

SUPPLY CHAIN MANAGEMENT

Planning On-Demand



Sheikh Zohib Riyaz
Principal Consultant
Enterprise Innovation Management
Acropetal Technologies Limited

Abhijith Jayakumar
Principal Consultant
Enterprise Innovation Management
Acropetal Technologies Limited

Acropetal Technologies Limited

“Acropetal Technologies Limited is a Business Technology Solutions company coursing a journey currently to become the poster child of the Knowledge and Experience economy. Our business model is structured to address the emerging trends of Convergence in Content, Communications and Computing. The core focus of our business model is Innovation that energizes Excellence for Transformation and Growth. As the global macro - economic trends dictate, it is becoming increasingly imperative for organizations to become global businesses with a local nature, developing new markets, segments and customers continuous and concurrent to managing the existing assets and maximizing returns.”

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Planning On-Demand

Planning “On-Demand” as a value proposition is driven by the aspiration of the current Value Chain to Continuously Innovate and bring the orchestration of the process globally in Real-Time to deliver Business and Cognitive Intelligence. In the process, collaborative partnerships can flourish within the Value Chain to make intelligent business decisions creating Mind 2 Market (M2M) and Time 2 Market (T2M) advantages for the initiator and their partnerships. Acropetal brings this orchestration as an on-demand platform offering for customers globally.

Modernization of Supply Chain Management

Supply Chain Management as a practice has evolved tremendously over the last few years. The driving factor behind this evolution is attributed to the demand by the customers to have access to the right product/service at the right time. Further is the convergence of the 3 C’s – Content, Communication and Computing. Organizations have identified this need for change as a major contributor for success and have brought in innovative strategies to enhance their Supply Chain Management. It is no longer data sharing or data exchange. The relevance of the Value Chain is its ability to facilitate collaboration among the participants securely in real-time.

Innovative and efficient Supply Chain Management strategies should encompass the entire Customer / Consumer Value Chain starting raw materials to consumer experience of a Product Offering. More than ever there is a need for a global yet dynamic Supply Chain Management with the continuous need to identify and expand Markets and Customers.

The Global Challenge

For the purpose of understanding the challenges and opportunities in a new marketplace, organizations often employ research organizations, who try to gauge the “demography” of the target customers. Psychography is equally important to differentiate product offerings managed through processes that reaches and distributes to customers at their rate of demand.

“Modern supply chains need to globalize locally assuring uniform quality and availability”

This would help the organization’s R&D teams to design and create products which appeal to the customer in a new geography leveraging all the existing assets without creating new ones. The challenge of the modern supply chain is to globalize locally assuring uniform quality and availability of products.

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Entering a new market, in new geographies is always a challenge. Technology has the potential to reduce complexity but problems still remain in the supply chain is what a research conducted by “Acropetal Technologies Limited” in April 2012 suggests. The survey was rolled out to Supply Chain professionals through online professional communities. The responses for the time required by organizations to create a new Supply Chain framework have been shown in Illustration 1:

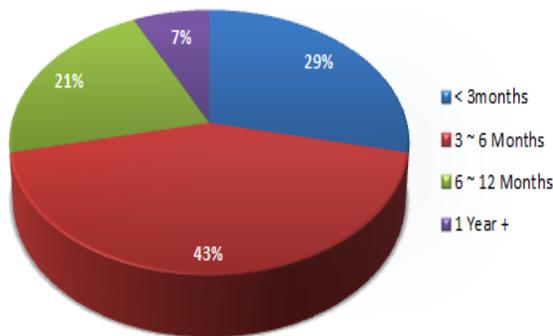


Illustration 1: Time to establish a new Supply Chain framework

The result clearly indicates that among the organizations with an annual revenue exceeding 1Billion, 43% feel establishment of a new Supply Chain framework still take 3 to 6months. In an era of aggressive competition, a lag of 3~6months, would mean an opportunity for competition with innovative Supply Chain strategies.

