Supply chain orchestration

A new era in supply chain management

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Although modern supply chain management has only emerged as a critical business function over the last 40-plus years, supply chains have been around for millennia. When early man first gathered and sharpened a stick and traded that stick for a handful of berries, the concept of a supply chain was born - to source, make and distribute the necessities of life.

But while the goal of any supply chain remains to deliver products to the people that need them in return for some form of payment, thanks to increasing consumer demands, regulatory pressures, rapid technology advancements and disruptions of all shapes and sizes, it's gotten – well, let's say a little more complicated!

Disruptive global and local events such as COVID-19, port congestion, extreme weather and geopolitical tensions have challenged supply chains in unprecedented ways and propelled supply chain high up the corporate agenda.

Boards and CEOs are not only asking supply chain leaders how they will become more agile but also how they'll do it without harm to the planet.

It's fair to say that supply chain professionals are on the hook for a whole array of business-critical outcomes. They need to get the right products in the right hands at the right time. At minimum cost to the business. And the environment. Without fail.

But how?

Revolution not evolution

"The techniques and processes that we've relied on for the past 30 years will not survive the next three."

ROGERIO BRANCO,
CHIEF SUPPLY CHAIN OFFICER,

F:T•N

Where the only certainty is uncertainty, what does that mean for today's supply chain management approaches?

For decades, most supply chains have been governed by a series of sequential waterfall steps, passing information from one function to the next. By design, this cascaded approach creates siloes, lack of transparency, latency and mistrust – all poison for agility.

Optimization efforts have also been heavily focused on individual functions, at the expense of the supply chain as a whole. While that might have worked just fine 30 years ago, the supply chain game has changed and looking for incremental improvements to current processes just won't cut it.

Today, leading companies are increasingly recognizing that the end game is not to reduce the amount of uncertainty in the future, but to reimagine their supply chains to eliminate the need for certainty.

So, let's talk supply chain orchestration.

The brave and the bold

To withstand disruption and unlock new opportunities, companies must radically rethink how they manage their supply chains.

Today's challenges demand hyper-agile, modern supply chain management techniques – the end-to-end orchestration of people, and physical, digital and financial assets to meet customer expectations and corporate goals, while doing little harm.

While the concept of 'orchestrating' specific parts of the supply chain isn't new, supply chain orchestration is emerging as a new sub-segment of supply chain management – bringing together the most critical activities into a new synchronized process.

According to Gartner®, "Leaders within the supply chain or logistics function have faced a lot of disruption caused by recent events — such as the energy crisis, labor shortages and raw material availability.

"Supply chains have been impacted end to end by such disruptions — including planning, sourcing, manufacturing and fulfilment —

thereby causing inflation and increased costs globally.

"Real-time decision making within each process and orchestrated action across all these processes — including business partners — has become critical for organizations to develop high-performing supply chains."[1]

That's why leading companies like Bose, DSV, Schneider Electric, Trinity Rail, and Unilever have adopted this new approach, rebuilding their supply chains on the foundation of four competencies: agility, transparency, intelligence and trust.

> "At the end of the day, every dollar we spent on agility has probably got a 10x return on every dollar spent on forecasting or scenario planning."[2]
>
> **MARK ENGEL,**
> CHIEF SUPPLY CHAIN OFFICER, UNILEVER

Unlocking agility

01

Agility is at the heart of supply chain orchestration, bringing about a fundamental shift in how organizations approach their operations.

While traditional processes suffer from decision and execution delays, causing inefficiencies and missed opportunities, a properly orchestrated supply chain synchronizes the entire ecosystem in real time.

For example, with supply chain orchestration, companies can swiftly identify surges in demand, assess available inventory, and initiate real-time communication with suppliers, manufacturers and distribution partners to make data-driven decisions such as allocating additional resources, expediting production and rerouting shipments to ensure availability.

The real-time agility provided by closing the planning-to-execution gap has a ripple effect, positively impacting the entire supply chain and, ultimately, delivering a seamless experience to the end customer.

