



Food Quality & Safety Survey

2016



Sparta Systems

First Edition

This Survey Results Report is the outcome from the Food Quality & Safety Survey conducted by Sparta Systems in February 2016. The report provides a view into food quality and safety readiness and how visibility into the supply chain can impact food and beverage manufacturers, based on the survey responses.

The Food Quality and Safety survey was comprised of thirteen questions related to a food & beverage organization's quality vision, strategy and solutions to ensure food quality and safety. Those individuals who received the survey represented a variety of job functions in companies of varying size, with the majority with at least a manager title or above. The survey was open for a four-week period.

Results represented in the following report were derived from the responses of over 150 survey participants.

The survey responses allow us to conclude that, by in large, food & beverage companies of all sizes believe they are prepared for the new rules and regulations of the FDA's Food Safety and Modernization Act (FSMA). In addition, the vast majority of these companies support that visibility into the supply chain is critical to food quality and safety.

However, the survey responses also indicate that a large proportion of food & beverage companies are managing FSMA compliance through manual or partially manual systems. While these manual systems support adherence to FSMA regulations and overall food safety, it may be doing so at a higher cost due to the resources necessary to manually track, manage, audit and report on food quality and safety. As regulations increase and supply chains become more global and complex, this manual infrastructure may not be sustainable over time for ensuring visibility and managing risk across the supply chain.

Food Quality & Safety Survey



Survey Population

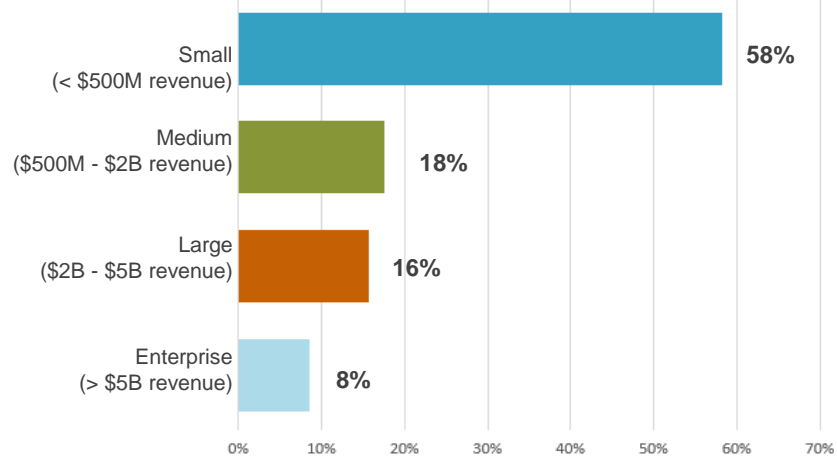
Out of the 153 survey responses, 58% came from Small Businesses (<\$500M in revenue).

Additionally, the majority of respondents came from job functions related to food quality and safety, in particular Quality Assurance (46%), industry Consultants (19%) and Regulatory Affairs (11%). This includes those with direct responsibility for usage, triage, procurement, manufacturing operations, suppliers, regulatory, risk, EH&S and other areas where requirements vary, processes are distinct and the environments under which the roles operates is unique.

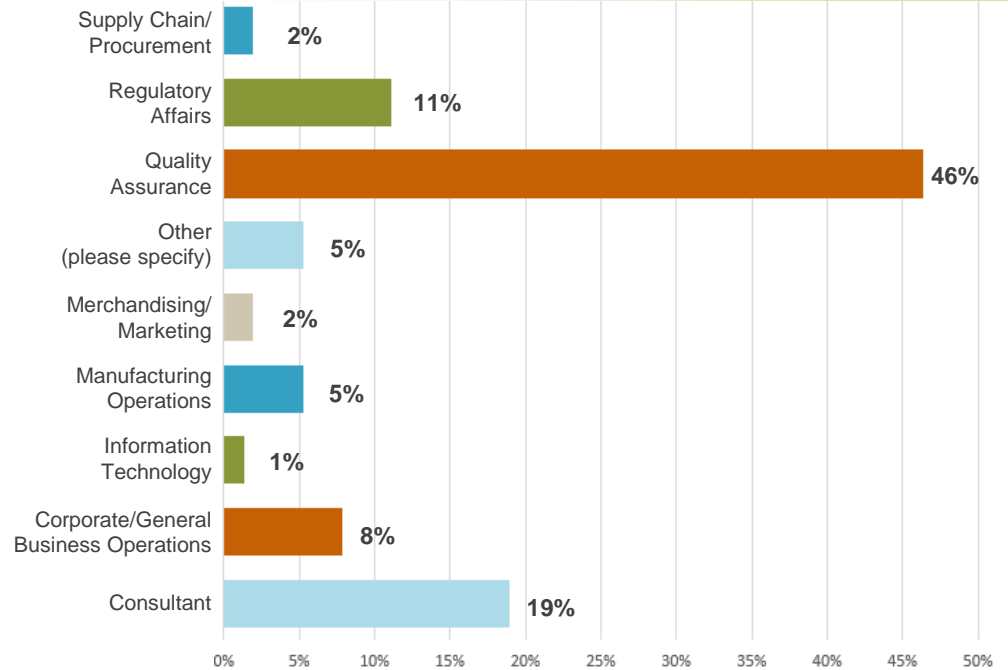
Lastly, 69% of respondents hold either a Manager or Director level position at their organization.