These trends were not just limited to new geographies. Similar challenges

exist while introducing a new product and the associated changes are affected to the Supply Chain in the same geography. Organizations often introduce a new product line in the same geographical region, which would require new suppliers, new manufacturing plants and an alternative distribution network. Our research is depicted in illustration 2, indicating the lag in introducing a new product within an existing supply chain is equally alarming. The result suggests that among organizations with revenue exceeding 1Billion, 43% takes around 6 to 12months to setup a Supply Chain to cater to a new product, in an existing marketplace. In most industries, especially ones such as consumer electronics space, organizations often compete to be the first one to release a product and capture the market. A cycle time of 6 to 12months would be a major deterrent and organizations We tried to understand the various factors which affect the creation of a new Supply Chain framework and hence their impact on the organizations.

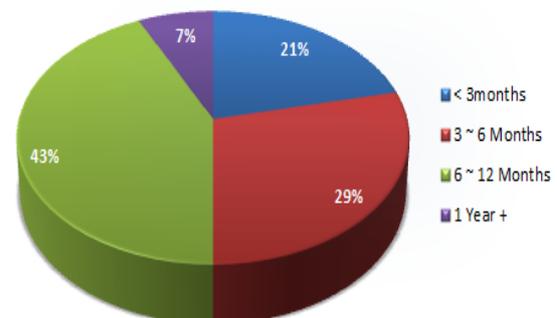


Illustration 2: Cycle Time for creation of Supply Chain for new product

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Our research respondents mostly made up of Supply Chain experts, when asked to rank the major challenges they faced while establishing a new Supply Chain framework came up with the observations as shown in the Illustration

fully integrated supply chain in any geographical location they want. This is a platform for orchestration of a value chain that enables the participants on this value

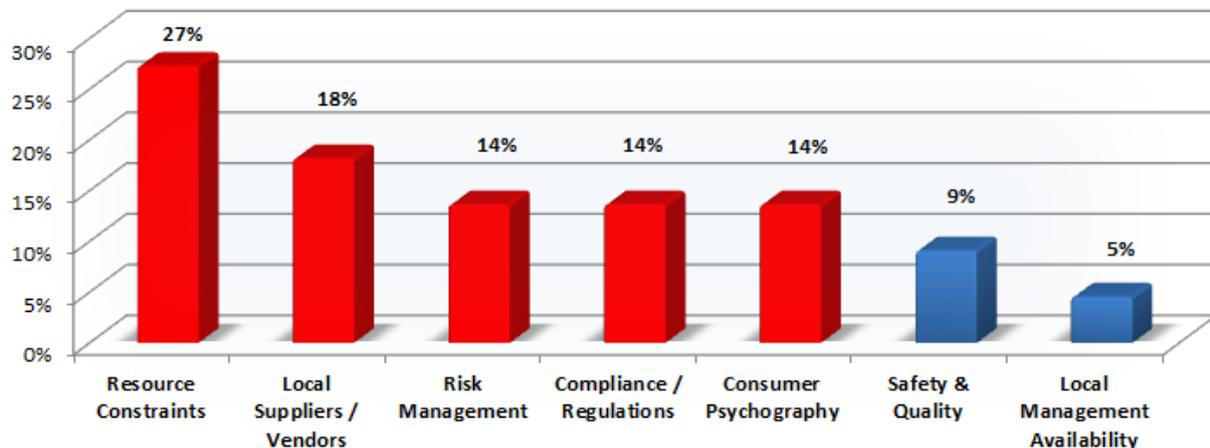


Illustration 3: Impact of various factors on cycle time to establish Supply Chain framework

3. It also appears from our research that Innovation is yet to take root in the Supply Chain. What is still pervasive is a single dimensional patching of problems; not an effective root cause thinking that addresses business solutions from a Value Chain perspective.

Orchestrating the value chain in Real Time

Planning On-Demand platform will help organizations realize the value of a

chain to access and deliver transactions and services “On-Demand”; increasing the availability and reliability not just through technology but also through business and cognitive intelligence. This platform focuses on delivering high quality, lower cost, faster delivery service with predefined service quality and flexibility to the supply chain. The main advantage of this platform would be the reach of a local market in the global context with the time taken as compared to other players in the market bringing significant Mind 2 Market & Time 2 Market advantages.

