

SUPPLY CHAIN TRANSFORMATION FOR THE INTELLIGENT ENTERPRISE: Driving New Growth



A white drone with four propellers is shown from a low angle, carrying a white rectangular box. The drone is positioned in the upper right quadrant of the page, with its body and arms visible. The box is suspended from the drone's frame. The background is plain white.

Over the past few years, the supply chain for every business has become exponentially more complex. There are multiple causes. Customers expect a personalized buying experience, rapid service, and near-instant responses across all channels.

Patients are being provided medicine that is specific to them, accompanied by services that support a different lifestyle. Markets are increasingly volatile; competition is intensifying; and geopolitical factors are driving unpredictability in both price and supply. Globalization continues to increase all companies' potential footprints. And, perhaps most significantly, digital technologies are revolutionizing business models, the competitive landscape, the speed of commerce and trading relationships.

Agile digital natives like Amazon and Uber Eats have overcome these challenges by deploying next-generation supply chains that constantly surprise and delight their customers—**meeting or exceeding their needs at speed and making it more convenient**. Traditional companies must do the same. But it's a tough proposition. A number of common challenges persistently block their efforts to transform and innovate fast enough, including:

- o Poor response times, with delays caused by information held in functional, category or business unit silos.
- o Lack of visibility across the end-to-end supply chain impairs accurate planning.
- o Conflicting priorities, as different silos (rather than business needs) dictate activity.
- o Fulfilment models that have evolved from a more static heritage and cannot support multiple channels and an integrated marketplace.
- o Legacy technologies are costly to maintain and inflexible to operate (according to 44 percent of supply chain leaders¹).
- o New technologies are needed to enable greater speed and flexibility.
- o Talent skilled to operate with new technologies is in short supply (according to 48 percent of supply chain leaders²).

The net impact of all this? The supply chain is blocking business growth. Supply chain leaders are all too aware of this. While today they view the supply chain as a support function and cost-efficiency driver, by 2020 they see it reinvented as an enabler of differentiating capabilities and growth.³

Seventy-six percent of supply chain leaders see the top two customer demands of the future as “more customized products and services” and “faster order fulfilment times.” To meet these demands, 79 percent of them believe the supply chain must become fit for purpose, whatever the value proposition for the customer segment happens to be.⁴

So how do companies move toward this new supply chain imperative? New capabilities are urgently needed, many of them powered by new technologies, to create the intelligent supply chain. Focused on continuous improvement and profitable growth, this incorporates product, service and process innovation to anticipate and deliver on customer preferences with greater speed, efficiency and flexibility.

A digital platform is essential to integrate these new capabilities and intelligence, enabling the necessary ecosystem collaboration, increased speed and agility that will characterize these new supply chains and unlock future business growth.

The intelligent supply chain of the future

The supply chain of the future will need to transform from today’s linear model to an intelligent supply network. This will seamlessly connect all partners in a growth engine that focuses on delivering value across all the following stages:

DESIGN

Giving customers a role in the development of new products and services

PLAN

Providing end-to-end network planning and scenario modeling

SOURCE

Offering seamless visibility into all suppliers to gauge supplier risk

PRODUCE

Flexing to accommodate near real-time demand for information

FULLILL

Handling automated daily shipments, personalized fulfilment schedules and dynamic inventory management

SERVICE

Handling same day, or even same hour, changes to subscriptions, as well as offering the total visibility into customer concerns needed to support immediate corrective action and maintain loyalty

Realizing the promise of intelligent supply chains

Transformation of the supply chain holds the key to driving growth and creating value. With automation across a range of today’s routine functions, people are able to devote their time to strategic analysis and innovation. The net result is an intelligent supply chain that is smart, connected, learning and agile.

Transforming into intelligent customer-centric supply chains requires a **new approach**



CONFIGURE
the supply chain into an asset-light ecosystem that serves the needs of customer micro-segments.



OPERATE
the connected ecosystem via a customer service-orientated liquid workforce.



CONNECT
with external parties using intelligent technology for real-time end-to-end visibility.



OPTIMIZE
day-to-day operations using analytics, performance monitoring and innovation.

Implementing this new approach to supply chain transformation

No matter their specific roadmap for the journey, every company will need to implement eight key building blocks to accelerate their transformation to an intelligent supply chain:

CONFIGURE

Living segmentation. An increased number of smaller-sized customer segments to satisfy diverse requirements, modified and refined dynamically.

