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VISIBILITY AND PREDICTABILITY:

The key to unlocking successful supply chains

COVID-19 left many supply chains exposed. But how can organizations future proof their supply chain against further disruptions?

Visibility across the supply chain is fundamental for any organization—be they B2B or B2C. The operational efficiency of supply chain operations has always been a priority, but those same priorities have been amplified during the pandemic. Chief Digital Officers have long been aware of the importance of supply chain to the omnichannel experiences they are responsible for creating. As the pandemic has shifted more sales into the digital channels, CEOs and CFOs are now paying more attention to supply chain. This white paper covers topics that will be of broad interest to you, your teams and those in the C-suite.

WHAT CONSUMERS EXPECT

While the pandemic clearly put a strain on global supply chains from the supply side, it also highlighted the expectations of consumers on the demand side. You just need to scroll the pages of the NRF Consumer View 2020 to understand that not only do consumers increasingly **expect free delivery** of items they buy online, they also expect free delivery on all of their online orders, with 75% of consumers surveyed expecting free delivery on orders under $50. When consumers are in a rush and don't have the time to wait for their items to ship for free, they increasingly **expect speed** from fulfilment options like BOPIS (buy online pick-up in store) or ROPIS (reserve online pick-up in store) to meet their immediacy needs. These fulfilment options are not new, but the pandemic is shifting behavior as wary consumers experiment with new fulfilment options to keep them out of the stores. The experimentation that is happening now will drive long-term adoption of these fulfilment options, and consumers will increasingly **expect personalized** options like curbside pick-up or delivery to lockers.

And consumer expectations don't stop with "free," "speed" or "personalization"—the NRF Winter 2020 Consumer View shows that consumers **expect convenience** in their shopping experiences. Nine out of 10 consumers are likely to choose a retailer based on **convenience**, and these shoppers are looking to retailers to help them save even more time and effort in their busy lifestyles. So, how can your supply chain drive the innovation needed to meet customer expectations? Read on.
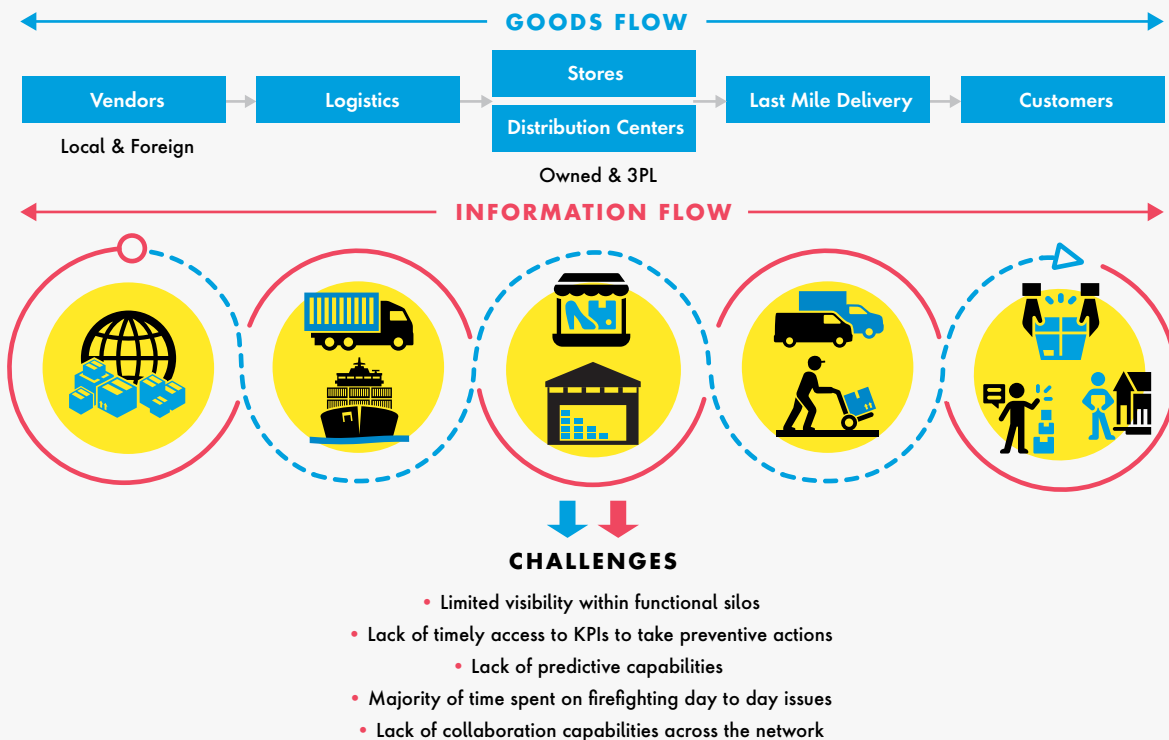
IMPACT OF COVID-19 ON OUR SUPPLY CHAINS

Supply chain managers are used to dealing with challenges—which come in many shapes and sizes. It could be something as simple as the weather impacting delivery of containers being shipped across the planet. Or maybe a **geopolitical disturbance**, or a **natural disaster**, or any number of unpredictable events that could impact the customer experience.

