DELIVER MORE THAN EXPECTED

Harness digital for hyper-personalized supply chain solutions
By the end of 2020, the majority of organizations, expect their supply chain function to be a differentiator, helping them win with new and existing customers in their respective markets. Why is that significant? Because supply chains that offer unparalleled customer experience will define future leaders.

Success in the digital economy requires responsive, flexible and fast-moving supply chains that can do more than deliver goods, but instead support new customer experiences.
Those experiences are essential to serve customers whose liquid expectations flow from the outstanding, personalized and relevant experiences provided by one service or organization to everything else that they do. But can high-tech businesses shift to a digital, customer-centric supply chain quickly enough to satisfy those expectations? It can be a challenging undertaking for a large-scale enterprise. Supply chains that have evolved over many years, with a focus on operational efficiency and primarily as back-office business enablers, will have to rotate to the customer sitting at the center.

But as challenging as it might be, no high-tech business can avoid the shift in customer expectations and the consequent impact on how their supply chain operates. Ever-changing customer behavior is creating unprecedented supply chain demands and complexities.

ORGANIZATIONS EXPECT THEIR SUPPLY CHAIN FUNCTION TO BE A DIFFERENTIATOR

71% Across Industries

65% High-tech & Communications
Take the smartphone, for example: it is at the center of how most people navigate and connect with the world around them today. But 55% of consumers would like to replace their smartphone with a wearable solution that has all smartphone functionality through voice, augmented reality and hologram interfaces. And a whopping 88% of US new phone buyers are willing to explore alternate purchasing or leasing models, such as device as-a-service.
To grow and continue growing tomorrow, companies must be able to rapidly change their product portfolio and value proposition to meet changing demands. And that means the supply chain needs to manage the complexities of supporting total solutions (products, software and services with customization) and new business models right across the customer journey.

For most high-tech companies, that is not possible today. High-tech industry supply chains are built for cost efficiency, and many do not have the capabilities to meet the strategic objective of growth and market share. Supply chain capabilities built on industry benchmarks and global best practices may fall short of supporting new business models.
A NEW SUPPLY CHAIN VISION

Of course, it is not feasible to make a change of this magnitude overnight. But it is possible to create a vision of what a customer-service focused supply chain could be. By taking a ‘clean-slate’ approach, and focusing on transformational outcomes, companies can plot a course to a future-proof supply chain. Working back from the vision, companies can avoid getting bogged down by today’s operational challenges and identity the gaps they can address to accelerate value creation.

The visionary approach will:

1. IMAGINE TOMORROW’S CUSTOMER
2. ADAPT THE BUSINESS MODEL
3. DESIGN BEYOND SCOR
4. USE DIGITAL FOR SUPPLY CHAIN AGILITY
5. DEVELOP DIGITAL OPERATIONS
IMAGINE TOMORROW’S CUSTOMER

A vision is all about the art of the possible. High-tech companies need to develop an ambitious supply chain vision. It may look very different from what is in place today. But it is only by taking a visionary approach that companies can see the transformation they need to make.

As this vision starts with the customer, companies need to understand exactly who their customer is and how their needs may change over time and the experiences and outcomes they will want. Understanding these changing needs will support a complete view of the customer journey, including every possible transaction and interaction customers want to make and the implications for the supply chain.

Working backwards from this vision of the customer will help a business to define the value proposition for its next generation supply chain and also its ecosystem partners. For example, a promise to deliver 99% of products within 4 hours can have huge implications for trade partners, cash flow, inventory, sourcing and so on. What is more, understanding the new customer journey can direct investments to new, hyper-personalized experiences, that will enhance customer engagement at the moments that matter.
2 ADAPT THE BUSINESS MODEL

New business models will drive differentiated value and new revenue streams. How? By being scalable and agile to meet future customer needs.

They adapt to how customers want to buy and consume products and services, and they use analytics to identify new customer and market opportunities. Take, for example, Device as a service (DaaS). This combines an intelligent as-a-service platform that bundles devices (from consumer electronics to enterprise hardware) with a range of value added services. DaaS integrates all devices, services, accessories and software in a single contract to provide a uniform customer experience across channels.

