

Research on Cross Risk Management of Alibaba's Supply Chain

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Abstract. Cross-regional risk management is very key to realize the smooth and efficient circulation of goods between regions in China. Under the construction of a new development pattern with domestic circulation as the main body and domestic and international double circulation promoting each other, the cross-regional nature of supply chain network brings challenges and risks to the circulation of commodities. Innovation point of this research is to place Alibaba electrical products as the research object, through to the supply chain risk management are discussed. Policy exists between the different areas, cultural, geographical differences, these differences may cause a disruption in supply chains, delay or accuracy. Supply chain managers need to adopt a series of strategies and measures to reduce and manage cross-regional risks, so as to ensure the smooth flow of goods and promote economic development and growth. This study can also contribute to the development of the theory and practice of risk management in cross-regional supply chains.

Keywords: Supply chain risk control, Alibaba, Between regions.

1. Introduction

Under the construction of a new development pattern with domestic circulation as the main body and both domestic and international circulation promoting each other, the circulation of domestic commodities between regions has become increasingly frequent [1]. Cross-regional risk management is crucial to the smooth and efficient flow of domestic goods between regions. The cross-regional nature of the supply chain network brings challenges and risks to the circulation of goods. Some large e-commerce supply chain networks cover multiple regions, and commodity circulation between different regions often faces various risks. Therefore, cross-regional risk management has become an important issue in the field of supply chain management [2].

In recent years, the research on supply chain risk management mainly includes the following four aspects: ① Cross-border e-commerce is an important form of globalization in the era of digital economy. Global inflation affects the stability of cross-border logistics and supply chains, the cross-border e-commerce policies of many countries need to be clarified and refined, and the international digital trade rules are fragmented. The research on cross-border e-commerce can benefit the people of developing countries through the development and cooperation of cross-border e-commerce [3]. ② In the contemporary context of the globalization of supply chain management and the rapid change of the business environment, how to deal with supply risk is one of the core issues to be considered in the operation and management of e-commerce. The research on co-performance decision-making can understand product competition and supply cooperation among manufacturers [4]. ③ In the post-epidemic economic environment, China's cross-border e-commerce supply chain has always been faced with huge production and operation risks, and is restricted by exogenous risks represented by cross-border logistics, customs, and payment risks. At the same time, it also faces the lack of internal risks such as its own management, information processing and credit. It is becoming increasingly important to strengthen the risk identification and assessment of China's export cross-border e-commerce supply chain. ④ Research on risk factors is also a top priority [5]. To sum up, the research on supply chain risk management is mainly analyzed from the perspectives of cross-border e-commerce, co-options decision-making, risk factors, risk governance and so on, and there is a lack of research on cross-regional risk management.

Alibaba, as a typical representative of e-commerce, has been expanding its global business in recent years, resulting in an increasingly complex and diversified supply chain. Therefore, it is particularly important to manage its supply chain risk. The analysis from the perspective of risk governance can help Alibaba better identify and manage the potential risks in the supply chain. After identifying and assessing the risks, Alibaba can take a series of measures to control and prevent them. In addition, Alibaba also needs to establish effective risk response and emergency plans. Supplier alternatives can also be further established to deal with possible supplier problems in the supply chain [6]. In view of this, this paper will take Alibaba's e-commerce product supply chain as the research object, analyze the problems in the cross-regional risk management of supply chain from the dimensions of cross-regional risk perception and evaluation, supplier selection, logistics cooperation and so on, and put forward a series of effective solutions and strategies.

2. Alibaba

As an Internet company, Alibaba was founded in 1999 and owns well-known e-commerce platforms such as Taobao and Tmall. Since its establishment, Alibaba has carried out an in-depth layout in the field of e-commerce and has become one of the world's largest retail trading platforms, with a wide range of influence at home and abroad. Alibaba Group is the largest e-commerce platform in China, with strong business development ability and high industry penetration. Relying on the massive transaction data of its own platform, Alibaba Group focuses on developing the "double chain" financial model integrating blockchain and supply chain, which can provide a better development environment for domestic e-commerce platforms [7].

