6 Truths for an Effective Digital Supply Chain

Over the past 20 years, supply chains have become far more complex and dispersed with technology frequently struggling to keep up. The lack of upstream and downstream visibility, coupled with a lack of execution and control, are recurring complaints from companies across a broad set of industries, including Automotive, Hi-Tech, Retail, CPG, Logistics, Healthcare, and the Military.

As we all experienced, the pandemic made things worse; but the root cause of these problems has been lying dormant in these supply chains for many years. The fact is, almost every supply chain faces these problems because almost every supply chain uses the same basic technology — one designed to manage the activity behind the four walls of the enterprise. Here we offer the six (6) key attributes that the market should require from all providers when digitizing their supply chain.

1. Can your supply chain system coordinate and connect all trading partners from the end-consumer to raw material suppliers?

Companies that are built from mergers and acquisitions usually have disconnected data and, even, disconnected applications. The ideal solution should be designed from the ground up to enable every member of the value chain to become demand-driven. This means every company is viewing a single version of the value chain's data, but securely packaged and filtered in a way that makes it relevant to each individual role.

A single information "pipe" into the network should provide integration across multiple companies' other systems. The system should take this multi-enterprise data and continuously sync and re-sync demand, supply, and capacities in near real-time across all trading partners. And every trading partner should be oriented towards the ultimate - consumer demand.

2. Does your system operate in real-time?

Any changes in the business or operating environment should be automatically sensed by the system and uploaded into The Cloud, and then shared with trading partners as appropriate. All in real-time. The result is an extremely responsive supply network where informational lead times are virtually eliminated, and physical lead times are minimized. If systems and data are not in sync, how can a company respond in true real-time?

3. Does your system optimize existing processes and add value in new ways?

Connecting a company to a network or system is one thing, but what happens next? The system must add value beyond visibility — it must optimize the existing physical supply chain. Giving the supply chain a "single version of the truth" in real-time would be a powerful tool that any company, regardless of industry, could benefit. Existing processes would become more efficient, and new avenues of value are opened.

For example, a company could finally be able to solve the variability problem. Variability — whether of demand or supply — represents the greatest source of risk for supply chains today. The key to managing variability is not creating the perfect forecast; it is creating a leaner, more responsive supply chain. If your raw material suppliers, logistics providers, manufacturers, and dealers are all connected to each other, and oriented towards the consumer, variability and disruptive events actually become competitive opportunities as the automatic execution of orders in real-time enables companies to respond more quickly than their competitors.

Given that the majority of these transactions are routine and don't require human intervention, your system can allow people to devote their resources to the complicated one-off problems that only humans can solve.

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4. Can your system scale across your entire business, including all of your trading partners?

Today's decision support tools and processes cannot scale to allow users to be involved in planning the millions of buffer sites every day (e.g., an automotive supplier environment). There is far too much information and the decisions required are far too granular for human planners to be effective at the rate of change required in today's volatile business environment. Thus, systems need to be fully scalable across all business processes and supporting technologies.

Let's stay with a hypothetical automotive environment, because in many ways it illustrates the challenges of scalability. To be fully demand-driven, any new system needs to calculate the item/location level for time- horizons from a day out to as much as 90 days or more. The policies for orders, buffers, and safety stocks require them to be set at a SKU location basis — the vast amounts of information that this approach generates overwhelm most conventional systems.

It must also scale across business processes. Supply chains today are made up of companies that differ greatly by size, approach, and purpose. For this approach to be truly successful, every member of a value network must find value in connecting to the network regardless of ERP, business rules, or company function and role.

5. Does your path to digital transformation require your company to abandon your prior work?

Most systems out there start with a "rip and replace" approach to system redesign. This means that all the hard work you and your teams have done is thrown out in the hope for a better solution. The basic fallacy of this approach is that it assumes you have done it wrong to begin with. The leading technologies embrace before replacing existing technology. Having a system that can 'read from' and 'write to' any technology in the network is one that realizes a smarter approach to change management, value realization and speed-to-adoption.

6. Will your new system remain "never legacy" and offer open AI standards to build and adopt your expertise?

Any system that does not realize that change is inevitable will require a higher cost of ownership overall. In addition, the right system will extend its code to allow for development

and/or acceptance of your IP whether that be in the form of external AI, custom application development or new machine learning algorithms.

The optimal solution should offer your organization a fully backward compatible and "never legacy" code base. What that means in simple terms is that, regardless of technological or business changes, the software stays current with full operability and does not cost you to upgrade to the latest version, despite changes to the network.

Secondarily, for any solution to evolve and remain resilient it must offer the ability to develop your own code, as well as embrace AI/ ML, that you have developed or that is key to your operations. Giving the intelligence and platform for a company's IT and business teams to come together with an extensible design ensures that innovation, speed, and agility come together, and keeps your company competitive in the long run.

To put it another way, no one knows what will change tomorrow. But, offering clients the ability to adapt and extend their changes with a digital platform that embraces the reality of innovation will ensure that your systems remain resilient, agile, and competitive in today's marketplace.

OPTIMIZE FOR TODAY AND THE FUTURE

By understanding and applying these six truths, you can be assured that the direction your organization is headed is on the right path to a real-time supply chain.

Looking into every provider with the lens of these six key areas will provide you with the guideposts to ensure that you are embarking on this journey with the right partner.

One Network Enterprises was built from the ground up on these principles and our clients have benefited from the foundational elements of what a true digital supply chain can do.

Transform your supply chain and lead your industry with the Digital Supply Chain Network™
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