DRIVE YOUR OWN DISRUPTION

Unleash new growth potential in Industrial Equipment—with an intelligent supply chain
As your products get smart, your supply chain must get smarter too.

The industrial equipment industry is rife with digital disruption, giving way to new business models and fiercer competition. Industry leaders are rising to the challenges of the New digital era which is also enabling new opportunities for business growth. Industry players that continue to operate on convention rather than pivot to the New will soon be left in the digital dark.

Digital technologies are advancing at warp speed and enabling the evolution of smart products and services. The smart products are making vast amounts of data available which can be used for offering new value-added services to customers while providing additional revenue streams. Industrial equipment organizations therefore need to expand their current service offerings to smart services not only as a nice-to-have, but rather as a must-have to differentiate and provide extended customer value.
Beyond delivering smart products and new services, industrial equipment organizations can harness the power of digital to streamline operations and enable smart processes. The ever-changing landscape of complex consumer demands, environmental regulations and new market entrants is driving industrial equipment organizations to completely rethink their supply chain models. More than an enabler, the supply chain must be a key element of the overall business strategy and a competitive differentiator for driving profitable growth—with digital capabilities as a key enabler for achieving business success in the New.

Accenture research shows that companies can boost their competitiveness by 13 percent* annually when they harness the power of digital technology.1

*13 percent EBITDA annually, based on a third-party logistics provider (3PL) whose portfolio includes freight forwarding, carrier and contract logistics with an industry average of €15 billion in revenues and €536 million in EBITDA.

By evolving your industrial equipment business with an intelligent supply chain that is smart, connected, learning and agile from end to end, you can turn today’s business challenges into opportunities. Architecting an intelligent supply chain is now possible, for example, with advances in 3D printing, telematics, robotics, artificial intelligence, predictive analytics, cloud computing, connected devices and mobility. Reinventing your supply chain with these technology advances, which are decreasing in cost and more attainable now, you can speed up production, increase quality, innovate and customize products and services to outperform your competitors.
GAIN A HOLISTIC, REAL-TIME VIEW

See your potential clearly with an intelligent supply chain—that is smart, connected, learning and agile from end to end.

Through digitalization, it is now possible to gain full visibility across the supply chain—from planning, forecasting and inventory management through transportation and logistics. Customers expect next-day delivery. And by infusing your supply chain processes with real-time data, you can support just-in-time manufacturing and operate your overall supply chain with increased agility and speed.

Real-time visibility begets the ability to make more informed, strategic decisions and act quickly with greater precision, fact-based certainty and full alignment to your overarching business strategy. The increased volatility and complexity inherent in today’s dynamic and always-on, demand-driven business environment has created the need for an agile, streamlined and hyper-responsive supply chain that provides the ability to more accurately forecast and quickly and efficiently fulfill customer demands.

Many of the digital technologies available today are already being used in industrial equipment supply chains. But typically, they are being used as an enabler of efficiency across functions and not aligned to the business growth strategy, limiting their value realization potential.
REINVENT YOUR SUPPLY CHAIN WITH DIGITAL TECHNOLOGIES

Industrial equipment organizations are already seeing a wide range of strategic gains. So, what are they not seeing?

To gain more insight into digital technology investments being made across industrial equipment supply chain functions, Accenture conducted a survey among industry supply chain executives of global organizations in 2018. While the Accenture research shows that industrial equipment organizations are making progress in digitalizing their supply chains, it also reveals missed opportunities. According to our research findings:

- Supply chain executives are applying a risk-averse investment strategy, dabbling in digital technologies across the different supply chain functions with a very generalized focus on increasing efficiency.
- They have an opportunity to double down and focus their technology investments more in specific supply chain functions and align them to the overall business strategy to help increase competitive differentiation and drive growth.
- Evolving their view of the supply chain from a support function to mission critical and taking full advantage of technology innovations will ultimately help them to become leading-edge and drive toward their growth potential.