With the strengthening of the trend of globalization, the domestic supply chain also needs to adapt to the global intelligent logistics operation. At present, the main problems of the domestic supply chain include: the lag of upgrading of factor structure, the unbalanced development of industrial chain and innovation chain, which affect the transformation and upgrading of the industrial chain and supply chain, and the unbalanced and inadequate regional development, which affect the regional layout optimization of the industrial chain and supply chain. Therefore, Alibaba has realized intelligent logistics on a global scale through its Cainiao network, providing more efficient and reliable operation for the supply chain. The layout and expansion of Alibaba's e-commerce products in the domestic supply chain are based on the needs and development trends of the background. Through the development of supply chain service platform, logistics services, digital supply chain and financing services, Alibaba has optimized and upgraded the supply chain to meet the market demand. Meanwhile, with the support of high and new technologies such as big data and artificial intelligence, Alibaba has provided digital supply chain solutions. This solution can monitor and manage all aspects of the supply chain in real time, improving the transparency and quality of the supply chain. In the process of supply chain management, SMEs often face the problem of financing needs. Alibaba, through its financial technology platform Ant Group, provides supply chain finance, accounts receivable financing and other services, which help small and medium-sized Alibabass solve the capital turnover problem and further promote the development of supply chain. However, the expansion of Alibaba's supply chain network also faces the challenge of cross-regional risk management as the circulation of goods in various regions of China increases.

Recently, Alibaba will separate six businesses into a group. The plan for this adjustment is Cloud Intelligence Group, Taobao Tmall Business Group, local Life Group, Cainiao Group, International digital Business Group, and Big Entertainment Group. In terms of structure, after the transformation from "business leader" to "group CEO", The object of its upward report is also changed from reporting to Alibaba Group to reporting to the board of directors of each group. Each business group will set up a board of directors respectively and implement the CEO responsibility system under the leadership of the board of directors. In the past, many of Alibaba's core capabilities were based on the China-Taiwan strategy, but in today's environment, the emphasis on the risk management of cross-regional supply chain needs to be strengthened, the organization needs to be accelerated, the decision-

making needs to be accelerated, and the market response needs to be accelerated. In order to make the business run faster, past production relations need to be changed, and Alibaba's various groups need to change. To truly fight for their own business [8].

3. Analysis of Alibaba's Cross-regional Risk Management Issues

Through effective cross-regional risk management, Alibaba can reduce the probability of risk occurrence, ensure the stable operation of supply chain, and promote the effective development of supply chain management. However, in cross-regional supply chain risk management, it faces a variety of potential risks, including supply chain service platform risk, logistics service risk, digital supply chain risk, financing service risk and so on. Among them, the stability guarantee of supply chain service platform is an important aspect of cross-regional risk management. Selecting the right supplier for cooperation is the key measure to reduce the probability of risk occurrence. In addition, logistics services are also a key link in cross-regional risk management. Alibaba also needs to effectively communicate and collaborate with its logistics partners to jointly deal with cross-regional risks. Finally, the degree of digitalization of the supply chain and the risk management of financing services both play a decisive role in the stability of the supply chain [9]. The specific analysis is as follows.

3.1. Risk of Supply Chain Service Platform

The business ecosystem of Alibaba Group is characterized by a wide variety of business contents, a very long industrial value chain, a complex main structure and a variety of business models. It is precisely because of these characteristics that the management risks related to the will be caused. It mainly includes supplier risk, market risk and technical risk. Supplier risk mainly refers to the quality and delivery time of suppliers, market risk mainly refers to the change in market demand, and technical risk mainly refers to the upgrading of technology. Alibaba needs to manage these risks by establishing a strict supplier management system, market forecasting system and technology updating system. Alibaba has laid a solid foundation for its existing supply chain services, making its supply chain service platform operate more stably. At present, Alibaba has launched a series of intelligent logistics solutions for the risk of supply chain service platform, including intelligent warehousing and intelligent distribution, which help Alibaba improve logistics efficiency and reduce logistics costs.

