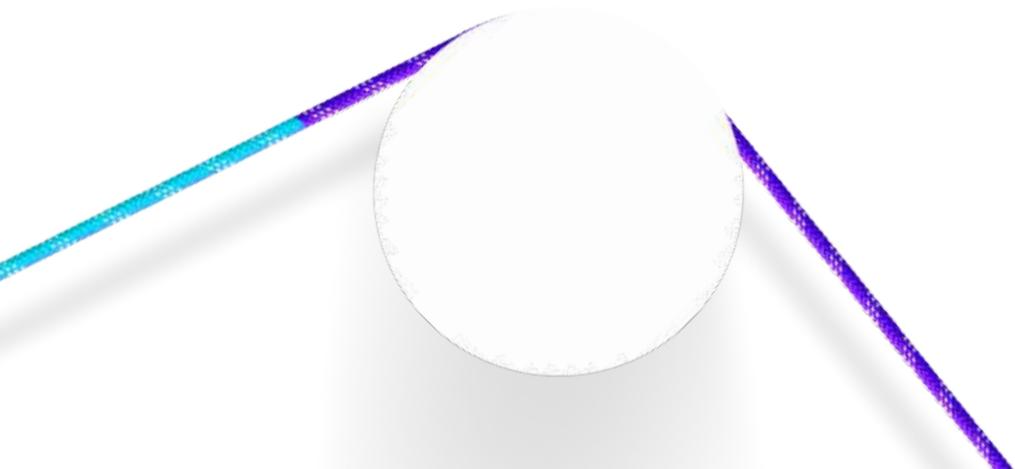


# IS YOUR SUPPLY CHAIN HOLDING GROWTH HOSTAGE?

**Break free by architecting  
an intelligent supply chain**



# THE NEXT-GENERATION SUPPLY CHAIN IS INTELLIGENT

**Massive disruption is dealing a blow to supply chains, and no industry is immune.**

Agile competitors like Tesla, Birchbox, Dollar Shave Club and Amazon are operating next-generation supply chains now, constantly aiming to surprise and delight customers by meeting their demands and delivering the convenience they expect. Achieving a next-generation supply chain didn't happen overnight for these competitors. Look at Amazon. It took 10 years to build a platform that offers free shipping, online convenience and access to a breadth of products— along with personalized recommendations.

Transformation won't happen in a day for traditional companies either. Especially as legacy thinking, infrastructure, operating models and constrained supply chain capabilities hold them hostage. Companies want and need to do much more than mass volume at low cost.

Seventy-six percent of supply chain executives see the top-two customer demands of the future as “more customized products and services” and “faster order fulfillment times,” according to new Accenture Strategy research. To meet these evolving demands, 79 percent of executives believe that supply chains must become “fit- for-purpose,” based on the value proposition for a customer segment. And 85 percent agree that each customer order will dynamically activate a specific set of nodes in real time to best meet the requirements.<sup>1</sup>

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**Traditional companies can evolve to an intelligent supply chain that is customer-centric—and smart, agile, learning and service-oriented.**

With a focus on continuous improvement and profitable growth, an intelligent supply chain incorporates product, service and process innovation to anticipate and deliver on customer preferences. Evolving your operations with an intelligent supply chain will enable your business to align strategic priorities internally to more effectively serve customer needs and compete against newer, nimbler companies.

**The good news is that you can configure a customer-centric operating model that:**

- Leverages an asset-light ecosystem for serving the needs of micro-customer segments
- Is connected with partners and customers through an intelligent platform, providing end-to-end visibility
- Operates with a service orientation as part of your broader ecosystem, leveraging an adaptive workforce
- Optimizes operations by applying analytic insights to monitor performance and drive continuous innovation

It is the only way to move with greater speed, efficiency and flexibility—meeting the needs of the changing customer while also turning a profit.

Your journey in architecting an intelligent supply chain can be customized based on your company's specific situation. You can start big or small. Using a set of key building blocks to architect an intelligent supply chain will allow you to start with one function or multiple functions. You can realize incremental value by expanding the capabilities across your supply chain over time to drive transformational change and growth.