Asset-light solutions. Physical networks comprised of multiple, flexible and sustainable supply chains that leverage external partners to share ownership of the network's physical assets.

CONNECT

Partnerships and collaborative platforms. Dynamic engagement of external partners to provide assets and services to customers, enabled by digital platforms connecting assets, people, processes and things.

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

OPERATE

Service-oriented operating model. Supply chain 'as-a-service' mentality focused on enabling growth through an operating model that architects solutions, delights the customer, connects the ecosystem and executes 'smart' operations.

Data-led workforce. Use of autonomous technology and flexible, on-demand talent that operates with a fact-based, data-led approach to execute end-to-end, in real-time.

OPTIMIZE

Applied intelligence and performance management. Use of analytics and 'what if' scenario modeling, continuous metrics monitoring and performance improvement planning to enhance operations and deliver added value to the customer.

Continuous innovation. An 'experiment on the go' approach to drive innovation and increase customer value for each supply chain.

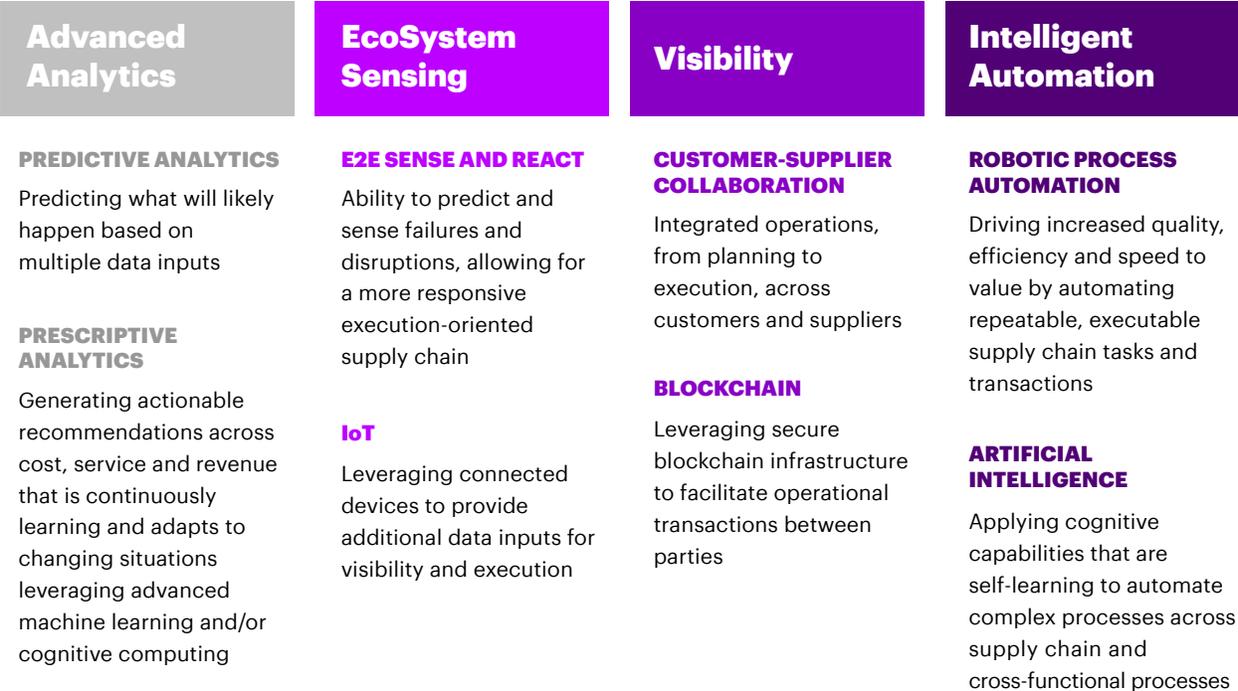
Bringing it altogether: a digital platform for the intelligent supply chain

Underpinning this approach to supply chain transformation are advanced technologies and capabilities that, combined, will drive actionable insights and realize growth. And new SAP® solutions and technologies (for example, SAP S/4HANA® and SAP Leonardo) now provides these digital capabilities across four essential areas—advanced analytics, ecosystem sensing, visibility and intelligent automation (see Figure 1).

Every organization will need an intelligent platform to orchestrate the technologies that underpin these core digital capabilities. For many, this will be an upgrade of their SAP applications, and this will be a significant investment. But it will be imperative if they are to realize the value that an intelligent supply chain provides.

