



Building the Business Case for Digital Transformation of Supply Chain Planning

Three Tangible Benefits of Digitally Transforming Your Supply Chain

It seems like the phrase “digital transformation” is everywhere these days. There are as many definitions for digital transformation and articles on the subject. I like the definition provided in i-scoop’s online guide to digital transformation.

“Digital transformation is the profound transformation of business and organizational activities, processes, competencies and models to fully leverage the changes and opportunities of a mix of digital technologies and their accelerating impact across society in a strategic and prioritized way, with present and future shifts in mind.”

The digitization of a supply chain involves creating a detailed data model that mirrors the intricacies of an actual end-to-end supply chain network. Done right, a digital twin will have enough detail to model the information, money, and product flow from acquisition of components, through production, distribution and fulfilment to the customer. Model elements include forecasts, capacities, inventory positions, lead-times, resource availability, costs, revenues, and profits. Finally, the model needs constant updates of customer, production, purchase, and distribution order status to ensure analysis and resulting actions reflect what is currently happening in the physical supply chain.

The benefits of digital transformation are plentiful. Below are three tangible benefits of digitally transforming your supply chain:

Process Automation:

A very visible benefit of building a digital twin of your supply chain is the ability to use the information to automate routine process steps and free up resources to work on more value-added activities. Advanced supply chain systems have exception-based workflow and active alerts that when used in conjunction with user-defined limits can automatically process purchase, manufacturing, distribution and customer orders. Human intervention only takes place when plans, transactions, orders, etc. fall outside of defined limits.

Continuous Planning & Optimal Response:

Digitization of the supply chain unleashes the full capabilities of today’s powerful supply chain solutions leading to game changing competitive breakthroughs in customer service and value creation. One such capability is the application of algorithmic optimization in the areas of demand, inventory, supply, manufacturing, and transportation planning. The rich supply chain data available through a digital twin provides the foundation and inputs required for effective algorithmic optimization.

Another advanced supply chain capability is continuous planning. A supply chain digital twin contains up-to-date information on capacities and transactions. As new events take place (for example a new customer order, or a delayed replenishment) a planner can quickly determine an optimal response. Continuous planning and optimal response capabilities often lead to reduction in costs (manufacturing, inventory, transportation) and improvements in customer service (fill-rates, cycle-times).

Advanced Analytics:

Often the largest benefits from digitizing the supply chain come from new insights gained from the ability to conduct in-depth end-to-end analysis. The ability to analyse expected demand versus capacitated supply and determine financial impacts of multiple “what-if” scenarios provides the information needed to head off potential risks and fully embrace opportunities. A digital twin of the supply chain provides the information needed to make smart decisions on when to enter new markets, where to introduce new products, when and where to increase production capacity, and how to effectively compete. A digital twin provides a rich environment for running “what-if” scenarios of likely disruptions to determine the appropriate response before they happen. When the disruption does take place, a pre-established plan can be executed beating competitors to market.

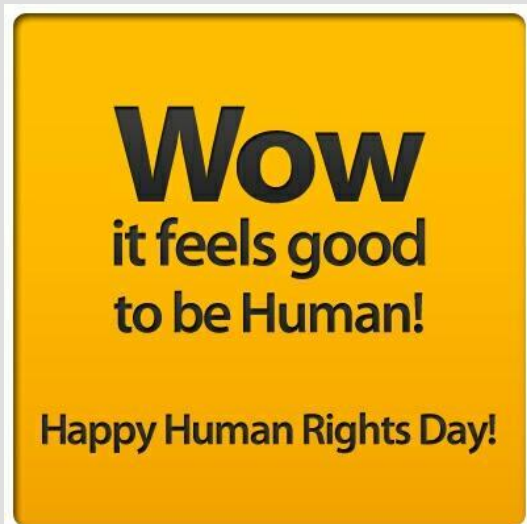
How might a digital supply chain transformation change your daily life?

- You have real-time, accurate information, eliminating the need for data manipulation
- Collaboration on actual supply chain activities is on-line and in real-time
- “What-If” scenarios and simulations are automatic, intelligent and include sufficient data to make informed decisions
- Supply chain decisions move from calendar driven to continuous optimal response

A digital transformation of your supply chain can help you harness visibility, velocity and value and allow you to compete and win in today’s competitive marketplace.

Article extracted from http://www.scdigest.com/experts/Logility_18-03-08.php?cid=13852

"Happy Holidays " Human Rights Day (21st March) Easter (30th March - 2nd April)





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