# MAKE YOUR MOVE

Because there is no one-size-fits-all solution, you will need to first make some choices based on your position in the marketplace, business strategy and capabilities. To prepare for your transformation to an intelligent supply chain:

- 01 Find a champion** – Identify the right leader to sponsor supply chain innovation and change. Your chief supply chain officer, chief financial officer, chief operating officer and chief information officer can help minimize internal resistance and define your new organization as you start to implement changes.
- 02 Enable new capabilities** – Leverage digital technologies to enhance existing and enable new supply chain capabilities:
  - **See** – Gain near-real-time visibility into operational performance and activity within the enterprise and across partnerships.
  - **Understand** – Attain visibility into performance data across supply chain functions. Then, use analytics to understand where change is needed and apply continual improvements that differentiate your company and create new customer experiences.
  - **Evolve** – Reassess your segmentation strategy and physical network, including how you segment customers and whether you should insource or outsource.
  - **Automate** – Apply automation to speed the discovery and resolution of operational performance issues. Also, use cognitive computing to generate insight and act on it through self-learning and semantic reasoning. Companies with multiple supply chains need to automate decision work flows to make decisions in real time across all operational touch points and their interdependencies.
- 03 Invest in innovation** – Prioritize by putting funds toward creating a capability for continuous innovation. Your business may develop its own innovations, or partner with others in the ecosystem to co-innovate. Progress will come by starting small and testing new concepts, proving outcomes quickly, and then scaling—or stopping—depending on results.

You can then build the framework to give people from within the company and the broader ecosystem the means to contribute to supply chain innovation. Overcome failures quickly and reward and celebrate those who share new ideas. To be leading-edge, move innovations to the mainstream at speed and be sure to measure success.
- 04 Set priorities** – Determine where to start your transformation journey based on your organization's specific business needs and situation—rather than applying building blocks across all supply chain operations at once, your starting point may be a particular supply chain function, business challenge or market opportunity. These decisions will be based on your business strategy.

# BUILDING BLOCKS TO ARCHITECT AN INTELLIGENT SUPPLY CHAIN

No matter which path your business chooses, eight building blocks for architecting an intelligent supply chain should be included.

## Accelerate Time to Value

Implement these building blocks to accelerate your transformation to an intelligent supply chain—and potential new revenue streams.



### 01. Living Segmentation

Increased number of smaller-sized customer segments to satisfy diverse requirements and modifying and refining them dynamically on a “living” basis



### 02. Asset-Light Solutions

Physical network comprised of multiple, flexible and sustainable supply chains which leverage external partners to share ownership of the network's physical assets based on the design needs of each segment



### 03. Partnerships & Collaborative Platforms

Dynamic engagement of external partners to provide assets and services to customers, enabled by digital platforms that connect assets, people, processes and things to increase collaboration



### 04. Real-Time, End-to-End Visibility

Real-time, visibility into performance, operations, assets and services information across the end-to-end ecosystem



### 05. Service-Oriented Operating Model

Supply chain “as-a-service” mentality focused on enabling growth through an operating model that architects solutions to delight the customer, connects to the ecosystem and executes “smart” operations



### 06. Data-Led Workforce

Use of autonomous technology and flexible, on-demand talent that operates with a fact-based, data-led approach to perform real-time, end-to-end execution



### 07. Applied Intelligence & Performance Management

Use of analytics, “what-if” scenario modeling, continuous metrics monitoring and performance improvement planning to enhance operations and deliver added value to the customer



### 08. Continuous Innovation

An “experiment on-the-go” approach to drive innovation and increase customer value for each supply chain with a focus on sustainable practices