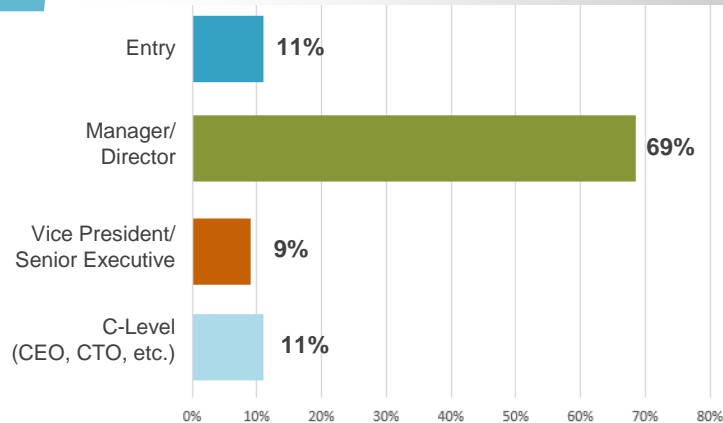
Respondents by Company Revenue



Respondents by Job Function



Respondents by Job Level

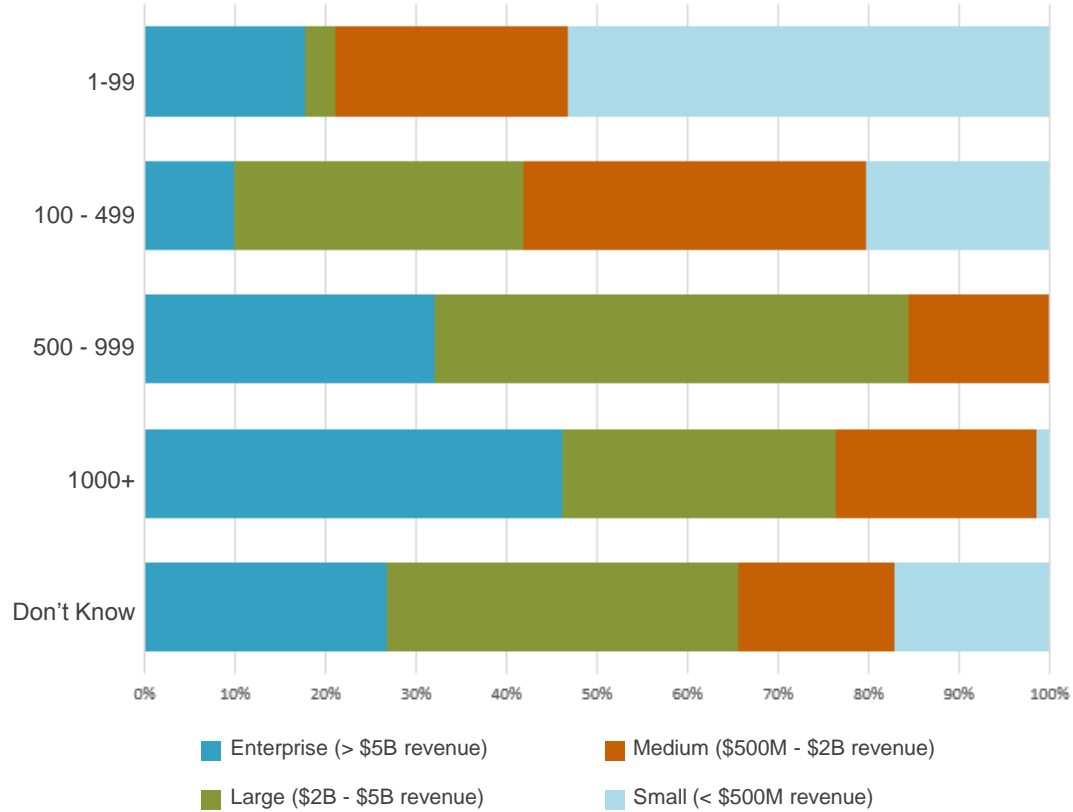


Supplier Ecosystem

When asked about their organization's supplier network, almost half (48%) of respondents indicated "1-99", while 18% of respondents did not know. In addition, the size of the supplier network was unsurprisingly proportional to the size of the organization.



How many suppliers and/or contract manufacturers does your organization leverage?



FSMA Readiness

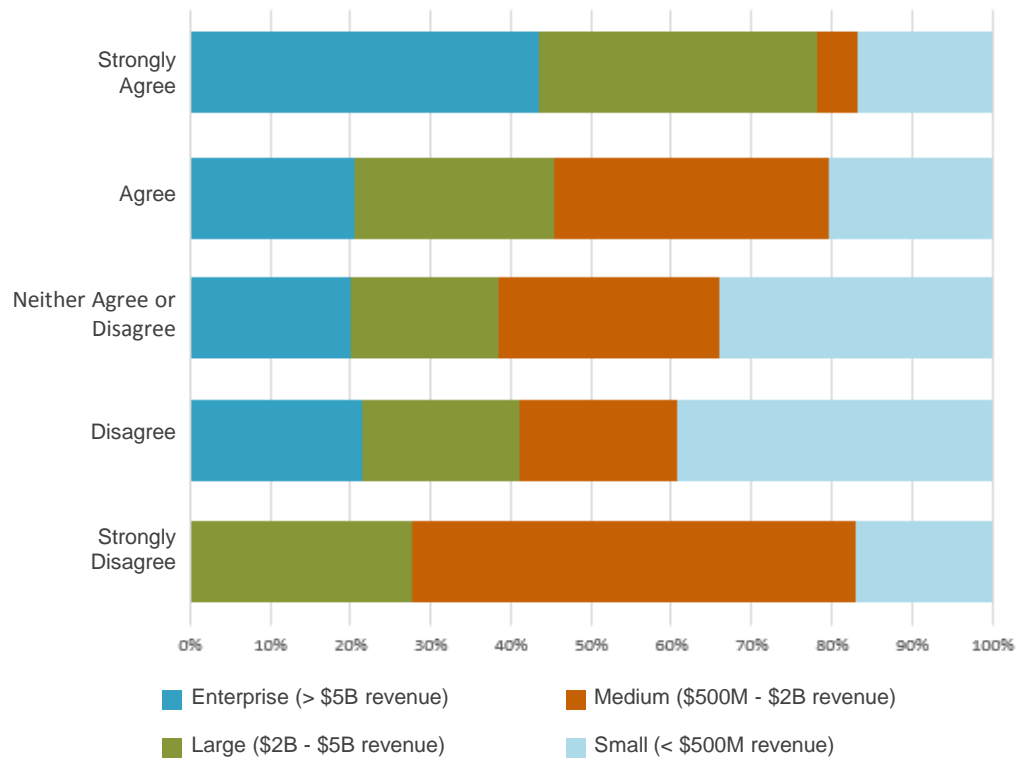
When asked about FSMA readiness, 54% of respondents agreed or strongly agreed that their organization is compliant with the FSMA regulations finalized as of December 2015. Respondents from Enterprise and Large organizations were largely confident with their FSMA compliance, with 70% and 68% (respectively) that agreed or strongly agreed.

Respondents similarly indicated that their organization is prepared for the FSMA regulations that will be finalized in 2016, with 60% of respondents that agreed or strongly agreed.