Agility in action P&G

Consider Procter & Gamble (P&G) who implemented significant process changes to enhance disaster recovery capabilities within its supply chain, embracing digital technology and data analytics to better predict and prepare for disruptions caused by natural disasters, such as hurricanes. P&G's digital supply network allows real-time monitoring of inventory and production, facilitating agile decision making and bolstering overall supply chain resilience.

Hurricane Irma marked a defining moment in P&G's digital supply chain transformation journey. Thanks to the sophisticated what-if and visualization capabilities embedded in its supply chain orchestration solution, the company was able to activate its business continuity plans, secure supply and reposition inventory to ensure that it was there with all the things people need the most when the storm cleared.

As a result, while other major CPG companies were going to Wall Street to say they were going to have a problem with their P&L, P&G experienced no business impact, ultimately viewing the supply chain response as a major positive for the business.

Solving the multi multi problem

As the ultimate custodians of the customer experience, logistics and operations teams are at the epicenter of a highly complex multi-party network, where every hour of every day brings unexpected challenges and every second, dollar and kilo of CO_2 emissions counts. To say that the job can be a little stressful is an understatement!

Supply chain orchestration rises to the challenge of managing multiple parties, systems and processes to drive high-performance supply chains that are able to fulfill on time and in full at the lowest possible cost, and to do so consistently, with resilience to changing demands and conditions.

The result? Happier customers, healthier margins and a better night's sleep.

"Supply chain orchestration allows us to act as one synchronized machine. Having undergone minimal internal change in systems, processes, and people, we've retained our DNA but also gained the critical ability to work together as one in a new and critical sector."

"Our key objective is to ensure customers get the best possible service at the best possible rate. Supply chain orchestration is helping us do that."

BRETT SAUERMAN,
GENERAL MANAGER OF FREIGHT
MANAGEMENT SOLUTIONS,

DSV

From visibility to transparency

02

Visibility is to see a thing, but transparency is to understand what you see. One is interesting, the other incredibly valuable.

Promoting collaboration among internal and external stakeholders is also vital in orchestration. Silos within organizations and fragmented external relations hinder efficient supply chain management.

Supply chain orchestration melts away boundaries across individuals, functions and nodes within the supply chain, fostering collaboration and creating a unified source of truth. This transformation moves beyond mere visibility to transparency and shared understanding, rallying teams around common objectives and empowering stakeholders with actionable insights and data-driven decision-making capabilities that drive efficiency, sustainability and resilience across the supply chain ecosystem.

According to ARC analyst, Steve Banker, "Filling in the information black holes that exist in most companies' end-to-end supply chains would be a digital transformation project that is operating at a much higher level of maturity. This means connecting with suppliers, customers and key supply chain partners up and down multiple tiers of a company's extended supply chain."[3]

Operationalizing sustainability

Jamieson Wellness, the Canadian leader in vitamins, minerals and supplements, with a vision of bringing health and wellness to the world, is taking a data-driven approach to operationalizing sustainability - bringing the company closer to its targets, including recyclable plastic in 50% of its packaging, reducing 75% of its landfill and bringing sustainable raw materials to its products by 2030.

Rather than pit its traditional cost and performance benchmarks against its sustainability goals, it is using supply chain data to takes a more holistic approach and to evaluate environmental impact alongside its existing business KPIs.

"Supply chain is the engine working alongside our manufacturing and ESG teams to operationalize sustainability, providing the data and insights to help our management team and our business make better decisions for people, profit and the planet."

ANDRE TEIXERA,
VP, GLOBAL SUPPLY CHAIN,

JAMIESON
wellness inc.

Elevating intelligence

03

Intelligence is another critical factor in supply chain orchestration, propelling organizations towards higher levels of efficiency and decision-making prowess.

With the volume of data supply chains generate today, it's critical for teams to quickly cut through the noise to the insights that matter. Orchestration harnesses the power of AI to prioritize exceptions based on their impact to the business so teams know which fires to fight. By automating the obvious, routine exceptions are automatically resolved within human-prescribed guardrails, while visual-based explanations show how and why an automated decision was reached so your teams understand and trust them.