# ROADMAP FOR ARCHITECTING AN INTELLIGENT SUPPLY CHAIN

## Differentiate, Grow and Disrupt Your Competitors

01

### Identify Priorities That Help Deliver Better Customer Outcomes



02

### Choose Your Path and Start With Any Supply Chain Function

#### Supply Chain Functions



Product Design & Development



Planning



Fulfillment



Sourcing & Procurement



Service Management



Manufacturing

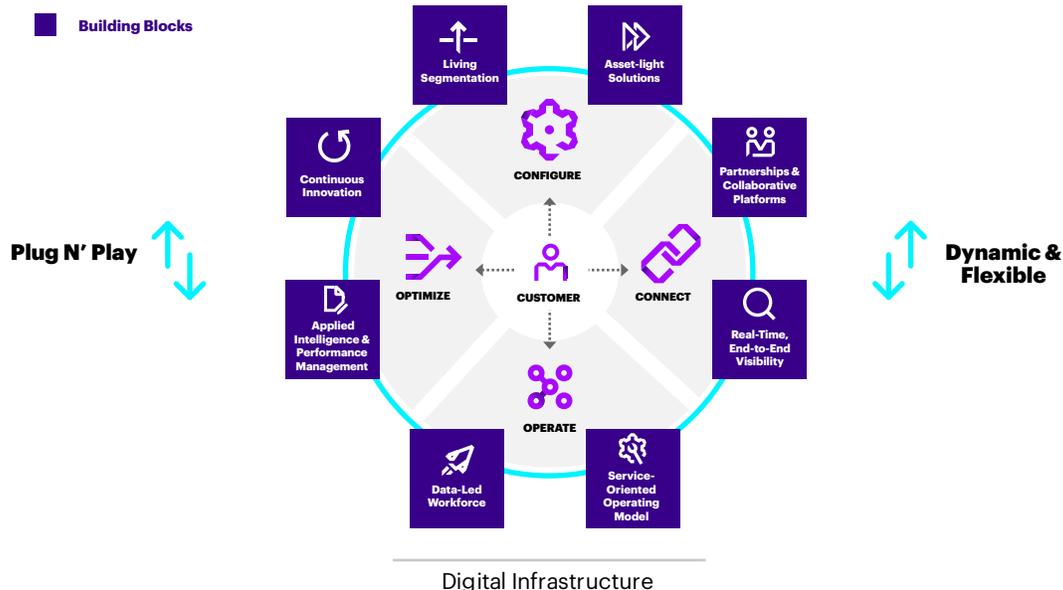
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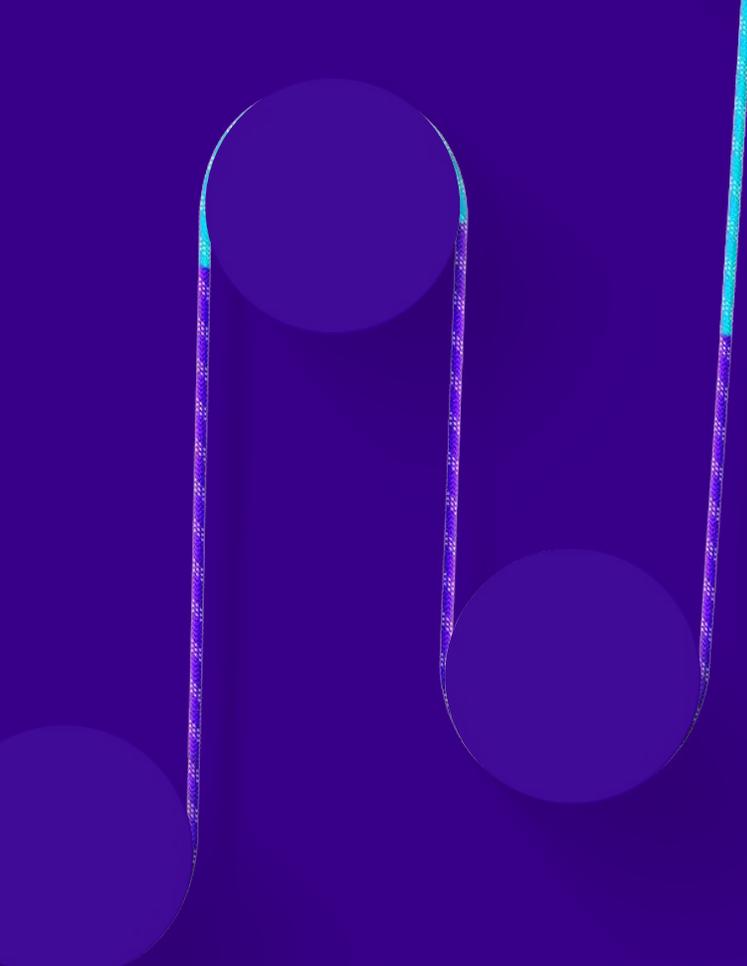
### Integrate With Supply Chain Ecosystem