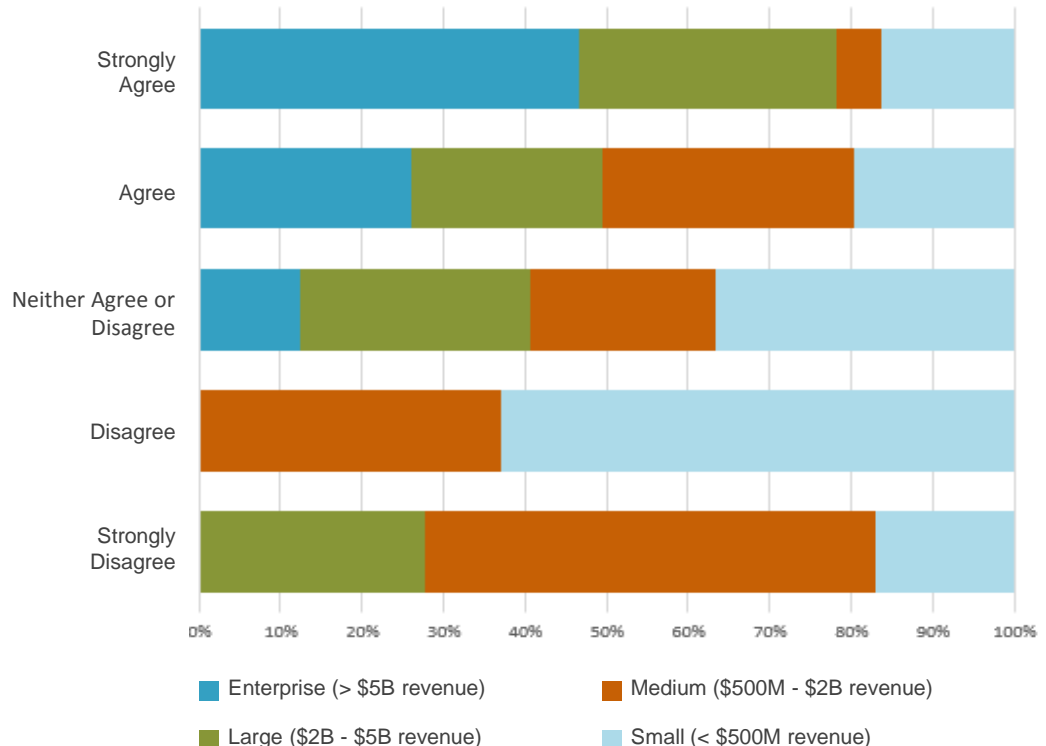
When examined by Job Function, Consultants and respondents in Regulatory Affairs were the most uncertain of their organizations' FSMA readiness, with 25% that disagreed or strongly disagreed with both survey questions. In addition, Consultants' uncertainty increased for 2016 readiness, from 17% to 26% of respondents that disagreed or strongly disagreed.



My organization is compliant with the FDA Food Safety Modernization Act (FSMA) regulations and rules that have been finalized as of December 2015.



My organization is prepared for/compliant with the FSMA regulations and rules that will be finalized in 2016.



Supplier Quality Visibility

Respondents from Enterprise and Large organizations were especially confident that their respective organizations were prepared for FSMA's Foreign Supplier Verification Program (FSVP), which requires importers to perform risk-based foreign supplier verification activities, to verify that food or food ingredients manufactured out of the U.S. are as safe as those manufactured in the U.S. Fifty percent and 63%, respectively, agreed or strongly agreed that they are prepared for FSVP.

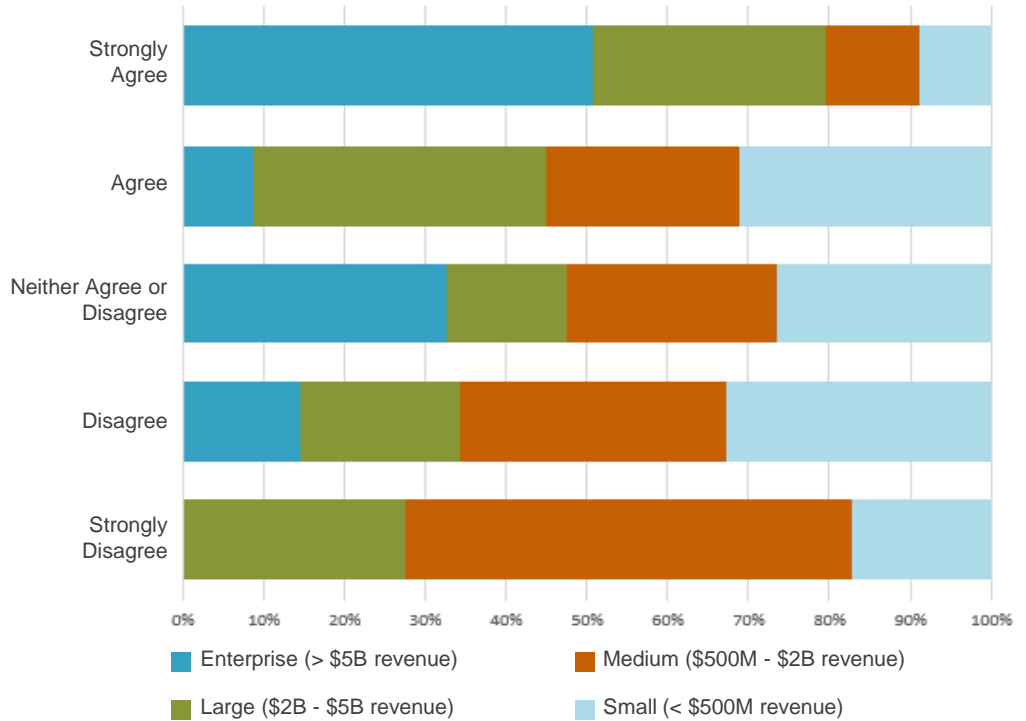
Respondents from Small and Medium-sized organizations were split almost equally across Agree/Strongly Agree, Disagree/Strongly Disagree and Neither Agree or Disagree. Almost 20% of respondents from Medium-sized companies disagreed/strongly disagreed that their organizations were ready for FSVP.

Similarly, the respondents from Enterprise and Large organizations overwhelmingly agreed/strongly agreed – 90% and 82% respectively – that their organizations have visibility into their suppliers' food quality and safety.