“Business Processes need to be implemented in a cost effective and on tap manner across the value chain”

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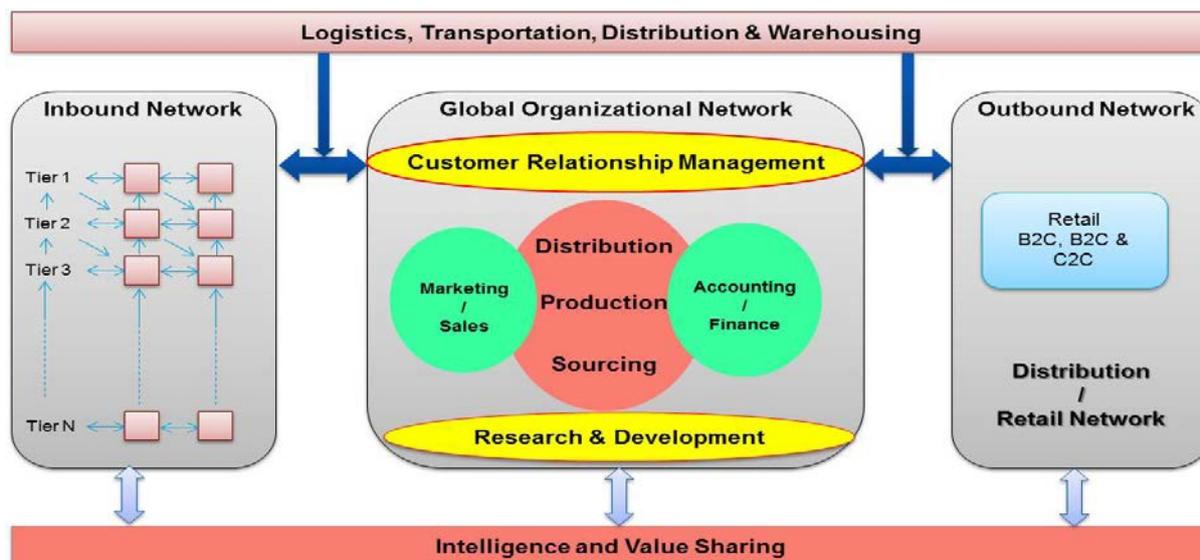


Illustration 4: Connecting the Value Chain with Planning On-Demand

Executing Planning On-Demand

Supply chains based on Planning On-Demand will take advantage of unprecedented levels of interaction – not only with customers, suppliers and IT systems in general, but also among objects that are monitoring or even flowing through the supply chain. Besides creating a more holistic view of the supply chain, this extensive interconnectivity will also facilitate collaboration on a massive scale. Worldwide networks of supply chains will be able to plan and make decisions collectively.

A Supply Chain based on “Planning On-Demand” will allow decision makers to simulate various courses of action. It will also be capable of learning and making

some decisions by itself, without human involvement.

“Embracing the Globality of the Businesses Environment without complicating the Business needs”

For example, it might reconfigure supply chain networks when disruptions occur. It could acquire rights to use physical assets like production capacity, distribution facilities and transportation fleets on demand through virtual exchanges. This intelligence will be used not only to make real time decisions, but also to predict the future. Equipped with sophisticated modelling and simulation capabilities, the smarter supply chain will move past sense-and-respond to predict-and-act.

These supply chains will be

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inherently flexible. They will be composed of an interconnected network of suppliers, contract manufacturers and service providers that can be tapped on demand as conditions change. To leverage resources optimally, the supply chain of the future will need to employ intelligent modelling capabilities. Simulations allow supply chain managers to see the cost, service level, time and

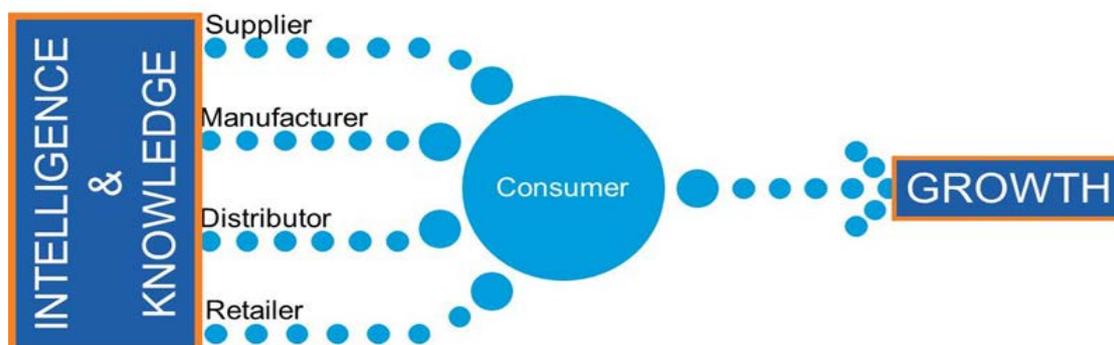


Illustration 5: Knowledge Base providing Mechanism of Dynamic Supply Chain Implementation