04

### Transform to an intelligent supply chain using these eight building blocks to accelerate time to value





# DO WHAT LEADERS DO

**Leaders are taking steps to architect an intelligent supply chain. These are their stories.**

# Same-day delivery is a must, not a want.

Customer expectations are liquid. A recent survey of smartphone customers showed that 43 percent of the millennials shopped at online-only retailers in 2017, an 80 percent increase from the previous year. Further, almost half of those who abandon a shopping cart blame a long wait for delivery.<sup>2</sup>

## Building Blocks Applied:



Asset-Light Solutions



Partnerships & Collaborative Platforms



Real-time, End-to-End Visibility



Applied Intelligence & Performance Management

## Functions Impacted:



Planning



Product Design & Development



Manufacturing



Fulfillment

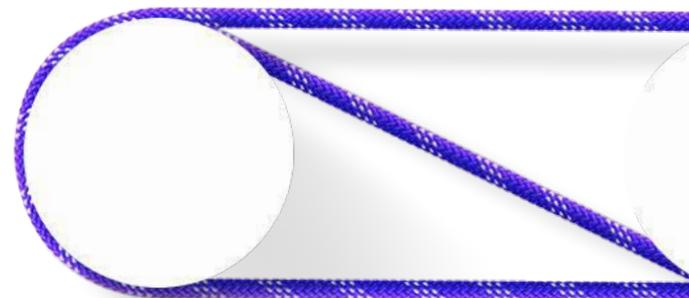
## Potential Outcomes:

- Better pricing
- Greater visibility
- Improved tracking
- Increased customer satisfaction

A large North American communications service provider was struggling to meet customer expectations as same-day delivery was cost-prohibitive and internal skills and infrastructure were insufficient. The company lagged other industry peers, and there was no communications industry-specific solution available in the marketplace.

Working with Accenture, the business formed an operational strategy and developed an ecosystem platform to partner with an initial set of warehousing and courier service providers to enable same-day delivery at competitive pricing. The platform provided end-to-end functionality—from route optimization to delivery tracking to innovative technologies such as geo-fencing. The platform allows customers and partners to track a package from order to delivery with visibility into estimated time of arrival.

Applied data analytics helped the company choose the right products and markets for the same-day delivery offering and assisted the courier service providers in optimizing routes based on traffic conditions. The pilot showed the ability to improve net promoter and customer satisfaction scores while holding operating costs in check.



# Visibility opens a new world of revenue, speed and customer satisfaction.

Digital disruption, information velocity, new channels, greater market volatility and customer expectations prove the growing complexity of managing supply chains. Planning no longer ends with the plan submission, and supply chain operations planning now requires the capacity to sense and react.

## Building Blocks Applied:



Real-Time,  
End-to-End  
Visibility



Service-Oriented  
Operating Model



Applied Intelligence  
& Performance  
Management

## Functions Impacted:



Planning



Fulfillment

## Potential Outcomes:

- Increased revenue
- Faster order fulfillment
- Improved productivity
- Reduced out-of-stock
- Increased customer satisfaction

One manufacturer and distributor struggled to understand whether it was meeting customer service level agreements (SLAs) because it lacked visibility of orders, inventory and delivery vehicles. Operating under a direct store delivery model, the warehouse manager typically has a tight order execution window from the time a customer's order is placed to ensure its on-time delivery. During this timeframe, thousands of emails and calls are typically exchanged between warehouse managers, supply planners and customer service to answer questions, such as: Where's my order? Where's my inventory? Where's my truck? Information buried in enterprise resource planning systems was hard to access quickly.

