



Walk in the Cloud

Accenture and SAP: Cracking the supply chain challenge

Ellen Bencard, **Walk in the Cloud Host**

Ellen Bencard leads Accenture's marketing campaigns in the UK while also managing to nourish her journalistic roots as an established blogger on the arts, travel and fine dining. Her corporate work usually finds her behind the scenes, coaching her team to bring together big ideas, insightful commentators, exciting events and innovative channels in ways that inspire prospective clients. But this isn't the first time she's stepped into the limelight to show off her training as a reporter, writer and presenter. She's anchored a web-based YouTube series for BT called Top Tips for CIOs and was Northwestern University's on-site media spokesperson at the Royal Wedding of Prince Harry and fellow alumna Meghan Markle. Born and educated in the American Midwest, Ellen's lived in the UK since 1999 and is a proud dual citizen.

Stephane Crosnier, **Managing Director, Accenture UKI**

Stephane is a Managing Director at Accenture UKI, leading Supply Chain & Operations teams. He is also the Global Lead for Supply Chain Resilience.

Our ongoing global disruption has exposed a lack of visibility along supply chain touchpoints and revealed an opportunity for widespread digital operations transformation. Risk management—all types of day-to-day risks—and resilience—surviving and recovering from massive disruption—need immediate and innovative attention. Technology can offer transparent and traceable end-to-end supply chain solutions.

In his work at Accenture, Stephane helps clients digitally transform their operations for improved performance and enhance their supply chain resilience through strategic risk management and stress testing. By employing data analytics and technology, such as artificial intelligence, automation and digital twins, we identify risks and alternative actions through a series of realistic scenarios.

Via simulations, organisations prepare themselves for market shifts and build more resilient, cost-effective systems for future growth.

Prior to his 20+ years in consulting, he was responsible for driving operational improvements in supply chain planning and fulfilment at Compaq Europe. Since then, he has been fortunate to live and work in the Netherlands, Singapore, the UK, Japan and France, and work across a number of industries such as Aerospace & Defense, Automotive, Industrial Products and High-Tech in particular.

The next stage for supply chain managers is going to be sustainability, decarbonisation, continuing profitability and ensuring human and labour rights are upheld throughout the value chain.

Stephane helps clients create enduring change by reimagining tomorrow's supply networks to positively impact business, society and the planet.

**John McNiff,
Vice President in the Global Digital
Supply Chain CoE, SAP**

John McNiff is Vice President in the Global Digital Supply Chain CoE at SAP.

He is leading strategic go to market topics to allow customers to achieve sustainable supply chain and operations across the business process's from "Design to Operate".

Digital Supply Chain covers SAP's portfolio focussed on the offices of Chief Operations, Supply Chain, Engineering and Manufacturing. From Planning & Logistics, through Manufacturing and Operations, to Product and Asset Lifecycle Management. Covering traditional topics of PLM, Industry 4.0, Supply Chain, through Asset and Service Management.

For over four years John led the Digital Supply business in EMEA North, and prior to this was Global Vice President - Solution Management for Product Lifecycle Management, John joined SAP in 2008, since when he has held a number of regional and global roles responsible within the Supply Chain, Manufacturing and R&D/Engineering Lines of Business.

In Industry, John started his career working in various roles in manufacturing, including software development, manufacturing solutions, and applications implementations.

John lives close to Manchester, UK with his family, is a keen football follower, and "would-be" golfer, rambler, sailor.

Intro: Walk in the Cloud.

Ellen: We all get by with a little help from our friends, whether as individuals or big organisations. This is Ellen Bencard with the second series of Accenture's Walk in the Cloud, where we're digging into the potential of partnerships. Today, specifically I'm talking supply chains. What was once a bit of back office operations that nobody other than those involved actually cared about, has become headline news. And not just because of the bad news stories. What, with the opportunities to boost sustainability and thoughts about reviving local manufacturing to shorten supply chains, the topic has gotten positively sexy. Yes, Sexy. On this walk, I'm going to dig into the power and potential of supply chains and the cloud with Accenture's Stephane Crosnier. Hello, Stephane.

Stephane: Hello, Ellen. Very happy to be with you today.

Ellen: And SAP's John McNiff. Hi, John.

John: Hi, Ellen.

Ellen: They both head up supply chain areas at their respective companies and work together to help shared clients. So let's dig into that experience. Stephane, let me start with you. For anyone who's been hiding from the news for the past year, give us a very quick summary of why supply chains are such a big deal right now. And more importantly, what opportunities are being spotlighted that the people you're working with are starting to think about?

Stephane: Sure. I think, you know, we've seen the perfect storm, with COVID when it came to supply chain disruptions. Both in terms of what's happening on the demand side, as well on the supply side; i.e. with some plants, you know, going down, transportations being disrupted, and some demand going through the roof for some specific products and it has impacted supply chain globally. And, you know, for instance, if you look at the price of container shipping, those have been multiplied by a factor of seven or sometimes 10 over the last couple of years as compared to the normal. And if you look at the UK specifically, you have shortages of specific men for, you know, it can be drivers, it could have been people working in shorter houses. So massive amount of disruptions. And I think what people have been starting to look at is first, you know, being a lot more proactive to try to be a lot better prepared when the next level of disruption will happen, as well as thinking around what can they do differently with their supply chain. Supply chain is not only about efficiency, speed. It can be also about transforming customer experience.