The research shows that a wide range of digital technologies have been deployed across different supply chain functions in industrial equipment. By the end of 2020, 71 percent expect the role of the supply chain function in their organization to be providing better customer service.
A wide range of IT technologies, tools and platforms have been deployed across different supply chain functions. Which New IT technologies, tools and platforms have been deployed across different supply chain functions of your company?

Industrial equipment organizations are seeing a wide range of strategic gains across different technologies. Most notably, they are seeing strategic gains in robotics, autonomous vehicles, Internet of Things (IoT) and connected devices, and Industrial IoT platforms.
Organizations see a wide range of strategic and operational gains across different technologies, tools and platforms.

Which of the following strategic gains has your business started enjoying due to deployment of different technologies, tools and platforms constituting New IT across your supply chain?

They are also seeing a wide range of operational gains across different technologies. Currently, the biggest operational gains are seen in robotics, autonomous vehicles, cognitive computing, IoT and connected devices, and Industrial IoT platforms.
More than half of the industrial equipment organizations are leveraging digital technologies for real-time tracking of logistics and delivery across the supply chain. They are using a host of new technologies for real-time tracking, especially blockchain and robotics process automation. What is surprising about this finding, however, is that nearly half are still not leveraging digital technologies in this way, limiting their supply chain visibility and agility.

When it comes to delivering customized services, approximately half of the industrial equipment organizations are leveraging digital technologies. They are relying mainly on blockchain, robotics and big data analytics to deliver these customized services. Nearly half are still not leveraging digital technologies in this way to realize the overall expected goal of providing better customer service by the end of 2020.

According to our research, the biggest obstacles industrial equipment organizations face in driving increased value across their supply chains with digital technologies are inadequate skills within the workforce (60 percent) and reluctance of employees to embrace digital technologies (51 percent). Eighty-eight percent of industrial equipment organizations are therefore focusing on upskilling their existing workforce to align with their investments in digital technologies. The implementation of new technologies will also enable them to upskill very quickly and work more effectively while making their jobs easier.

From an overall business leadership standpoint, our survey revealed the primary stakeholders for digital technology investments in the supply chain are the Chief Technology Officer (65 percent) and Chief Information Officer (44 percent) versus Chief Digital Officer (21 percent), Chief Executive Officer (16 percent), Chief Financial Officer (13 percent) and Chief of Innovation or R&D (9 percent). Increasing alignment to the company’s top leaders and the overarching business strategy will therefore be key in driving competitive differentiation and growth through the supply chain.

Primary stakeholders for digital technology investments

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<tr>
<th>Role</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Chief Technology Officer</td>
<td>65%</td>
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<td>Chief Information Officer</td>
<td>44%</td>
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<td>Chief Digital Officer</td>
<td>21%</td>
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<td>Chief Executive Officer</td>
<td>16%</td>
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<td>Chief Financial Officer</td>
<td>13%</td>
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<tr>
<td>Chief of Innovation or R&amp;D</td>
<td>9%</td>
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HOW DO YOU RAISE YOUR SUPPLY CHAIN IQ?

Start smart—within your own four walls.

The low hanging fruit and near-term opportunity for impact and return on investment for industrial equipment organizations resides right within the four walls of your enterprise. You can have visibility of where your products, assets, people and processes are progressing at any given stage in your distribution center, warehouse, store and stock.

Why is visibility so important?
You can’t measure what you don’t see. Therefore, you can’t improve what you don’t measure.

With full visibility enabled, you can then define rules to improve your operations. Through rules, for instance, you can assign people to perform a specific process with a specific asset for specific products at a specific point in time and place. And if you see the rules are not followed accordingly, you can act in real time to remedy the issue—you have complete visibility and control over what happens within your four walls.

