



Digital Transformation: Why You Can't Afford to Wait

Manufacturing Industry Playbook - Balance immediate needs with future-focused strategy

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Disruption Is Redefining the Manufacturing Industry

The Trap of the Reactionary Mindset

The current moment often refers to supply chain disruption as the ‘the supply chain gridlock.’ It’s not just small and medium-size businesses that are caught off guard; big and global manufacturers - companies across industrial, automotive, chemical, and energy industries - are scrambling to mitigate the impacts of labor, material, and energy shortages, delays, inflation, and unexpected events.

Indeed, the gridlock is owed to more than the global health pandemic; factors such as climate change, shifting political policies, trade agreements, and sustainability targets are all contributing to risk, uncertainty, and volatility. If the cadence and frequency of disruption tell us anything, it’s that it’s inevitable and it’s not going away.

Brittle supply chains, fragmented systems landscapes, unreliable and inaccurate data, as well as poorly managed IT and business networks are consistently reported as top concerns, which is why executives are increasingly prioritizing digital transformation. Yet, progress is slow, and with each disruption, it seems most businesses are in reactionary mode, starting from square one. The trap of the reactionary mindset is treating a solution as solely a life vest.

A technology strategy must absolutely address short-term concerns, but it should also empower companies to build agility, resiliency, and better sensing, so they can respond more quickly today and even preempt some of these disruptions tomorrow.

Where to Start?

A recent BDO [survey of 100 manufacturing executives](#) on top targets for supply chain improvements found that several concerns, such as customer order cycle time, total delivered cost, performance to plan, new product introductions, and inventory turnover, were all seen as more or less equal priorities.

The “Amazon Effect” and the pressure to deliver OTIF faster, with greater options, and at lower costs has been a challenge for years now, but disruption and surging logistics costs have only compounded efforts. Companies have built networks of material suppliers, LSPs, warehouses, reverse logistics specialists, and carriers to shore up gaps in core competencies and minimize or even eliminate some of the challenges they experience. However, because the predictability and severity of disruptions vary and no one partnership is right under every condition, it’s critical for manufacturers to not only strengthen visibility and collaboration between their current partners but invest in technology that also allows them to quickly and easily onboard new partners, then dynamically partner among a growing ecosystem.

Start Small & Expand With a Supply Chain Orchestration Platform

Manufacturers deal with incredible complexity as they coordinate between multiple tiers and channels in their supply chain. The volatility within the last couple of years has disrupted outbound processes as well as the inbound side, as sourcing needs shift, tariffs impact rates, and effective and cost-efficient transport and execution are perpetually compromised.

A supply chain orchestration platform enables manufacturers to both solve a range of critical, immediate pain points as well as advance their digital maturity over time through more future-focused initiatives. As a holistic and global platform, capabilities encompass the full order lifecycle with embedded visibility and intelligence across inventory management, order management, and transportation management. As such, teams can immediately service and optimize outbound, inbound, and reverse flows. It also means that team can act more preemptively, rather than from a reactionary mindset.



Case Story

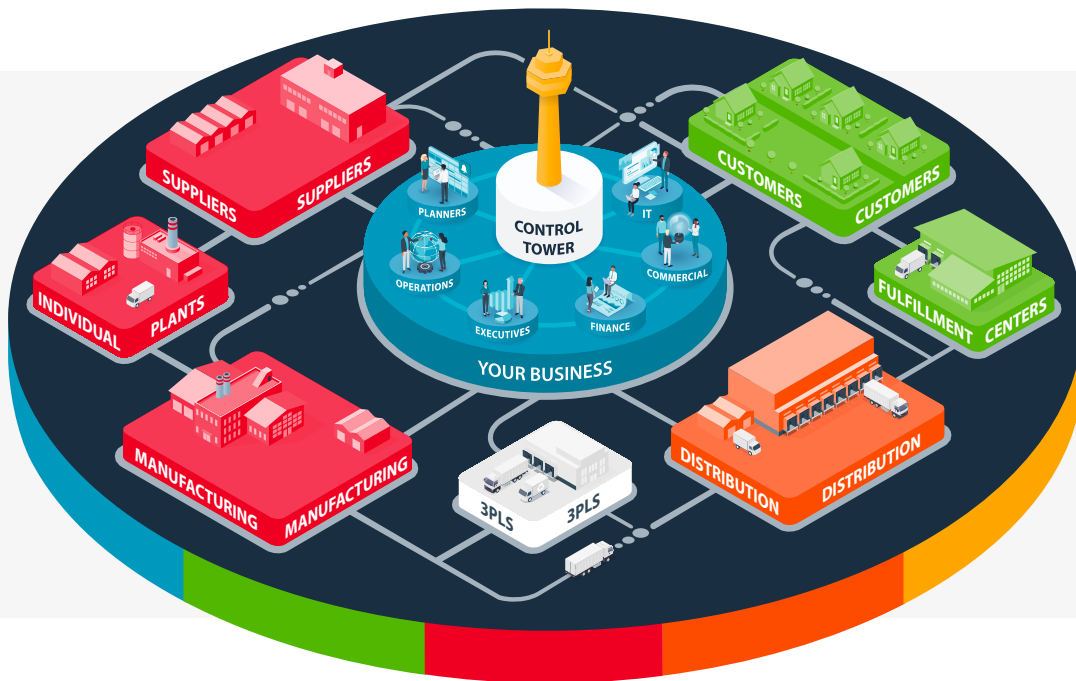
Chemicals Manufacturer Supports Critical Need with Precision & Velocity by Kinaxis