During the pandemic, supply chains were put under enormous pressure. Shipments were delayed, raw materials simply ran out, consumer buying behaviors changed significantly and for many organizations, who didn't have the necessary **visibility and predictability**, there would have been a crisis. Spiraling costs, outages in inventory, a crisis in confidence.

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THE FLOW OF GOODS AND INFORMATION ACROSS THE ENTIRE SUPPLY CHAIN.

GOODS FLOW

| Vendors | Logistics | Stores / Distribution Centers | Last Mile Delivery | Customers |

Local & Foreign

Owned & 3PL

INFORMATION FLOW

CHALLENGES

- Limited visibility within functional silos
- Lack of timely access to KPIs to take preventive actions
- Lack of predictive capabilities
- Majority of time spent on firefighting day to day issues
- Lack of collaboration capabilities across the network

How can Supply Chain Control Towers help organizations to build resiliency in their supply chains?

When faced with challenges, the first question supply chain managers should ask is: what actionable insights can I leverage to help me address these challenges? How did we deal with similar challenges in the past? Who did we speak to? What did we do? Can we repeat the same actions again? Which suppliers provide similar stock and how quickly can we switch?

But what if an organization is unable to convene across their entire supply chain ecosystem? **Visibility into the supply chain**—across vendors, transport providers, manufacturers, distribution, stores and dealers—is the first key to unlocking **actionable insights**. The second key is **predictability**. Do I know exactly when each shipment is going to arrive? If there is to be a delay, what is the knock-on effect likely to be? How can I mitigate the impact? Can another supplier step in—and so on. Visibility and Predictability are key. So how do you ensure you have both?

If we accept that the objective for both B2B and B2C is to improve the smooth running of the overall supply chain—such that organizations are able to meet consumer expectations and increase customer satisfaction—then there are several steps they need to take in their journey towards a complete gold standard. The Publicis Sapient Algorithmic Supply Chain Framework was designed to support this journey.

## PUBLICIS SAPIENT ALGORITHMIC SUPPLY CHAIN FRAMEWORK
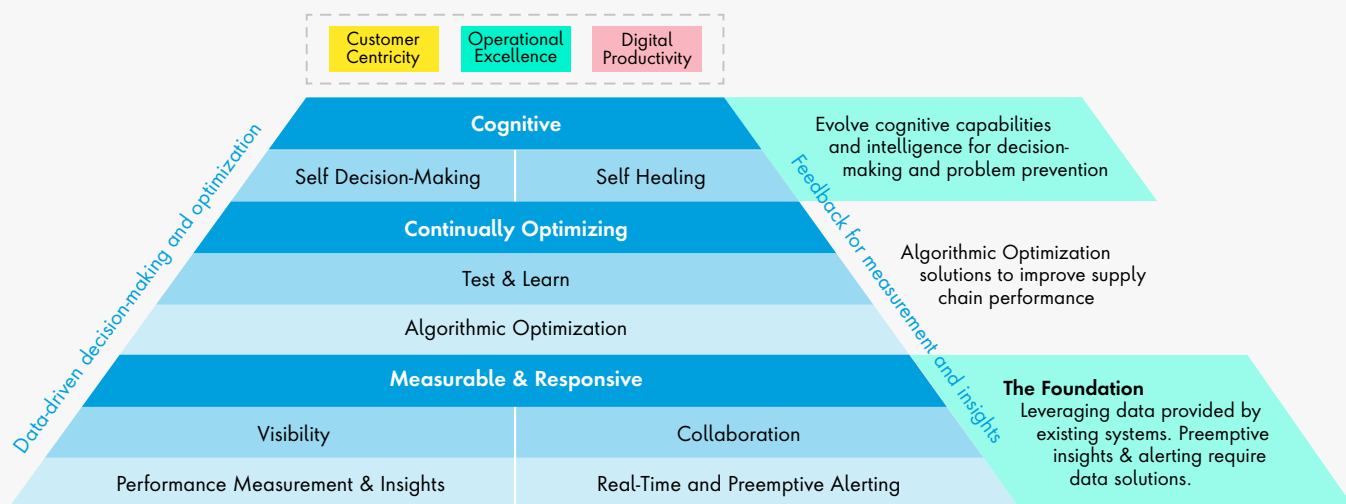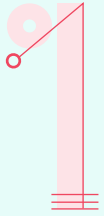
STEP ONE:
Operational Excellence