The business needed to manage day-to-day supply plan deviations, see in near real-time and analyze root causes to respond more rapidly to customers. The company implemented a Supply Chain Control Tower solution to get a better view into actual, on-hand and in-transit inventory and orders. Alert notifications now give warehouse managers and supply planners quick information about orders that may not be met on time and inventory availability so they can proactively notify the right people to take action. Building the control tower involved pulling data into one place, embedding analytics and establishing new processes that would break down functional silos.

Workers across the supply chain are empowered to make quick decisions, respond faster before problems occur and increase their productivity. Customer service can see order status and work with the customer toward specific SLA metrics so they may be met or exceeded. Now, more orders are fulfilled per a customer's requested delivery date, thereby mitigating retailer chargebacks and boosting customer satisfaction.

# New IT takes the handcuffs off supply chain planners.

Supply chain improvements and the use of advanced analytics can identify and create new opportunities for growth across business categories and new channels.

## Building Blocks Applied:



Real-Time,  
End-to-End  
Visibility



Applied Intelligence  
& Performance  
Management

## Functions Impacted:



Planning



Fulfillment

## Potential Outcomes:

- Reduced COGS by 5%
- Reduced headcount by 25%
- Reduced inventory by 10%
- Reduced or eliminated decision cycle time

Demand and supply planning balancing was difficult for this consumer goods manufacturer. The company needed to understand the financial and operational trade-offs for the mid- to long-term planning horizon. However, it could not assess the implications of those trade-offs to its cost, service and revenue metrics. Existing processes relied heavily on human planners organized by functional silo: demand planning, distribution requirements planning, category supply planning and physical distribution.

High-level functions and processes had been standardized across various categories, but tools and approaches were quite different. Some used custom-built spreadsheets and others used platforms for advanced planning. Planners had to address exceptions from the plan caused by volatility, including short lead times, master data issues and other unplanned everyday events such as breakdowns, weather, traffic and illness. Overall, scenario planning and decision making was slow and provided dim insight into operational and financial impacts.

The company piloted a cognitive computing technology that uses artificial intelligence and sophisticated mathematics to improve processes. The platform generates actionable recommendations given a complex set of supply chain trade-offs and constraints of costs, service and revenue. Through continuous learning, the solution adapts to changing situations.

The pilot showed how cognitive computing applied to supply chain decision making could transform business processes, the operating model and ways of working. The company is also gaining efficiency in operations and reducing cost of goods sold, inventory carrying cost and waste—all important contributors to improving profitability.



# UNLEASH THE POWER OF AN INTELLIGENT SUPPLY CHAIN

**Your business wants to move with greater speed, efficiency and flexibility to be more responsive and satisfy customers in an instant. The goal? Boost profitability by surprising and delighting customers—defining what they expect instead of reacting to it.**

In fact, 79 percent of the supply chain executives we surveyed agree that future supply chains will be flexible and asset light. And 84 percent say that they will increasingly use distributed manufacturing networks to meet customer demands.<sup>3</sup>

That begs the question: where do you start investing to improve your supply chain? While there is no one-size fits all solution, the building blocks for architecting an intelligent supply chain are dynamic and flexible as your business needs evolve. Our roadmap helps to guide your transformation journey, and innovations across supply chain functions will deliver accelerated value and incremental profitability. Disruptive technology and operational improvements will dissolve the silos that exist across functions, freeing the business to grow faster. Through it all, one shift is essential: innovation must become part of the organizational DNA.

There are many ways to begin your supply chain transformation. The most important step is to get started.

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<sup>1</sup> Accenture, Future of Supply Chain research, 2017.

<sup>2</sup> eMarketer Retail, “Millennials Most Willing to Use Online-Only Stores for Groceries,” Monica Melton, July 31 2017.

<sup>3</sup> Accenture, Future of Supply Chain research, 2017.

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