These technologies hold enormous potential to move the supply chain from a traditional, linear, forecast-driven model to an adaptive growth driver. Predictive analytics, for example, will support just-in-time logistics, while the IoT will enable real-time tracking of shipments and detailed insights into freight performance. So how do you start the journey?

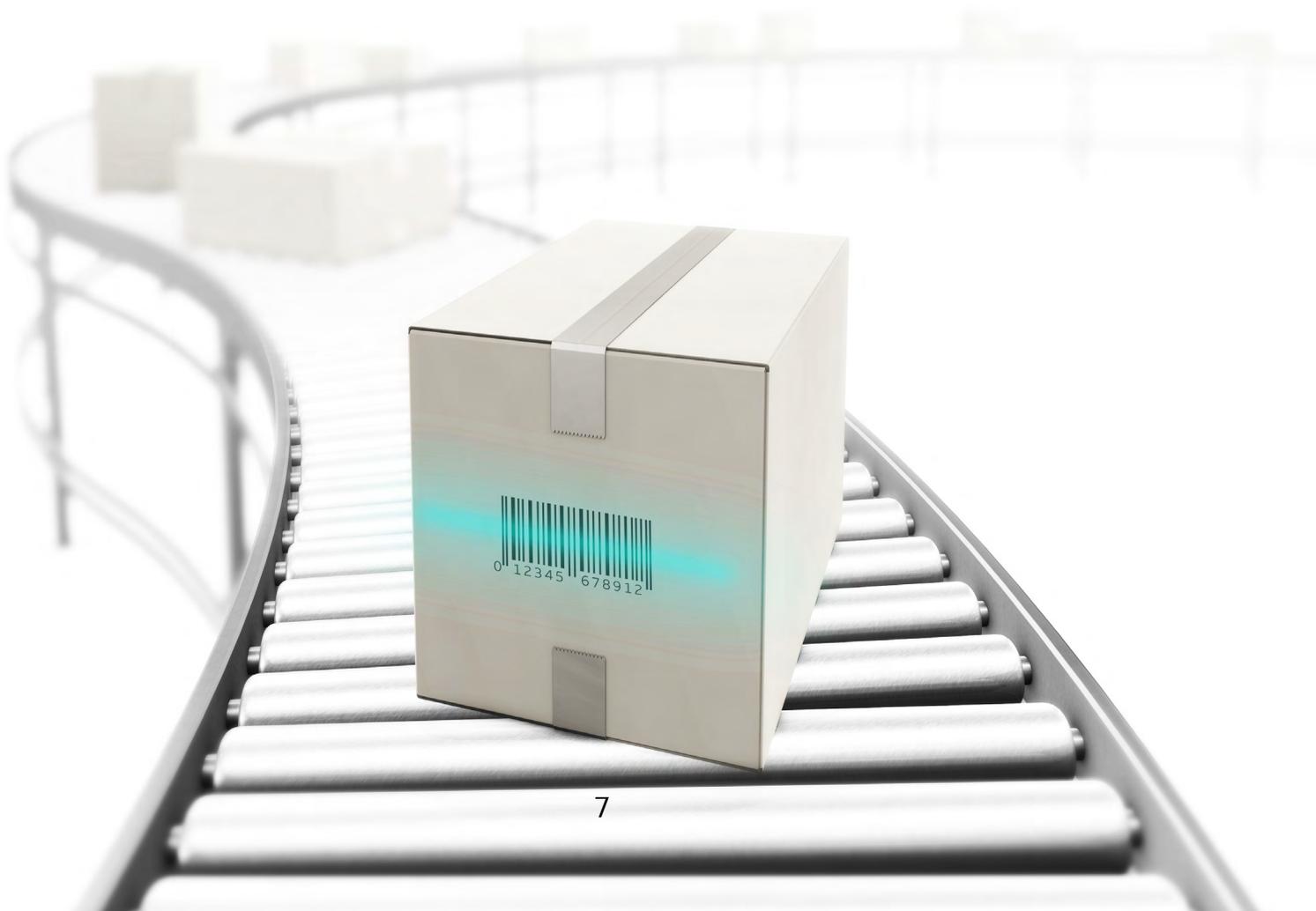
Figure 1. New capabilities provided by the “new SAP”



SAP technologies and Accenture myConcerto: from roadmap to intelligent supply chain

To be successful, every transformation to the intelligent supply chain should follow a clear path with meticulously planned objectives. That's what Accenture myConcerto enables. By establishing a phased approach for harnessing the power of SAP S/4HANA as the platform for building the intelligent supply chain, we can guide organizations from initial roadmap creation, through to proving the business case, prototyping new solutions and scaling them across the enterprise.