3.2. Logistics Service Risks

It mainly includes logistics delay risk, logistics loss risk and logistics cost risk. Alibaba needs to manage these risks by establishing an efficient logistics management system, logistics insurance system and logistics cost control system. In recent years, Alibaba has made great efforts in the cultivation of supply chain talents, upgrading of warehouse management technology, product quality supervision and improvement of reverse logistics system, which has improved the guarantee of logistics services.

3.3. Digital Supply Chain Risks

In terms of digital supply chain risk, it mainly includes data security risk, data accuracy risk and data privacy risk. Alibaba needs to establish a strict data security management system, data quality management system and data privacy protection system to manage these risks [10]. Alibaba carries out digital transformation based on intelligent decision-making of big data, from driving business expansion to optimizing user experience, which effectively guarantees the stability of digital supply chain. In terms of digital supply chain, Alibaba is committed to building a global digital logistics network, connecting and optimizing all links of the supply chain through technical means, and realizing the whole process management and traceability of supply chain digitalization.

3.4. Financing Service Risks

In terms of financing service risk, it mainly includes credit risk, interest rate risk and liquidity risk. Alibaba needs to manage these risks by establishing a strict credit management system, interest rate management system and liquidity management system. Recently, Alibaba released a financing plan to help the development of small and medium-sized Alibaba in China. In terms of external fund-raising, the introduction of external investors is the main source of funds for Alibaba Group before its IPO. Its investors include Goldman Sachs of Japan and Yahoo! etc. In particular, in 2005, Yahoo! Exchanged 40% shares of Alibaba Group with \$1 billion in cash and Yahoo! 's business and brand use rights in China. Through the analysis, it can be seen that although it is possible to introduce relevant investors to meet Alibaba's financing goals, it will also bring hidden crises to Alibaba's future development related to the dominant power. Shortly after Alibaba Group was listed in the United States in September 2014, the IPO raised a total of 25 billion dollars, which provided enough funds for the establishment of Alibaba Group to build a huge business ecosystem. However, due to the financing method of foreign IPO, Alibaba Group also often suffers from malicious short selling by foreign investment institutions, which in turn affects the stability of its operation and management. Strict foreign laws and regulations and unfamiliar capital environments are also the main obstacles for Alibaba Group to successfully raise funds [11]. In terms of financing services, Alibaba's financial service platform "Ant Financial" provides a series of supply chain financial products and services, including supply chain finance, accounts receivable financing, etc., to help Alibaba solve the problem of capital turnover. And enhance the liquidity of the supply chain [12].

In short, in Alibaba's domestic cross-regional e-commerce supply chain, an effective risk management mode can reduce the risk of supply chain interruption and improve the stability and reliability of operations. The above-mentioned models are not all, and Alibaba can flexibly choose and adjust them according to the actual situation.

4. Suggestion

4.1. Background of Alibaba's Regional Supply Chain Risk Management

In recent years, globalization has enabled Alibaba to seek more suppliers and markets around the world to reduce costs, improve efficiency and increase revenue. However, it has also brought a series of new risks and challenges, and globalization has also intensified the problem of information asymmetry in the supply chain. This makes Alibaba more vulnerable to supply chain risks, such as the inability to timely adjust production plans and accurately assess inventory requirements. The complexity of Alibaba's supply chain adds to the difficulty of management. Every link in the supply chain may have potential risks, such as supplier quality problems, factory shutdowns, and transportation accidents. Alibaba needs to establish an effective risk management mechanism to predict and assess potential risks and take corresponding measures to mitigate losses. To ensure the stability and continuity of the supply chain and reduce the impact of potential risks.

4.2. Suggestions on Alibaba's Regional Supply Chain Risk Management

Improve the selection criteria of suppliers, ensure the credibility and stability of partners, and reduce the risk of supplier default or delay in delivery. Establish a supplier performance evaluation system to encourage suppliers to provide high-quality products and services through performance evaluation and reward and punishment mechanisms for suppliers.

Strengthen the monitoring and management of logistics suppliers to ensure the reliability and punctuality of logistics and transportation. Provide logistics order tracking and real-time monitoring system to remind customers of the transportation progress and possible delays of orders.

