

Digital Transformation: Supply Chain

Global spending on digital transformation is forecasted to increase by 17.1 percent per annum between 2019 and 2023, and spending on digital transformation technologies is expected to reach \$2.3 trillion in 2023¹. The digital transformation imperative has also accelerated due to the COVID-19 pandemic - particularly in supply chain. Many of our clients are either undergoing or considering a digital transformation of their supply chain². We have developed some executive insights for those undergoing or considering a supply chain digital transformation.

1 Develop a Comprehensive Vision
Develop a comprehensive vision of the digitally transformed supply chain *and* the corresponding plan to achieve it – avoid “[random acts of digital enablement](#)”. This plan must include *operations and technology* improvements to enhance existing capabilities and/or create new digitally enabled capabilities.

2 Focus on End to End Collaboration
While a lot of the current focus is on the front-end consumer experience (B2C³), there are significant back-end (factory, consolidator, distributor, wholesaler) digital transformation gains to be had – “fifty percent of today’s B2B transactions are still done manually - via email, phone calls and faxes”⁴ and many EDI/XML transactions still require manual intervention. Real-time collaboration and seamless data exchange across the *entire* supply chain reduces transaction costs, DSO and expediting fees and increases inventory turns – these benefits are real.

3 Generate Real-time Data
Real-time data about the supply chain is now available. Use RFID, Barcodes, QR Codes, Smart Labels, NFC to create real-time visibility and generate data-driven insight across the entire supply chain.

4 Enable Demand Sensing
Leverage machine learning, artificial intelligence and point of sale data to move away from a plan that relies on a weekly-monthly-daily forecast and a (typically) manually entered day-weight calendar. Instead, use detailed short-term current demand data from across the supply chain to enable automated, real-time forecasting and continuous refinement of forecasts.

5 Adopt the Digital Twin
Go beyond control towers and create a digital twin⁵ (a fully digital model) of warehouses, logistics, material flows, inventory and other assets to model the supply chain, anticipate risks and make earlier optimization decisions. This is an initiative that will also highlight any digital “holes” and elevate the need for real-time data and digitization.

6 Move to the Cloud
Take advantage of cloud-based supply chain solutions to enable continuous, all in one and everywhere visibility and useability. Cloud-based supply chain solutions can be more easily piloted, scaled (for small and large organizations) and integrated rapidly.

7 Automate!
Automate workflows, handling (picking and packing) and movement and of goods in warehouses. Utilize AS/ARs (automated storage/retrieval systems), sorters, scanners, pickers and robots. In addition, automation supports real-time data and the supply chain digital twin.

1. IDC Worldwide Digital Transformation Spending Guide, 2019. 2. This “Seven Insights” is purposefully forward thinking. Some supply chain organizations may have more foundational improvements to make in the short-term. 3. Clearly, a continued focus on B2C is also required, but the point here is that the backend also warrants attention. 4. CIO Magazine. 5. “Digital Twin” can also refer to a product digital twin. We are using it here as a IOT enabled model of the supply chain.

About the Author

Michael S. Kenny is the Managing Partner of Kenny & Company and has over 25 years consulting experience with Accenture, Deloitte and EDS planning and leading large complex initiatives at Fortune 500 companies with C-Level executives. He has led projects in Business and IT Strategy, Business Process Re-engineering, Enterprise Architecture, Systems Integration, Business Intelligence and Supply Chain.

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