Ellen: So John, when it comes to that thinking differently, that Stephane just mentioned, what is that difference and how do cloud technologies come into it?

John: Yeah, sure. I couldn't agree more with what Stephane just said, and it's been really fascinating the last couple of years with this almost never ending perfect storm—almost a chain reaction of events that are occurring that shed the spotlight onto the supply chain.

What was really interesting to see from the customer base that we have is those who were kind of prepared and knew it was coming already, they were in a much better position than those who were in a reactive mode. And whilst nobody knew what was coming—that was probably the wrong word in there—certainly a lot of people know that disruption is a constant in the supply chain.

Ellen: Right.

John: And we've always talked about being able to react to change. So we saw some really interesting results and it's not just about the technology, but also organisational change and people who set up to think about how they got ready for the things that Stephane talked about. You know, where supply chain can be a competitive advantage to increase your customer satisfaction because you have to deliver things quicker. But what was really interesting—take a couple of examples. Like we have a chemicals company that we deal with in the Nordics, and they'd already gone down a journey of preparing themselves to become more resilient and understand how they could scenario plan differently. And there's lots of great benefits like improvement in the forecast accuracy, and actually a pretty significant reduction in the number of products that they were introducing to the market. But what's really interesting to me was to see how they've responded in the pandemic period.

And they talked about being able to scenario plan a process that used to take one week, they could drop to one hour. Which is obviously something in really significant when supply is so disrupted, and so many changes are coming. And actually a 50% improvement in the stockout position during the pandemic and 97% on time delivery. So the fact that they've been thinking about it already, because they've recognised supply chain transformation was front and center to bring competitive advantage and differentiation, really prepared them very well to be able to react and respond. And sorry, Ellen, just to finish on the last question.

Ellen: Yeah, go ahead.

John: You know, where does that fit with cloud? Obviously, a lot of people have created systems and landscapes, which were not quick to adapt and to be of that flexibility and agility. And clearly these solutions typically have been delivered through the cloud in a means that they can stand up quickly reconfigure quickly, with standard processes and then be able to react in a scenario plan accordingly.

Ellen: Perfect. So Stephane, John's already sort of laid the groundwork of this next question, which is there's so much more to this than just moving parts from place A to place B. What are the nuances that you may find people miss as they're trying to do a sophisticated cloud-based supply operation?

Stephane: Yes. I think the nuances that people are missing is they are often linked to the fact that they take things for granted and that supply chain is about, you know, things being delivered. It's a lot more than that. And I think it starts with in practice. And I think that's what John mentioned before. So how can you be proactive? And it starts with creating visibility of your end-to-end supply chain. And very often people don't realise that companies have very little visibility in the end-to-end supply chain. Yes, they know who their suppliers are, but maybe what they don't know is from which suppliers, they are tier one suppliers are buying and so forth. And very often there is a high level of risks hidden in this end-to-end supply chain. If you take the semiconductor industry, for instance, people did not always realise before the crisis that the vast majority of advanced semiconductor manufacturing is located out of Taiwan. And if you have some disruption in Taiwan created by COVID, created by typhoon hitting this island, then you run into massive problems and massive disruption. So getting visibility is one thing. And then you have to understand the level of exposure that you have in this end-to-end supply chain, the different nodes. And being able to do some simulation to try to understand what happens if something goes wrong within this node is super important. So that once you're clear in terms of what are the most problematic areas, most problematic nodes, when it comes to selection disruption, then you can think about the mitigating actions that you can put in place in order to mitigate these risks.

And it requires some investments. It requires to make some changes. And with that in place, when there are some disruptions, companies are able to react a lot more quickly. And then we go back to the, you know, more short term. What you can deal with your customers and create a difference is your ability to react quickly, the ability to be very flexible and nimble that is made very visible to customers. And during this crisis, we seen actually that companies that were able to demonstrate the ability to react, the ability to also show that they are doing something to increase resilience, actually they are gaining market share with their customers. They are winning new contracts because they are able to provide this level of certainty to their customers.

Ellen: So I'm hearing you both talk about agility a lot. Is this a new way of thinking?

Stephane: It has been there for a while, right? And people have been talking about, you know, being able to answer to some fluctuations in demand, but not to the extent of the disruptions we've seen during COVID. And I think COVID has triggered companies to really think radically differently around what flexibility means—to have more mitigation place, have alternate suppliers rethink where they place strategic buffers in their end-to-end supply chain.

Ellen: John, you've already mentioned competitive advantage if people get this right. What other benefits do businesses get?