If organizations really are starting from scratch—which is unlikely, with most organizations already having embarked upon some form of digital transformation journey—then the first step is to strive for operational excellence. This is about having complete oversight of the entire and collective ecosystem—and removing organizational silos. In addition, businesses need digital technologies and advanced analytics that give them the ability to visualize a product at every stage of its lifecycle in real time, from raw materials through delivery to end customers. This involves ditching spreadsheets for a unified and cloud-based planning system, architected from the ground up to be highly configurable, which will provide an environment that enables all members of the ecosystem to input data and work to a common set of KPIs. Once you have this visibility, you are much more likely to be able to respond with agility to challenges and disruptions, simply because you can see what is going on and are able to calculate the likely impact.

Next, you must turn your attention to the vertical alignment of decisions—and ensure that all decisions are connected to and support the execution of the overall business strategy. This could mean having short-term plans and long-term plans. This planning then factors into our recommended step two, which is the implementation of Algorithmic Optimization.
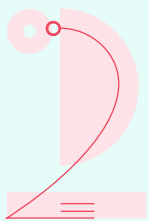
STEP TWO:
Intelligence and the Algorithmic Optimization

Intelligence in the supply chain is about decision making, and all good decisions require good data, hence, to optimize their supply chain, organizations need up-to-date data. Whether you are looking at the demand side and customers' propensity to purchase particular products— or return rates and complaints to influence product mix,

or supply side data on fulfilment rates, or inventory data to optimize suppliers—data is all. The dilemma for many supply chain planning leaders is that they are relying on out-of-date data to predict the future, which tends to degrade the quality of the planning decisions. By employing the right digital technologies, it is possible to reduce data latency significantly, such that planners can have a much better understanding of what is really happening. For example, technology can allow planners access to data the moment an order is placed—while Internet of Things (IoT) sensor data enables the supply side to respond to changes in real time.

The supply chain control tower can go a step further and morph these two sets of data through a data architecture to enable the seamless integration of information. This enables planners to bridge the entire continuum from vendors and suppliers; logistics providers; manufacturing; distribution; stores and dealers; eCommerce; last mile logistics and, ultimately, customers. Nirvana.

The Algorithmic Supply chain enables data-driven decision-making towards customer centric operational excellence. It replaces rules-based interventions with data-driven algorithms to continually optimize supply chain performance.

STEP THREE:
Cognitive

This is where technology doesn't just enhance the process or enable decision making—but instead the technology starts to make the decisions. This is achieved through the introduction of machine learning and interventions which enable the supply chain to become intelligent and self-learning, with minimal human intervention. A true data-driven supply chain will ultimately become **self-correcting**, with the ability to course correct, make decisions and implement actions without human intervention. Self-correcting supply chains are able to predict resolutions to problems versus just highlighting the problem. For example, if the supply chain is monitoring supply levels and the stock drops to a certain threshold, the system has the ability to automatically raise a PO and place an order. Ultimately, the system would evolve cognitive capabilities and intelligence for decision-making and problem prevention—entirely free of human intervention.

How can Publicis Sapient and IBM Technologies lay the foundations for a gold standard Supply Chain Control Tower?

As discussed, Control Tower solutions need to provide end-to-end visibility of the entire supply chain along with the capabilities to become a self-correcting supply chain, coupled with decision-making and machine learning. A tall order—unless you have a logical data architecture, the right experience and an approach that works. Which it just so happens we do.

Publicis Sapient and IBM have partnered for almost 20 years to deliver solutions that strengthen the world's supply chains. Our solutions start with early beta participation and include pre-packaged implementation accelerators that shorten time to value.

We share a commitment to delivering digital supply chain solutions to companies around the world which leverage the best of Publicis Sapient's unique skill set in digital business strategy, consulting, customer experience, marketing modernization, IT, Data and AI, and deep industry skills, coupled with IBM's industry-leading supply chain solutions that allow us to generate real business value for our clients. Our supply chain control tower solution leverages a number of established IBM solutions, coupled with the Publicis Sapient accelerators and integrates with existing ecosystem transaction systems to provide end-to-end supply chain visibility and intelligence.