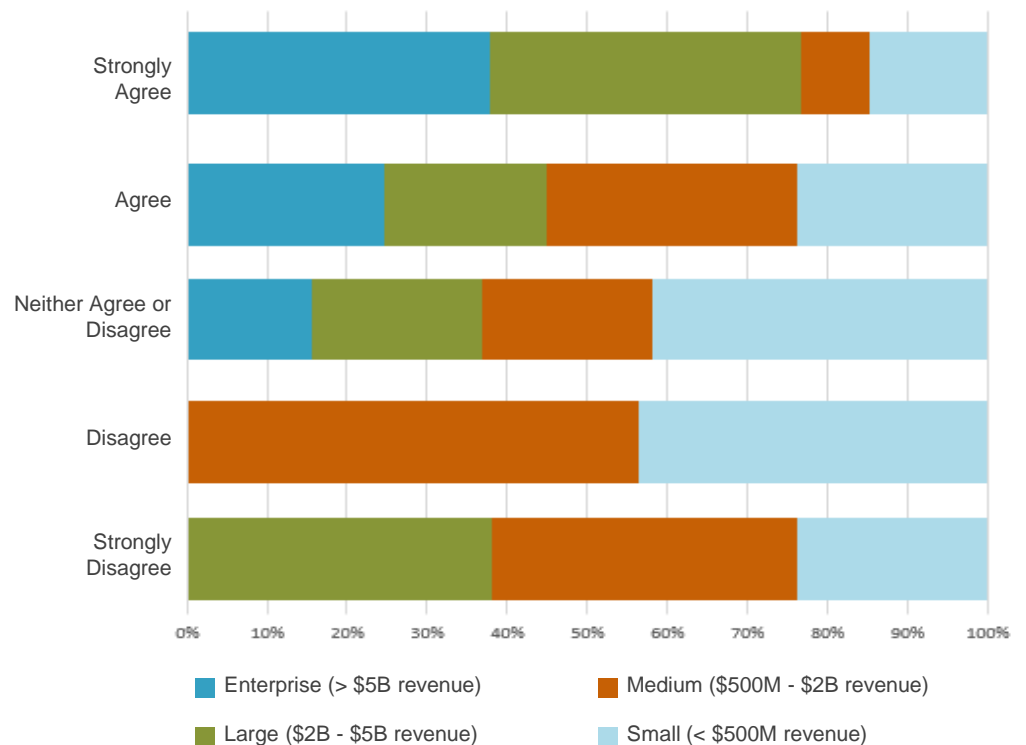
The majority of respondents from both Small and Medium organizations agreed or strongly agreed – 63% and 72% respectively – that their organizations have visibility. That said, respondents from Medium-sized organizations had the highest percentage (13.6%) of respondents who disagreed or strongly disagreed.



My organization is prepared for/compliant with the regulations associated with FSMA's Foreign Supplier Verification Program.



My organization has visibility into the food quality and safety of its suppliers & contract manufacturers.



Company Size Perspective

Across all company sizes, most respondents agreed or strongly agreed that visibility into the food quality & safety processes of its suppliers & contract manufacturers was important. Altogether, only 5.5% of respondents disagreed or strongly disagreed.

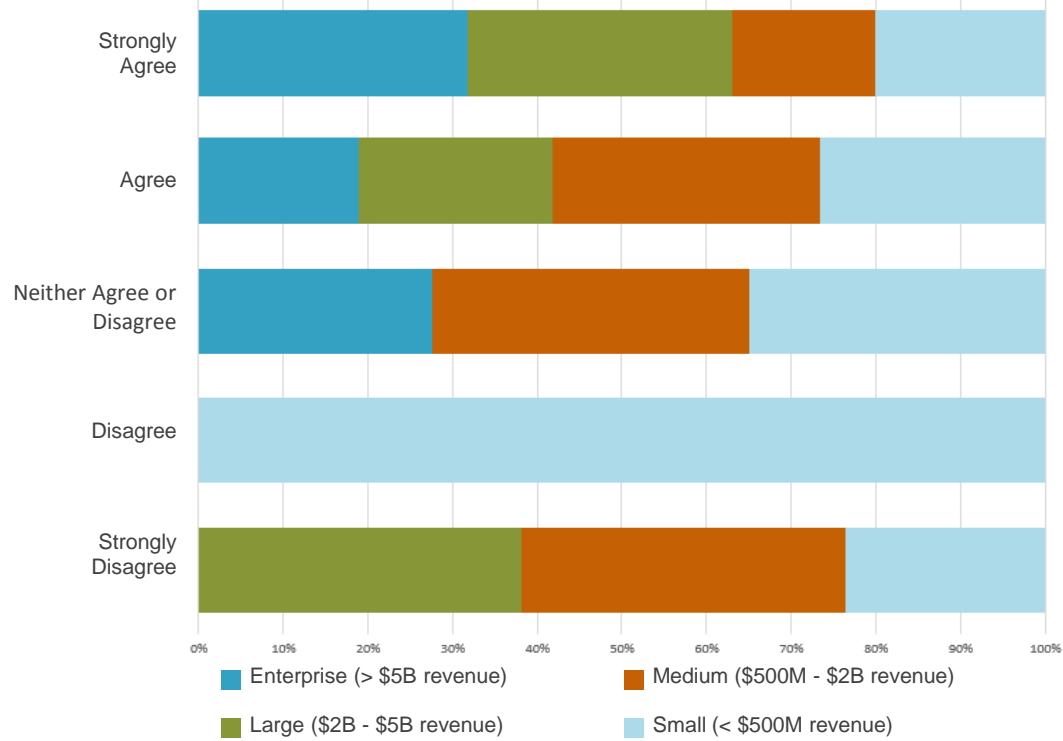
Job Function Perspective

Unsurprisingly, 93% of respondents in Quality Assurance overwhelmingly agreed/strongly agreed that supplier visibility is important for their organizations.