John: Yeah, there are many, and I think the key here is that the outcomes for today and tomorrow are maybe different than they were in the past. And Stephane said, you know, the constraints are changing all the time. So there's many people having to rethink their models in terms of the physical setup of the supply chain. You know, so should I be supplying all my material? What seemed to be cheaper from places that are far away and perceived to be low cost. If you add on top of that, not just the disruption we've talked about. What the new demands to get things quickly to customers when there are a disruption. And secondly, you know, on top the rapid increase in the requirement to support the green efforts—reduced carbon—make sure that we're sustainable and coming from the right sources. You know, all of a sudden, as well as remodeling due to manage resilience, we've got to embed a new level of demand from customers and from green efforts and from regulation that comes along with that. So it starts firstly, just getting visibility and then the ability to react and scenario plan is super key. But actually if you're going to be responsive, agile and meet the customer needs, you also have to synchronise that information and decision with the execution channels that you've got within your supply chain. And in many cases, that means that I connect to my execution systems in manufacturing or logistics. But it also means new business partners that you maybe have to work with that you didn't work with before, because of the sourcing and partnering strategies that they've got.

So there's a lot of opportunity at this time of disruption for people to actually take advantage and become more nimble and more agile. But for the purpose of, you know, providing goods more quickly. Being the company that is seen to be ethically sourcing correctly, being the company that is achieving net zero quicker, all of which are being demanded now by the next generation of customers out there, as well as the regulation, which obviously comes along with it.

Ellen: And I'm curious, have either of you seen these desires leading to more British manufacturing and British sourcing?

John: If you want me to take that one, Ellen? I mean I wouldn't say just from a British perspective, but actually internationally, you know, we have colleagues in America, and in a North America survey there of the manufacturers said that something like 60 plus percent of them were actually buying more materials than they needed typically, which obviously creates one problem, but also that they were starting to source them locally. And of course the same thing's been going on within the UK for a while, both because of the pandemic issues, but because of the requirements that are being driven by Brexit. So absolutely, companies are fundamentally examining, you know, how stable and resilient is their supply chain, both in terms of their own operations with, with the supply that is coming into them.

Ellen: Stephane, have you seen anything to share on that one?

Stephane: I think what we can share is that all companies are reexamining some, you know, critical sourcing decisions. Companies as well as governments, looking at some critical commodities, you know, be it PPE, be it semiconductors. And we are going to see some significant shifts in terms of investments for local production.

Ellen: So you both work together on shared clients and I'd love your opinion as this is a podcast about partnership. What do you think that you bring to a client when you're working together that they wouldn't get if they worked with individual companies?

Stephane: Well, I think what we bring is the combination together, the ability to really drive transformation. I.e. Not only a technology implementation, but really a way to do things differently by first, you know, understanding the end-to-end business issues, bringing some examples, some good practices and combining process data technology transformation, focusing on the value to be delivered at the end. So if I take an example where we partnered recently, and that was around the implementation of the technology or technique actually called demand driven MRP, which is a recognition technique based on using strategic buffers within your supply chain. The ability to work together again on the process and the technology to enable this, to drive the change within the clients and the people impacted base was instrumental in terms of not only providing better service levels in terms of shorter production lead times, but also in terms of optimising the overall level of inventory.

Ellen: And John, what's your take on that?

John: Yeah, absolutely. I would just echo the comments that Stephane has made. You know we are, SAP is a technology company and we think we understand our industry for sure. And we're very proud of some of the things that we've done out there, but we need partners. We need partners to scale and we need them for a variety of things. And what Accenture's always brought to us is being able to look at the business outcome and not just talk about what does your technology do, to a point that Stephane just made. And on top of that, you know, we work quite closely together with Accenture even to develop capability to support some of these business needs. So demand driven MRP is one great example where Accenture co-innovated with us, but we have other in the area of product life cycle management, and also around asset management where Accenture supports us to bring both know how and even capability to develop those. And on top of that, you know, business cases, development, but then actually when it comes to implementation, people can't wait for long multi-year waterfall rollouts of big monolithic systems. And they need consumable modular, best of breed components that can be integrated in a consistent platform. And Accenture has a sprint two methodology that looks at different areas like manufacturing, logistics, planning, that they can bring to market capabilities to support that transformation in much tighter and more consumable time spans.

Which again is really, really invaluable to SAP as a software solution vendor, to have that capability to help us get our solutions deployed quickly.

Ellen: Hey, it's just like a supply chain. You get agile, clever pieces working together and magic happens. Guys, I think that's a great place to end it today. Thank you for joining me on our walk.

John: Thank you very much, Ellen.

Stephane: Thank you, Ellen. Thank you, John.

Ellen: And hard as it is to believe, listeners, we've almost reached the end of our second series of walks. There is just one episode left. We're staying with big topical news stories to talk about people. Amidst all this talk of the great resignation and persistent problems, finding the right skills for certain high demand roles. What can organisations do? Accenture and our friends at Workday have some ideas. And while you're waiting for that one, do us a favor. If you're enjoying this podcast, tell your friends in all the usual social media friendly ways. Thanks. And we'll walk with you soon.

Outro: Walk in the Cloud.