quality impacts of the alternatives being considered. The heart of the Planning On-Demand mechanism depends on the Knowledge Base on which the organizations Supply Managements experts design the framework for new markets, new geographies. The success model would be based on close partnership between two closely tied entities – Research and Implementation. The Research entity would be the mechanism to orchestrate the value chain, as shown in illustration 5. As shown in the illustration, the knowledge base available as part of continuous research would enable the design and implementation of a dynamic Supply Chain, irrespective of the market and geography.

On the “Cloud”

The dynamic nature of the Planning On-Demand model dictates its unique architecture as well. The mechanism depends on constant availability of relevant and accurate data, because of which the data repository would reside on the cloud. Organization irrespective of their geographical

positioning should be able to access and leverage this Knowledge Cloud, thus providing a Global Delivery model for the end users. The partnering of this Research Entity through by means of the Knowledge Cloud would enable organizations to mobilize their Supply Chain frameworks in minimal time.

Value Proposition

The Value Proposition of the Planning On-Demand is the orchestration of a Process across the Value Chain in Real Time leveraging on the Convergence of Computing, Communication and Content. Such a Value Chain can collaborate

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without worrying about Costs; as the On-Demand part would address the need to avoid Costs that do not yield business value. The essence of Planning On-Demand is it not being a Technology Solution alone; Business is embedded in it

that drives the solution to be executed with Technology enablers supported by Knowledge and Meta Models operated by experts contextualizing and providing expert assistance on tap.



Illustration 6: Creating Growth

New Products and Markets

When an organization moves into new product or market areas, the logistics and procurement functions must be able to respond rapidly. New products or geographies may demand a complete rethink of existing supplier and distribution strategies. In some development-led sectors – such as pharmaceuticals – close and effective collaboration with suppliers, customers, research organizations and commercial partners plays a critical part in the all-important development, trial and launch of new products. Similarly, a company's ability to expand into new geographies is

dependent on its supply chain capabilities. Experienced supply chain specialists in a Planning on-demand based supply chain can leverage their knowledge to help you rapidly identify and address the supply chain issues arising from your new product and market development strategy. They can be brought in to manage specific one-off projects, or to supplement teams.

Business Turnarounds in Real Time

With 20% of a company's costs tied up in its supply chain, this is an obvious area of focus in any turnaround

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situation. Supply chain based on Planning on-demand with turnaround expertise can quickly assess a company's situation, see where the supply chain strategy is failing, and bring their massive experience and impartiality to bear. The expertise from planning on-demand can cut through the clutter to see exactly what needs to be done. Then they help the management team do it – either by getting truly hands-on, or by mentoring the management team.



This can include grooming key managers to take over the reins and to continue the good work once the interim manager has left.

Growth

Customers increasingly demand a global service, supplied by global partners – so the pressure to merge and acquire is great. Many acquired businesses are smaller operations - offering the right geographical presence but creating major supply chain management issues. Their

systems are incompatible. They may have different distribution channels. There will be existing customer relationships and partnerships to consider, and suppliers to rationalize. There may be major cultural differences, too. Yet, with low margins, executives must ensure that their disparate organizations, offices, depots and hubs work together as a seamless network. Systems must be migrated, protocols established, customer bases merged, suppliers streamlined, global contracts re-negotiated, IT incompatibilities addressed and all of this must be executed quickly. Interim logistics and procurement management can be invaluable in this situation. Planning on-demand builds the capability to absorb the additional workload, hasten successful integration, and have the experience to support managers who have not been through the process before.