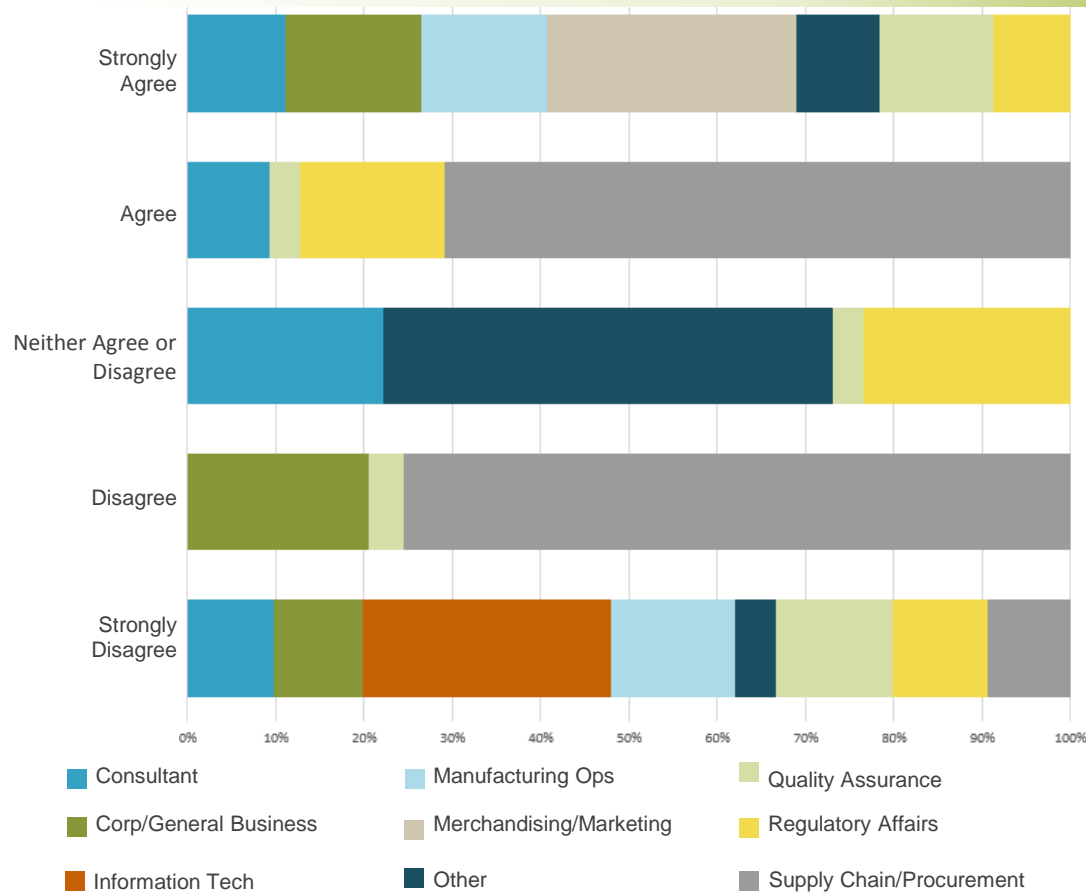
Interestingly, the majority (66%) of respondents in Supply Chain/Procurement roles either disagreed or strongly disagreed that visibility into the food quality & safety processes of its suppliers & contract manufacturers was important.



It is important for my organization to have visibility into the food quality & safety processes of its suppliers & contract manufacturers.



Response by Job Function



Company Size Perspective

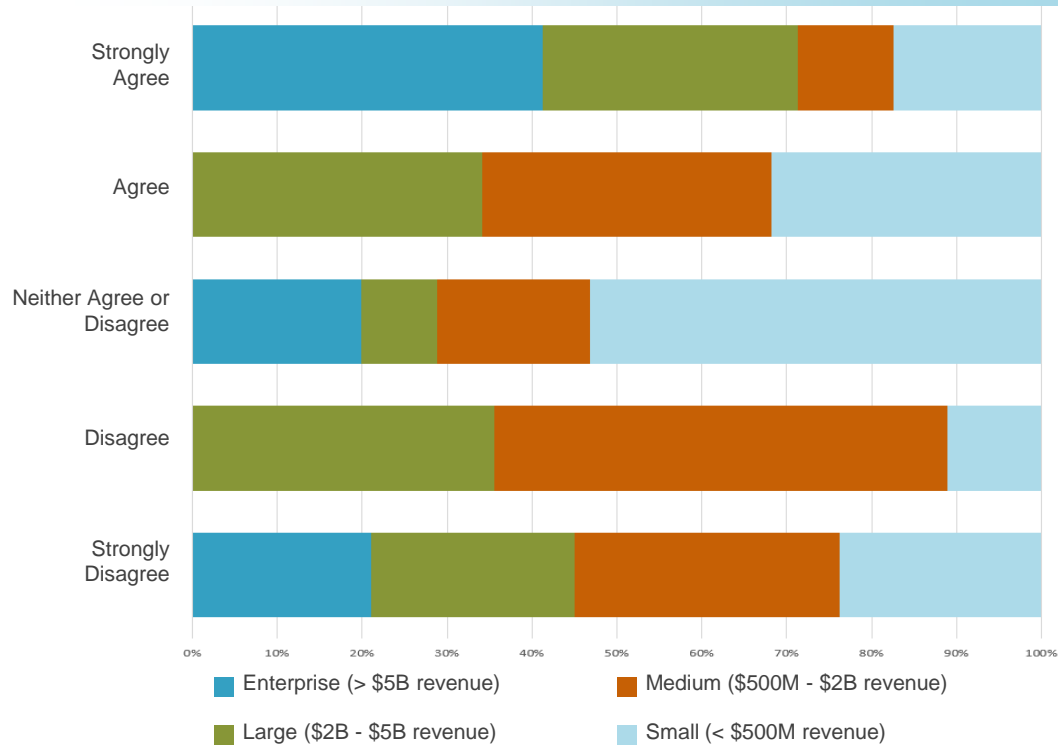
Most of the survey respondents agreed or strongly agreed that their organization has a clear strategy and plan to meet FSMA requirements. However, 27% of the respondents from Small organizations neither agreed or disagreed.