With built-in accelerators, myConcerto expedites key roadmap outcomes for every organization—configure, connect, operate, optimize—and its unique operating context. Once the transformation roadmap has been defined, myConcerto helps to identify, hypothesize and prove the business case. This is grounded in the specific opportunities and challenges confronting each organization.



Accelerating the intelligent enterprise journey

myConcerto helps at every stage of the transformation journey.

In the **DISCOVER** phase, we use intelligent tools and automation to identify areas for optimization and improvement.

In the **DESCRIBE** phase, we use the discover phase outputs to automate business value case creation and develop a transformation roadmap with the optimal SAP solutions and technologies to drive rapid ROI.

In **CO-CREATE**, we collaborate to design the end-state solution using industry templates integrated with SAP Model Company. We infuse SAP Leonardo-based innovation, working with our industry and line-of-business experts, and Accenture's Liquid Studio for SAP Leonardo.

In the **SCALE** phase we provision systems into development environments to mobilize and execute fast. With SAP Activate and SAP Solution Manager we can collaborate seamlessly with SAP for the best results.

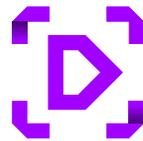
Lastly, in **SUSTAIN**, we embed automation and AI to facilitate continuous improvement, and a closed-loop monitoring program with targeted KPIs.



DISCOVER
with Insight



DESCRIBE
with Impact



CO-CREATE
with Agility



SCALE
with Excellence



SUSTAIN
with Improvement

Through myConcerto, we help organizations focus their intelligent supply chain transformation on three key areas, all powered by new SAP solutions and technologies:



AUTOMATION—ENABLE A SELF-DRIVING SUPPLY CHAIN:

Technology: Create a new intelligent supply chain core with SAP S/4HANA and SAP Integrated Business Planning (IBP).

Business: New systems of intelligence are emerging by using SAP Leonardo to embed AI, machine learning, Big Data, analytics, IoT and blockchain that monitor and analyze data continuously, manage exceptions and make autonomous decisions. These new data-driven systems of intelligence enable supply chains to reap unprecedented value from data, support efficient process automation, unlock new business models and re-imagine business processes by integrating supply chain, finance, customer interactions, workforce experiences and many more.



SCALABILITY—UNLOCK DYNAMIC SUPPLY CHAIN INNOVATION

Technology: Create an agile, nimble supply chain innovation organization enabled by SAP S/4HANA, integrated in real time with SAP Leonardo and SAP Digital Boardroom.

Business: Innovation through powerful business insights from machine learning and advanced analytics and collaborative information exchange with business partners. These are enabled by SAP S/4HANA and SAP Leonardo to foster a “start-up” mindset that thinks big, prototypes fast, executes at scale, launches quickly and simplifies maintenance.



SEGMENTATION—POWER AN ADAPTIVE, CUSTOMER-DRIVEN SUPPLY CHAIN

Technology: Enable a real-time, demand-driven, decoupled supply chain with Accenture’s co-developed predictive materials requirements planning (MRP) solutions in SAP S/4HANA and SAP IBP.

Business: Move the needle by leaning to the new adaptive, responsive, synchronized and differentiated supply chain. Evolving from a traditional linear, unstable, forecast-driven model to a strategic, decoupled, stable demand-driven supply chain model will improve service levels, inventory turns and reduce working capital.

SAP solutions and technologies provide the foundation for building the intelligent supply chain. myConcerto brings together Accenture's most disruptive ideas around industry, innovation and technology to deliver greater business value more quickly.

It embeds SAP technologies into an end-to-end digital platform, offering new approaches for transformation. Together, we have created an accelerated and innovative path to the supply chains that will enable growth and differentiation by delivering personalized services and experiences that digital customers now expect.

**POWERING THE
INTELLIGENT
ENTERPRISE**



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Resources:

¹Accenture Research, March 2018, “Reinventing Supply Chains with New IT” (900 interviews with supply chain executives based in Austria, Canada, Switzerland, Germany, United Kingdom, Ireland, United States)

²ibid

³ibid

⁴ibid

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