Just as a symphony brings together diverse instruments to create a harmonious composition, so supply chain orchestration harnesses the strengths of both human intellect and machine analysis to drive improved productivity and decision intelligence.

The AI advantage

Take the case of a major consumer packaged goods manufacturer which was experiencing lengthy consensus demand planning cycles, high levels of bias and poor forecast accuracy.

Thanks to ML-based demand forecasting, the company achieved a >100% improvement in forecast accuracy and reduced forecast bias by 7%, leading to increased trust and analytical rigor in the forecasting process and a ~50% reduction in manual planning activities.

Now *that's* what we call the AI advantage!

> **>100%** improvement in forecast accuracy
>
> **7%** reduction in forecast bias
>
> **~50%** reduction in manual planning activities

Building a foundation of trust

04

Trust might be the often forgot, but cornerstone result of successful supply chain orchestration. It establishes a robust foundation of shared accountability among all supply chain functions and external contributors.

In this environment of trust, teams collaborate seamlessly, aligning their objectives and collectively addressing challenges. This ensures the reliability and integrity of the entire supply chain network, fostering a cohesive ecosystem where all stakeholders work together harmoniously.

Trust is not only the bedrock of effective supply chain management but also a catalyst for agility, transparency and intelligence, driving organizations towards their goals with purpose, confidence and cohesion.

Dissolving organizational boundaries

When it comes to supplier collaboration, the ability to dissolve organizational boundaries can drive significant benefits, as evidenced by one of Kinaxis' customers — a high profile manufacturer of audio equipment.

Manually managing multiple data components in Excel spreadsheets across the company's network of contract manufacturers, meant the company lacked the visibility they needed to efficiently deliver on customer demands.

Kinaxis® RapidResponse® helped them establish true supplier collaboration and a single source of truth for supplier data across the business, streamlining the supply chain and increasing revenue.

"RapidResponse was more organic and less siloed. It was easy to see how someone dealing with a key customer like Amazon or Best Buy and someone dealing with a Tier 1 or Tier 2 supplier could both use the same data and work in a more organic way.

"With RapidResponse we have visibility all the way through our supply chain at a much better level and can improve accuracy, inventory turns and cost coming in."

DIRECTOR, SUPPLY CHAIN PLANNING & INVENTORY, LEADING AUDIO EQUIPMENT MANUFACTURER

Embracing supply chain orchestration: navigating challenges with confidence

The modern supply chain landscape is strewn with unprecedented challenges and disruptions and traditional supply chain management approaches have failed us all.

By synchronizing every part of the end-to-end supply chain and enhancing agility, transparency, intelligence and trust throughout the ecosystem, supply chain orchestration is rapidly emerging as the solution to these challenges.

With supply chain orchestration, organizations can navigate the complex challenges of supply chain management with confidence, ensuring they meet their corporate goals while minimizing harm to the planet.

Are you ready to take the next step?

To learn more about how Kinaxis can help, visit Kinaxis.com
or contact us today at info@kinaxis.com

About Kinaxis Inc.

Kinaxis is the global leader in modern supply chain management. We serve supply chains and the people who manage them in service of humanity. Our software is trusted by renowned global brands to provide the agility and predictability needed to navigate today's volatility and disruption. We combine our patented concurrency technique with a human-centered approach to AI to empower businesses of all sizes to orchestrate their end-to-end supply chain network, from multi-year strategic planning through down-to-the-second execution and last-mile delivery.

Don't believe us? Ask us to prove it.

KINAXIS®

www.kinaxis.com

Endnotes

1   Gartner, Quick Answer: Which New Software Purchases Are Making an Impact for Supply Chain Buyers?, Manav Jain, Balaji Abbabatulla, 10 February 2023 (Gartner Subscription required to access the report). GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.

2   Unilever CSCO: Agility beats forecasting when the supply chain is stressed | Supply Chain Dive

3   "20 Things To Know About Digital Supply Chain Transformations (forbes.com)