Job Function Perspective

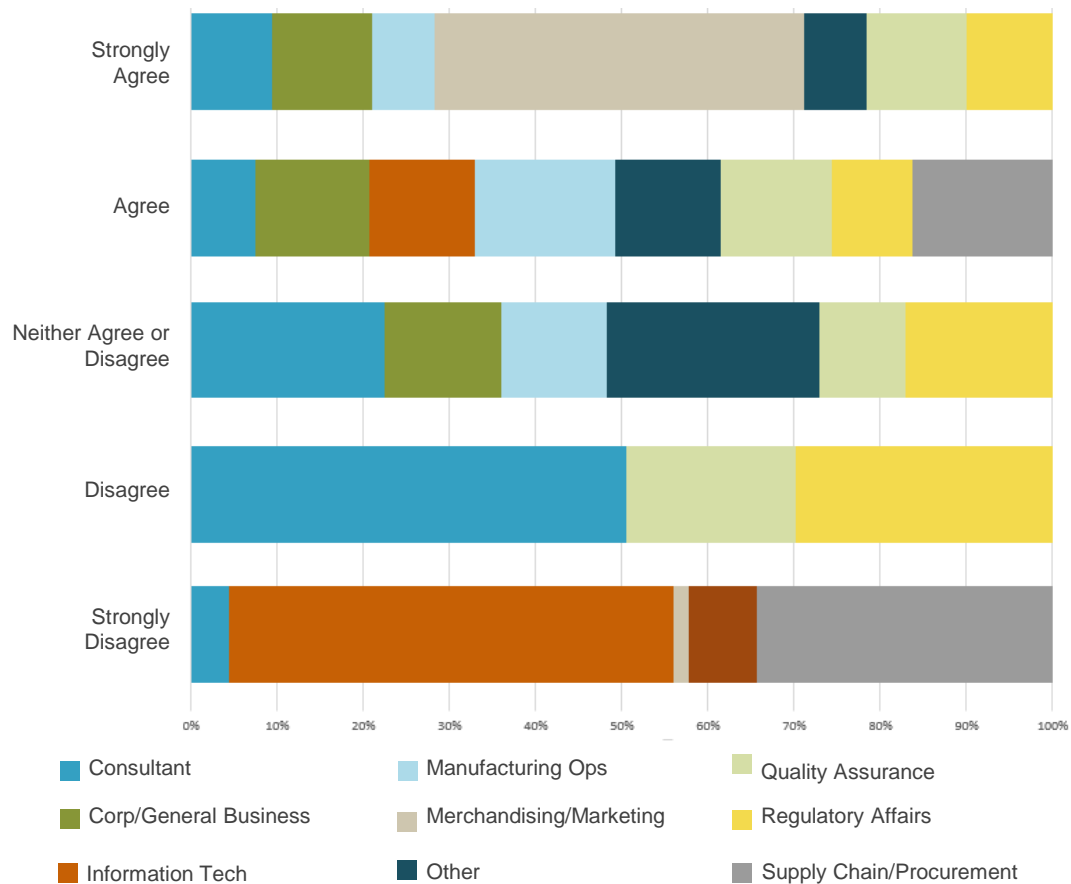
From a job role perspective, Consultants and respondents in Quality Assurance (QA) had the most diverse response to this question. In addition, about 17% of Consultants and 7% of QA people conceded that their organization does not have a clear FSMA strategy.



My organization has a clear strategy and plan to meet FSMA requirements.



Response by Job Function



Current QMS

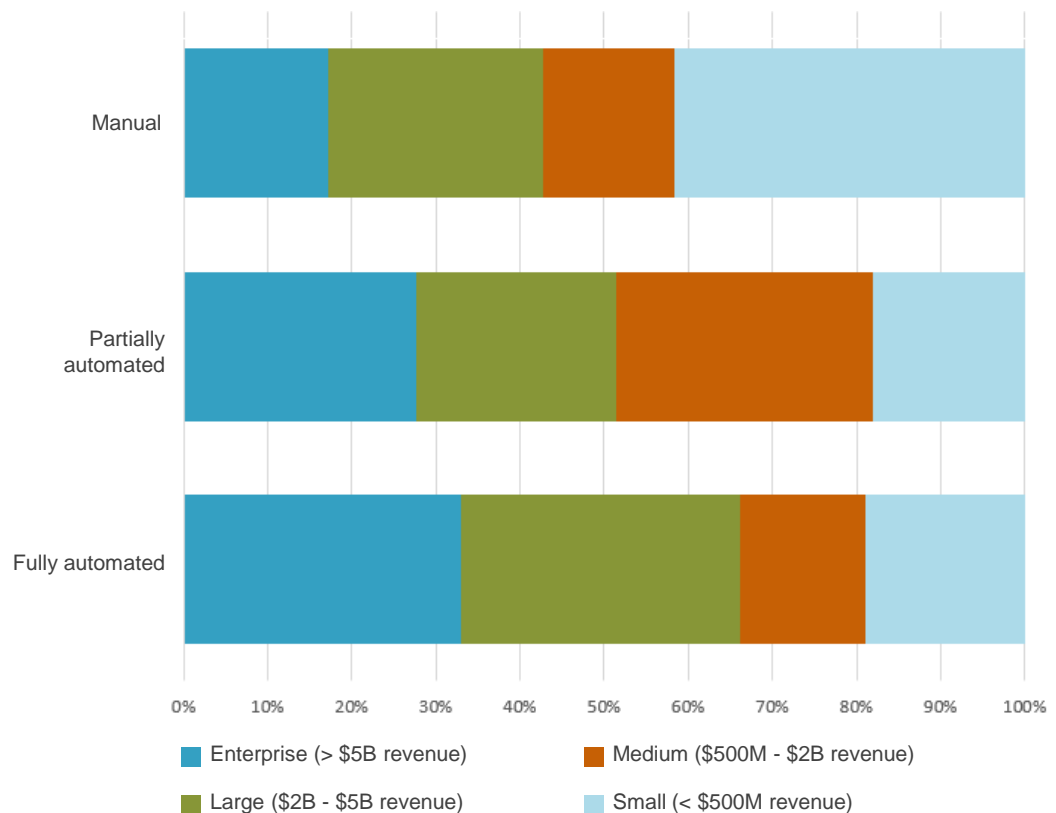
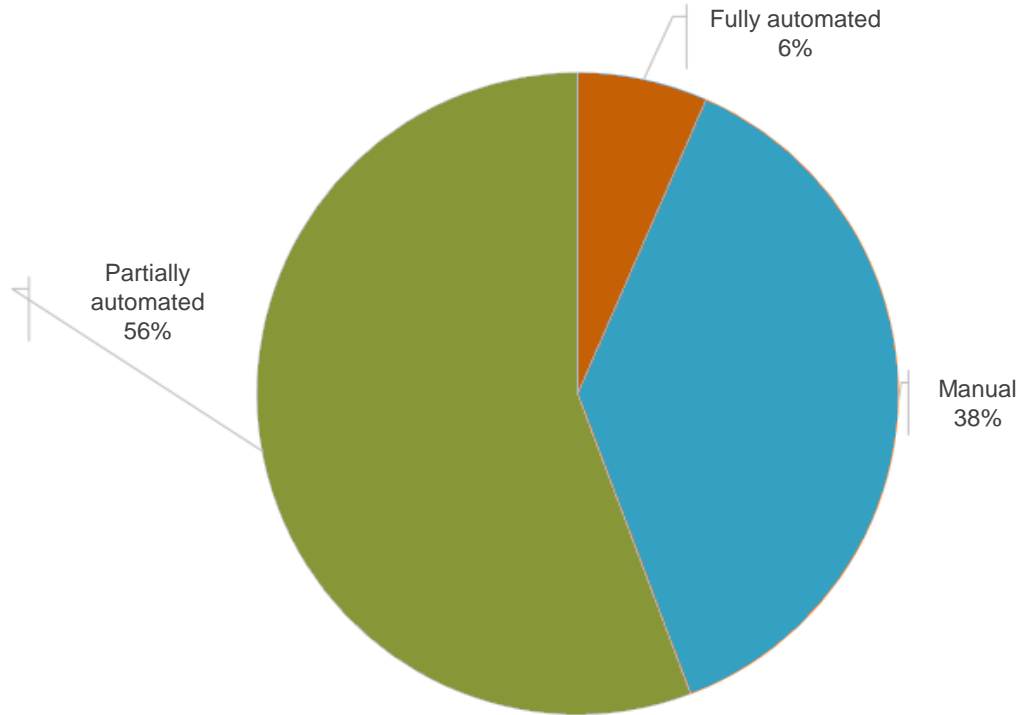
The majority of survey participants – 56% – indicated their organizations are operating in a hybrid or mix of manual and automated quality systems environment. However, 38% indicated that their quality management is done all manually. Seventy-three percent of those with manual processes were from Small companies.

