quickly and effectively," Nathan advises. "Transparency, training, and scenario-based drills can help stakeholders build confidence in AI for swifter, consistent action. "Ultimately, tariff mitigation isn't just about cost - it's about risk management, supplier diversification and geopolitical strategy. The smartest businesses will recognize this and develop mitigation strategies that optimize for more than just immediate price.

### Conclusion

Tariff uncertainty is here to stay, and businesses that continue to take a reactive approach risk falling behind. Al-driven mitigation offers a smarter way forward by strengthening supply chains, optimizing pricing, and ensuring businesses stay ahead of trade volatility.

For those looking to safeguard against disruption and build long-term resilience, Wayfinders offers a strategic, business-first approach to tariff mitigation that empowers businesses to navigate global trade complexities with confidence. Connect with us and take the first steps towards turning uncertainty into opportunity.



# Want to leverage AI to navigate global trade complexities?

Uvance Wayfinders combines cutting-edge AI with expert consulting to deliver a strategic approach to tariff mitigation. Gain real-time visibility, predictive insights, and actionable strategies to safeguard your margins and enhance supply chain resilience.



Contact us for a consultation.





### **Nathan Cheng**

Nathan Cheng is a Partner at Uvance Wayfinders. He is an expert in tariff mitigation, supply chain optimization, and cost management, having delivered hundreds of millions in savings for top global retailers. Leveraging advanced analytics and agile operating models, he guides enterprise clients through large-scale transformations that strengthen resilience and unlock new value streams. Drawing on over two decades of strategy and technology experience, Nathan brings a pragmatic, data-driven approach to driving tangible results in dynamic global markets.



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