Establish a strong information security guarantee system to ensure the confidentiality and integrity of supply chain information. Strengthen the monitoring and vulnerability repair of supply chain digital systems to prevent hacker attacks or information leakage.

Provide customized financing solutions to help suppliers solve financing problems. Strengthen risk assessment and credit management for partners to ensure the safety and reliability of financing.

4.3. Principles of Risk Management Optimization for Alibaba's Regional Supply Chain

Alibaba's e-commerce platform can facilitate collaboration and transactions in the supply chain. Alibaba's internal and external optimization work should be carried out based on its own business needs, in line with the supply chain thinking, and follow the principles of Alibaba's strategy, system integration, innovation and development [13]. The specific contents are as follows:

4.3.1. Alibaba's Strategic Principles

Alibaba's strategic decision is the main direction and goal of Alibaba's future development. Alibaba's internal and external optimization should be consistent with Alibaba's strategic decision-making, and Alibaba's strategy should be taken as the starting point and foothold of this optimization work. It is clear that the optimization work serves the strategic goal of Alibaba and follows the principle of Alibaba's strategic center. In this way, the optimized content can better realize the efficient operation of supply chain integrated service management.

4.3.2. Principles of System Integration

The internal and external optimization of Alibaba Company is based on the whole integrated service management of the whole construction supply chain, rather than a certain part or link. The purpose of this optimization work is to achieve the overall optimization of the supply chain system. Therefore, it is necessary to follow the principles of concise, efficient and complementary advantages of system integration in the optimization. In order to improve the efficiency of the supply chain process, the key links should be grasped, the redundant process should be removed, and the content should be re-integrated. Fully understand the functions of each node in the supply chain, analyze the advantages and disadvantages of each link, and promote the advantages of each node to complement each other, so as to achieve the effect of overall resource complementarity.

4.3.3. Innovation-driven Development Principles

Adhere to the principle of gradual optimization of continuous innovation and sustainable development, improve Alibaba's innovation level, effectively improve Alibaba's ability to deal with uncertain factors, and reduce their negative impact on supply chain management. At the same time, according to the implementation work of the optimization, the corresponding management system was gradually improved to strengthen the internal organizational structure of the Company.

5. Conclusion

Through its unique business model and advanced technology, Alibaba is committed to operating a supply chain platform, providing logistics services, building a digital supply chain, and providing risk management and financing services to stabilize development and reduce risks. With its unique business model and advanced technology level, Alibaba has made efforts in supply chain platform operation, logistics services, digital supply chain construction and financing service risks, contributing to stable development and risk reduction. This study shows that Alibaba has made some achievements in supply chain platform operation, logistics service, digital supply chain construction and financing service risk through its unique business model and advanced technology level, which is of great significance for its stable development and risk reduction.

However, there are still some limitations in this study. First of all, Alibaba's cross-regional supply chain risk management research is mainly focused on Asia, especially China. Although China, as a global manufacturing center and the location of Alibaba's headquarters, has made remarkable achievements, the risks and challenges in other regions may be different from China's and require more specific research and solutions. Secondly, Alibaba's cross-regional supply chain risk management research mainly focuses on traditional logistics and supply chain risks, such as weather

disasters, traffic congestion and poor road conditions. However, with the development of digitalization and technological innovation, emerging risks such as cyber attacks, data leakage and information security should also be taken into account. These emerging risks may have a significant impact on the stability of cross-regional supply chains, but Alibaba's research has not covered these aspects. In addition, although Alibaba's cross-regional supply chain risk management research provides a range of strategies and tools, these strategies and tools are not applicable to all enterprises and industries. Each enterprise and industry have its own unique supply chain characteristics and risks, which require customized solutions based on specific circumstances. Therefore, Alibaba's research may not be able to fully meet the needs of all companies. Finally, Alibaba's cross-regional supply chain risk management research mainly focuses on the reliability and stability of the supply chain, but the impact on the company's innovation and competitiveness is not deeply studied. As global supply chains become increasingly complex and increasingly competitive, companies need to maintain innovation and flexibility while managing their risks to better respond to market changes and competitive challenges. Future research can further explore Alibaba's potential for innovation and development in other aspects, as well as how to cope with new challenges and risks.

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