Company Size Perspective

Not surprisingly, Enterprise and Large companies had the highest percentage of Fully Automated quality management systems, according to respondents, each with 10%. Only 6% and 4.5% of Small and Medium-sized companies (respectively) leverage fully automated systems to manage food quality and safety processes.



How would you classify your organization's Quality Management Solution?

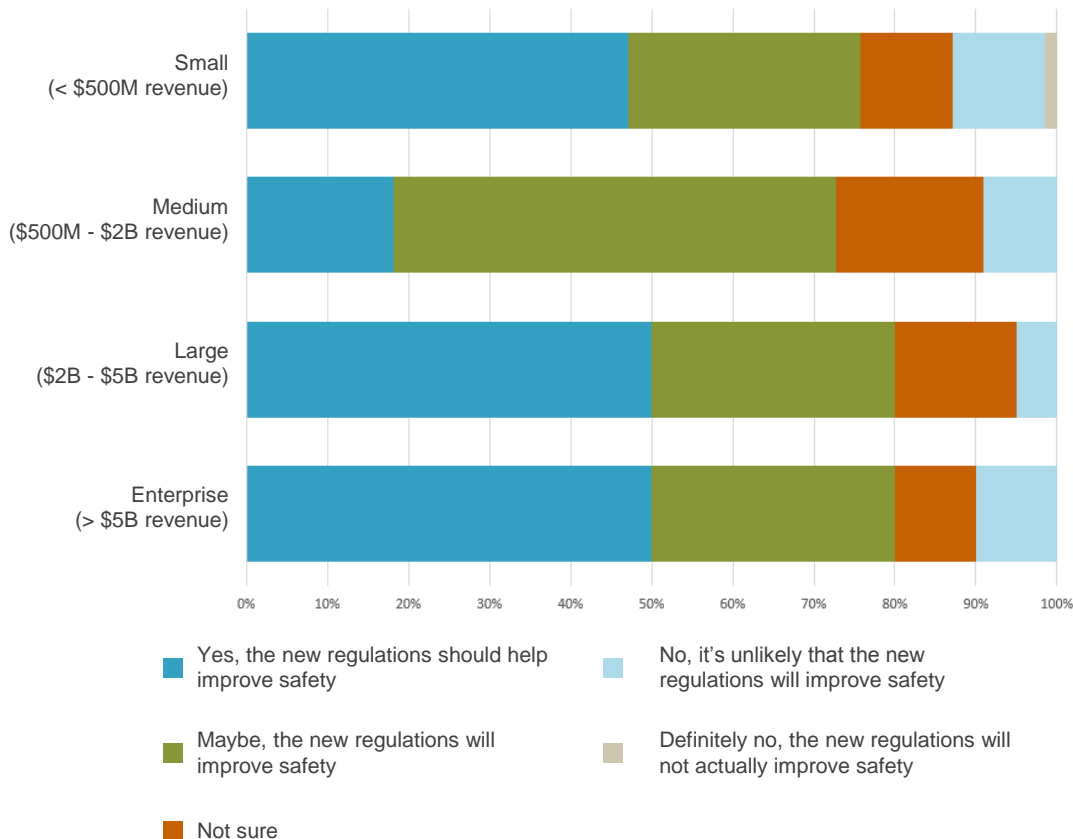
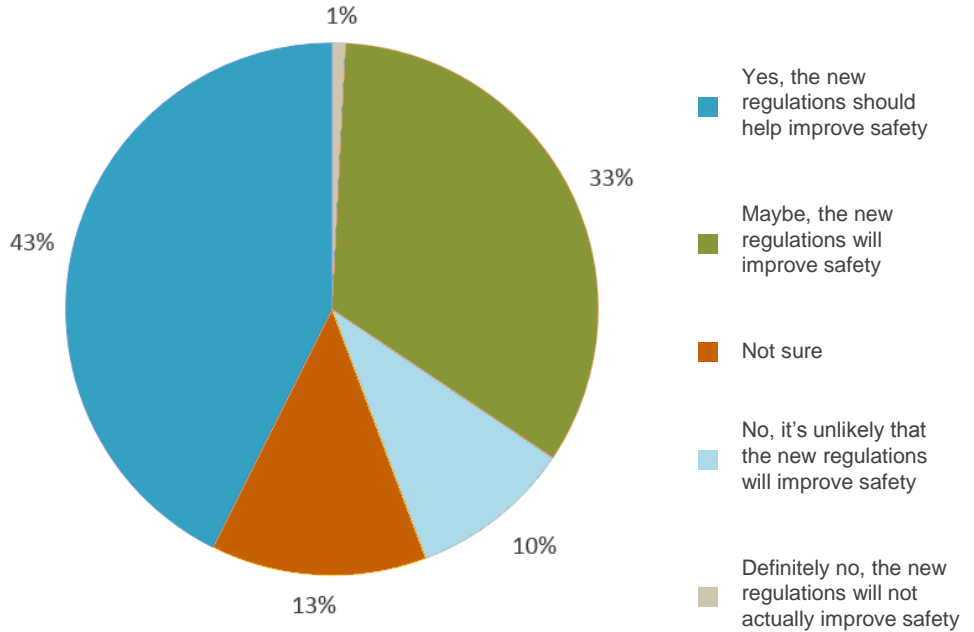