PUBLICIS SAPIENT AND IBM SUPPLY CHAIN CONTROL TOWER SOLUTION
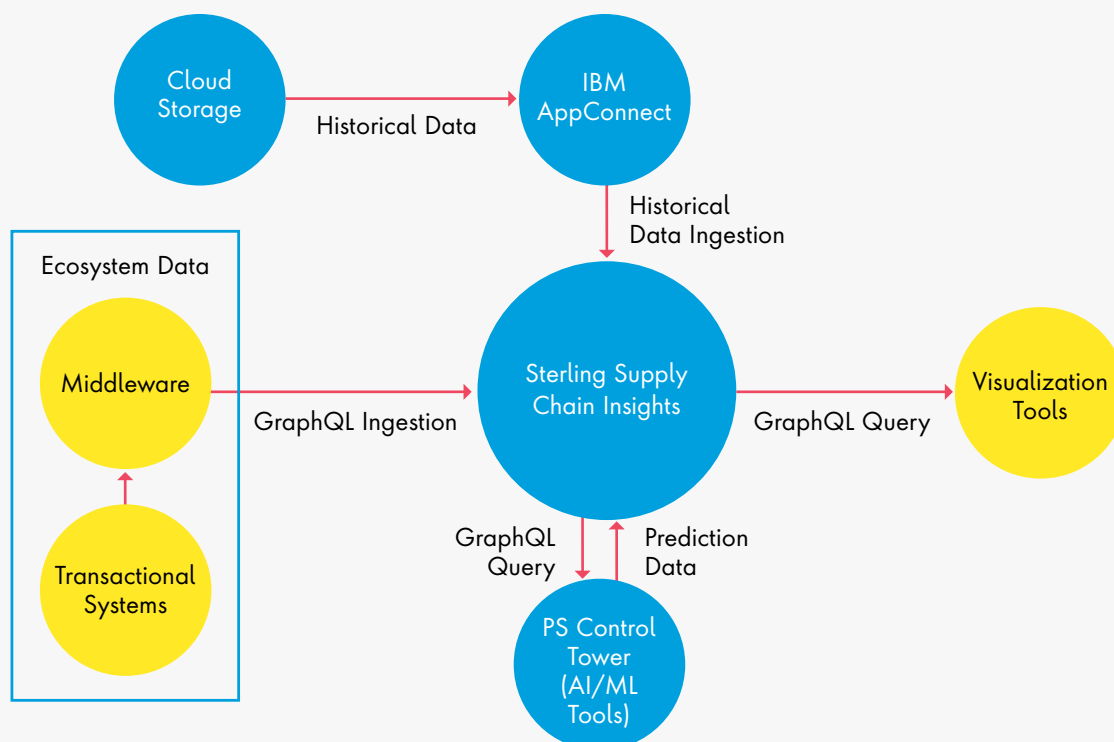
# So, what kind of benefits might supply chain operators expect?

Our Supply Chain Control Tower solution helps unlock significant business value. The Publicis Sapient team has developed a benefit framework that helps assess benefits up front. Our work with a number of global clients has realized benefits in terms of increased revenue and reduced costs across the fulfilment network, the returns and on the demand side.

With the supply chain stretched to its limits, there needs to be a paradigm shift in how Operations and IT view performance. While KPIs provide results based on the actual events that occurred, teams need to be equipped with tools and information to quickly review the data, understand how issues were resolved in the past and collaborate efficiently with all ecosystem partners. Publicis Sapient Control Tower solutions enable users to build dashboards with KPIs that are utilized in open "resolution rooms" to resolve and document the case for future reference. The control tower provides a 360-degree view of the supply chain, as well as a granular view for the operations team to focus and act upon the targeted areas.

So, what should you do next?

Take a self-assess approach to where you are on the continuum. Do you have complete visibility across your supply chain? Have you achieved operational excellence? Are you working with an intelligent supply chain that self-corrects using AI? Have you been able to take humans out of the equation in any parts of your supply chain? Wherever you are on your journey, Publicis Sapient and IBM can help you take the next step to future proof your supply chain.

PUBLICIS SAPIENT SCCT BENEFITS FRAMEWORK
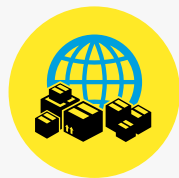
	Fulfillment Network	Returns	Customer
Increased Revenue	Increased Conversion	Reduced Returns	Increased Conversion
	Reduced Lost Sales	Exchange/Cross Sell	Cross Sell/Upsell
Reduce Cost	Reduced Markdowns	Reduced Markdowns	Reduced Markdowns
	Reduced Fulfillment Costs	Reduced Returns Cost	Reduced Returns Cost
	Reduced Appeasement Cost	Improved Inventory Productivity	Improved Inventory Productivity
	Improved Inventory Productivity		

Let's talk

Discover how to evolve and optimize your supply chain and the ways we can help your business.

Contact us for a review of how our capabilities and IBM Sterling Supply Chain solutions can establish, augment and extend your digital transformation.

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