Beyond the four walls of your enterprise, there is an added layer of complexity. You don’t have control over the infrastructure and various suppliers involved as there is typically a lack of standardization with them operating on different platforms. Achieving transparency across the ecosystem with your suppliers will take more time and effort so focusing within your four walls first offers a pragmatic approach. You may have an effective level of transparency with your first-tier suppliers. The level of transparency, however, typically decreases with second and third tiers, and it will be difficult to convince them to invest in a solution that just supports your business needs.

To enable visibility across your supply chain, you must build an infrastructure and apply different technologies for the products, people and assets. With more transparency and insights into the products in use into the installed base, you can offer a more value-added service beyond standard maintenance. For instance, through predictive maintenance, spare parts can be offered and already delivered where needed. This service capability could even extend to proactively replacing the entire machine in the event of a failure.

Also, there’s a lot of hype around the opportunity to use blockchain technology across the supply chain. While there is no standard yet, it is still prudent to explore how to use this evolving technology and get prepared as it will come to light.
Align your strategy. Think and act smart from top down and bottom up.

When it comes to implementing digital technologies, industrial equipment organizations are challenged with which technologies to invest in, and how and where to best apply them to optimize their potential returns. So, how do you begin to tackle digitalization across your supply chain, given the scope of transformation required and activities involved at different levels?

- Start from top down—Look at opportunities to focus your technology investments more in specific supply chain functions to increase competitive differentiation and drive more business growth. Then, develop a big picture, top-down strategy for architecting your intelligent supply chain from end to end that clearly aligns all of your different technology investments with your organization’s overarching business strategy across your leadership board. With a holistic vision, you can help increase your overall impact and investment return.

- Then enable from bottom up—Execute on your supply chain strategy from the bottom up, keeping the overall vision in mind. So, as your products get smart, look at how you can further leverage the investments in those technologies to make your supply chain smarter as well with an infrastructure that enables full, real-time visibility from end to end.

You can then address upskilling challenges for operating your intelligent supply chain with legacy technologies still in place. Leveraging cloud and big data analytics, it is possible to build a layer on top of your legacy system that can serve as your technology backbone for enabling you to operate with greater speed and agility.

A supply chain reskilling strategy founded on continuous learning can help evolve your existing workforce to handle the new exception management requirements of an intelligent supply chain. In the future, most transactions will be handled with technologies like artificial intelligence. By developing skills in design thinking and algorithm building as well as the technical abilities to use drones, robots and sensors, you can build in self-reinforcing “learning loops.”
A CASE IN POINT

Schneider Electric—On leadership involvement
For those who do it strategically, it can translate into significant benefits. One such company is Schneider Electric. The company created the CODI (Committee of Digital Innovation) for Supply Chain to radically change how the business looks at innovation related to the supply chain. By taking a technology-forward approach to business problems, the company is breaking new ground with emerging technologies such as machine learning, blockchain and Industrial IoT among others. The company has integrated “INNOVATE” in its supply chain transformation program TSC 4.0 (Tailored, Sustainable, Connected) to fuel its supply chain with digital innovation. TSC 4.0 is serving 11 customer segments, with five supply chain models—collaborative, lean, agile, project driven and fully flexible. It is based on eight key transformations and six digital accelerators—SOURCE, MAKE, DELIVER, PLAN, CARE and INNOVATE. Through these initiatives, Schneider Electric is already witnessing tremendous success. The company has managed to achieve double-digit reductions in customer lead times and more than 20 percent customer satisfaction improvement, reduced operating times of warehoused finished goods by three days and increased digital order lines to 76 percent.

BECOME MORE AGILE IN THE NEW

Deliver enhanced value. Drive efficient, profitable growth.
With an end-to-end, intelligent supply chain, industrial equipment organizations can successfully compete in the New digital world with increased agility for:

• Growing revenue faster
• Driving greater efficiency
• Hyper-personalizing the customer experience

Let’s imagine the possibilities for an intelligent supply chain as a competitive differentiator to help drive efficient, profitable growth for your industrial equipment business.
About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology, and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world’s largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 442,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

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