Performance Improvement

Organizations are constantly looking for ways to improve their supply chain performance. And it's easy to see why – with 20% of a company's costs

“Interim supply chain specialists are deployed who are a no-risk, results-guaranteed route.”

typically tied up in the supply chain, and so many customers judging a company by its ability to deliver almost to an anticipated order. Reducing costs, eliminating waste, improved productivity, creating new services, holding stock on

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consignment, mass customization... the potential areas for improvement are almost endless. But the solution is to introduce a new concept of planning, that is dynamic and in real-time; where intelligent decisions are made. Planning on-demand will give us options such as rethinking of processes, moving to a third party logistics provider, rationalizing suppliers, new training, expanding into new geographical markets or developing and delivering a different channel strategy. These are often specialist projects which an incumbent team hasn't faced before. Hence, Interim supply chain specialists are deployed – who have successfully handled such initiatives in similar business situations – are a no-risk, results-guaranteed route. Companies who deploy them gain immediate access to their experience, insight – and have known result delivered fast.

Profit Growth

In many areas it is the supply chains that compete – not the companies. Where product price differences are small, service quality becomes paramount as a differentiator. Planning on-demand

supply chain expertise will help you build service into your supply chain. Segmenting customers to focus on those most profitable and at the same time creating a demand to make others

“Supply chain expertise will help you build service into your supply chain.”

profitable, providing them with the experience of Value Creation, delivering the right product, at the right place, right time, and right quality could be the new part of dynamically operated Supply Chain leading to both Profitability and Productivity; without compromising each other.

Cost Minimization

Efficiency and costs are linked. As efficiency falls, costs increase – costs to rework, reroute, redeliver, replace. Supply chain expertise eliminates the non-value-added processes and drives down costs in areas such as materials handling, overheads, purchased materials, transportation, warehousing, production processes, and personnel.

“The continuous focus on innovation in the field of Supply Chain would help in providing value to the customer while reducing the Mind to Market (M2M) and Time to Market (T2M) for the organization”

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About the authors...

Sheikh Zohib Riyaz



Sheikh Zohib Riyaz is a Principal Consultant with Acropetal Technologies Limited. He holds a Masters in Business Administration and Bachelors degree in Information Technology. Prior to joining Acropetal Technologies he was working for The World Bank. He enjoys taking up challenges across industry verticals to develop technology solutions that help create a better world for tomorrow. He has been analysing various Supply Chain Management platforms that are being deployed currently and has come up with an alternative approach to address problems in the industry.

zohib.sheikh@acropetal.com

Abhijith Jayakumar



Abhijith Jayakumar is a Principal Consultant with Acropetal Technologies Limited. He has Bachelors in Technology in Electronics & Instrumentation discipline and has close to 6 years of experience in the field of Supply Chain Management, Quality & Project Management. Prior to joining Acropetal he was working for General Electric in Information Management area. A graduate from GE's Information Management Leadership Program, where he recommended and implemented several changes to traditional methods. Abhijith, with a keen eye for quality, is a Six Sigma Green Belt certified professional.

abhijith.jayakumar@acropetal.com

Contact Us



Web URL : www.acropetal.com

BANGALORE

#2/10, Ajay Plaza 1st Main, N.S. Palya
Bannerghatta Road Bangalore - 560 076 India

Tel: +91 80 4908 4000

Fax : + 91 80 4908 4100

Corporate Information

E-mail: inquire@acropetal.com

DELHI

917&918, Hemkunt Chamber
89, Nehru Place

New Delhi - 110 019 India

E-mail: inquire@acropetal.com

USA

5005 LBJ Freeway, Suite
805 Dallas, TX 75244

Tel: (214) 272 2240

Two Embarcadero Centre,
Suite 460 San Francisco, CA
94111

Tel: +1 (415) 291-8818

Fax: +1 (415) 291-8815

E-mail:

inquire.usa@acropetal.com

DUBAI

Al Barsha 1, St.no. 329 2F Al Barsha Business
Center Building

PO Box: 450079, Dubai United Arab Emirates

Tel: 04 371 33 98

Fax: 04 371 33 30

E-mail: inquire@acropetal.com

GERMANY

Altrottstrasse 31
D-69190 Walldorf Germany

Tel: +49(O) 6227 73 – 3830

Fax: +49(O) 6227 73 3834

E-mail:

inquire.europe@acropetal.com