FSMA Effectiveness

The majority of survey participants – 43% – indicated that they believe FSMA’s regulations and rules will increase safety throughout the food and beverage industry. One-third of the respondents indicated “Maybe”. Only 11% of respondents did not consider FSMA would increase food safety.



In your opinion, do you think the Food Safety Modernization Act (FSMA) will increase safety throughout the food and beverage industry?



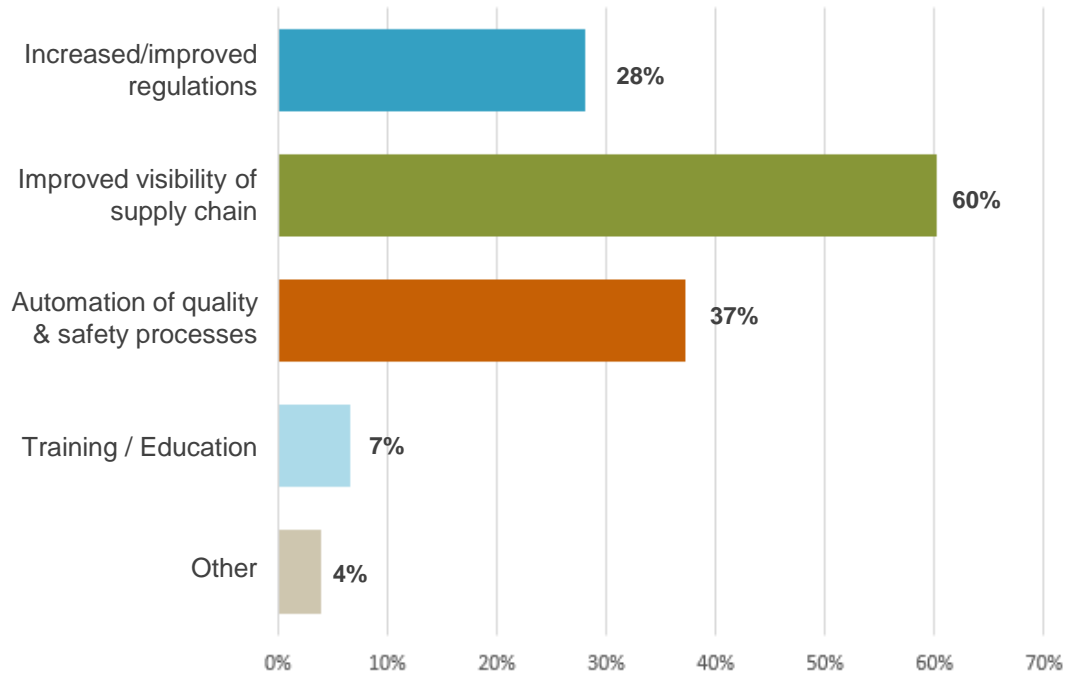
Improving Quality & Safety

When asked what would help improve food quality and safety, more than half (60%) of the respondents indicated improved supply chain visibility. In addition, 37% of respondents believe automation of quality and safety processes would yield a positive impact.

When considering job roles that specifically focus on quality & safety, over 60% of those in Quality Assurance and Regulatory Affairs roles indicated supply chain visibility was important for improving food quality & safety. Thirty-eight percent of those same respondents indicated automation would be helpful, and 30% indicated increased regulations would help.



In your opinion, what would help improve food quality & safety?



Note: The respondents were allowed to choose multiple responses.

Appendix



About You

1. Which best describes your primary job function at your organization?
2. Which best describes your level of occupation?
3. What is the size of your organization, based on total revenue?
4. How many suppliers and/or contract manufacturers does your organization leverage?

FSMA & Supplier Visibility

5. Please indicate to what extent do you agree or disagree with the following statements:
 - A. My organization is compliant with the FDA Food Safety Modernization Act (FSMA) regulations and rules that have been finalized as of December 2015.
 - B. My organization is prepared for/compliant with the FSMA regulations and rules that will be finalized in 2016.
 - C. My organization is prepared for/compliant with the regulations associated with FSMA's Foreign Supplier Verification Program.
 - D. My organization has visibility into the food quality and safety of its suppliers & contract manufacturers.
 - E. It is important for my organization to have visibility into the food quality & safety processes of its suppliers & contract manufacturers.
 - F. My organization has a clear strategy and plan to meet FSMA requirements.

Food Quality & Safety Management

6. How would you classify your organization's Quality Management Solution?
7. In your opinion, do you think the Food Safety Modernization Act (FSMA) will increase safety throughout the food and beverage industry?
8. In your opinion, what would help improve food quality & safety?

Sparta Systems, an industry pioneer and global leading provider of enterprise quality management software (EQMS) solutions, enables businesses to safely and efficiently deliver their products to market.

The Company's quality management platform solutions include TrackWise®, Stratas™ and newly acquired 123Compliance, providing customers a choice of on premise and cloud offerings. For more than 20 years, Sparta Systems has been a trusted standard among highly regulated industries, used by quality, manufacturing and regulatory affairs professionals to manage compliance, reduce risk and improve safety across the global enterprise.

Headquartered in Hamilton, N.J. and with locations across Europe and Asia, Sparta Systems maintains an extensive install base in the pharmaceutical and biotechnology, medical device, electronics manufacturing and consumer products markets among others. Read more about Sparta Systems and its award winning solutions on the corporate website or blog.

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