The purpose of new business models is to create enough value for all ecosystem partners that support product and service delivery, while maximizing value generated for the company. Given the diversity of different demand segments, it is likely that multiple supply chains will co-exist to meet them.

Rather than thinking in terms of a linear supply chain, the future requires a robust ecosystem of suppliers, distributors, start-ups, and customers. This can enable the rapid scaling of new business models across the digital value chain and helps achieve continuous innovation through business and technology partnerships as well as problem-solving networks.
REIMAGINED BUSINESS MODELS

Liquid, modular and **scalable** to meet future customer needs

**Adaptable** to how customers want to buy and consume their products and services

**Analytics-driven** to identify new customer and market opportunities

**Connected and embedded** in a network of partners to drive growth

**Device-as-a-service to deliver** new revenues
In the future, supply chains will be a service supported by an open digital platform. The supply chain as-a-service model will develop as an aggregation of micro services. This looks and operates very differently from the Supply Chain Operations Reference model (SCOR) on which high-tech companies have built their supply chains to date. Meeting the challenges and opportunities of today’s business environment requires a new model:

**FOSC FRAMEWORK**

**CONFIGURE**
Plans for segmented supply chains and innovation

**CONNECT**
Provides for visibility, analytics and execution framework to sense and respond to events

**OPERATE**
Provides for new skills to manage partners and extensive automation

**MANAGE**
Uses digital technologies such as artificial intelligence to enable real-time planning and execution, for collaboration
Companies will put together ‘Lego’ blocks for a number of supply chain capabilities to fulfil specific requirements for any demand segment at a given point in time. Digital technologies – particularly Artificial Intelligence (AI) – will connect and orchestrate these supply chain capabilities as required.

Digital trust, underpinned by technologies such as Blockchain, is becoming the bedrock for this AI-powered supply chain orchestration. Even basic applications of blockchain technology in supply chains can deliver major cost and efficiency benefits—from connecting with suppliers and customers to enormous reductions in transaction volumes and irregularities. Shifting to one common blockchain journal of data can provide a massive opportunity for the enterprise, and what supply chain team would want to miss out on this?

But rather than focusing on specific technologies, it is their combination that provides the key to new growth and cost savings. Currently, only 13% of companies are getting both cost saving efficiencies and new growth from their investments in digital technologies. Why? Because most are still deploying digital technologies in a piecemeal way. A combinatorial approach significantly boosts both savings per employee and market capitalization and is key to value creation. It requires companies to be smart, connected, living, and learning enterprises that embrace constant technological change and drive profitable growth from it.

Deploying a supply chain control tower is a fundamental step towards that goal. It achieves this by coordinating increasingly complex supply chain networks with many moving parts. A supply chain control tower acts as a hub using real-time data and advanced analytics to integrate processes and tools and align their activities to achieve business outcomes rapidly and at scale.
As well as combining digital technologies, it is also essential to enable people and machines to work successfully together.

Doing that requires a digital-ready workforce. Companies need to think about how they source, train and retain talent with digital-ready skills and encourage valuable collaboration between people and machines.

By introducing smart technologies to automate many of today’s repetitive and routine manual tasks, people are freed to work on more engaging and value-adding tasks. Functions and processes such as planning, order management, returns, customer care and logistics can all be automated.
If high-tech businesses want to meet the rapidly-changing demands of their customers and deliver the differentiated digital experiences that will drive growth, they need to reconfigure their supply chains to support that goal. It starts with a vision. That needs to be created around the customer. Digital technologies, from advanced analytics to intelligent automation, will support the agility and responsiveness that are the hallmarks of the digital business in the New.

The transformation of the supply chain will not happen overnight. It is a phased journey that builds the strength of the core business to release investment in the new. By doing so, companies can make a ‘wise pivot’ – continuously balancing investment and resource allocation between the core business and the new to synchronize innovation and growth.

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