The Challenge

To support global imports and exports for a chemicals manufacturer within a few months. As a multinational organization using multiple systems, planning and executing customer sales orders for export shipments was a daunting task. Customer service, logistics, and production teams were also working with dozens of spreadsheets.

The Power of the Unified Platform

Kinaxis delivered on a systems integration with SAP ECC, ocean booking, customs broker and dray, as well as the customer's own plants and 3PL warehouses, enabling go-live in three months. The platform enabled online end-to-end visibility and tracking by connecting multiple legs across multiple modes, and multiple partners.



The manufacturer leveraged the Kinaxis platform to streamline the flow in 3 key ways:

- Automate the order planning process, incorporating customer-specific rules
- Communicate with all service providers for execution
- Proactively alert users of any issues for timely resolution

The Immediate Challenge:

Mastering Inventory, Cycle Times, and Cost-to-Serve

After decades of a 'just-in-time' inventory approach, current shortages have many businesses hoarding inventory just to keep lines running. High demand, supplier delays, and capacity constraints have also caused manufacturers to struggle with their customer order cycle time as well as cost-effective OTIF delivery.

Supply chain visibility is foundational to any short- or long-term digital transformation, as you can't improve or affect what you can't see. Manufacturers will experience incredible gains in efficiencies, faster cycle times, and cost reduction simply by digitizing and eliminating manual processes. A supply chain orchestration platform quickly and seamlessly connects disparate legacy systems internally and across partners. Centralizing data enables the flow of real-time network information, so teams can stay on top of milestones, provide visibility to customers, and manage exceptions right away, directly in the app.

Smart business rules and automation further improve efficiency, multi-party coordination, cost control, and enable continuous optimization from planning through execution.

Such a foundation provides manufacturers with what they so urgently need today: Real-time inventory visibility across multiple sites and parties, as well as intelligent allocation planning to proactively identify opportunities and constraints and better match supply with demand.

Manufacturers are better able to influence their total delivered cost and offset rising freight expenses through advanced planning capabilities, rate shopping, and dynamic carrier and route selection. Customer order cycle times are improved not only through optimized order planning, but timely, optimized exceptions management as well. Finally, dynamic invoicing capabilities ensure costs are monitored and controlled at every node of the supply chain journey.

Future-Focused Technology Strategy

Trends to Stay Competitive

In the long-term, Kinaxis' flexible platform positions businesses well for product and geographic expansion, strategic partnerships, and innovative collaborations. For instance, the platform recently enabled a customer to build a strategic network inventory management solution. Using Kinaxis Control Tower capabilities, they leveraged the global footprint of warehouses to balance the needs of just-in-time versus safety stock. Over time, manufacturers can begin addressing big-picture goals, whether through configuring new and complex flows, seamlessly onboarding new partners, or adapting machine learning to better control and influence the impacts of disruption. Here are a few other trends that are helping manufacturers improve their brand and better serve their customers:



Machine Learning

Advanced AI and Machine Learning capabilities provide the necessary tools to shift from a reactionary to an agile and proactive approach, as teams sense end-to-end signals and address small issues before they manifest into major problems.



Expanding B2C Markets

Many manufacturers these days are turning their attention to B2C markets. The platform's omni-channel order management capabilities enable businesses to optimize order flows across multiple channels, create a consistent, Amazon-level customer experience.



Sustainability Initiatives

The platform enables teams to optimize order flows against the lowest carbon footprint, as well as monitor and control environmental impact for each and every order.

Agile Problem-Solving, Grounded in Continuous Transformation

The pandemic has revealed the inadequacy of previous digital transformation efforts. Many have begun digitizing but not truly transforming. Uncertain conditions have also created a kind of stop-and-go paradox to digital transformation. Executives realize the urgency to digitize and implement visibility and agility; at the same time, intermittent volatility and uncertainty inspire delay. **The 'wait-and-see' approach assumes that there is a 'perfect' time to invest in technology. Viability is a big concern, but those who are slow to invest may never recover.**

The truth is that the work of digital transformation is never done. Even companies at the highest level of maturity require constant progression forward. As such, the best, most strategic investments are those that will not only fix pain points today but will lay the groundwork for growth to continuously refine agility, flexibility, scalability, and resiliency.

Through agile implementation and a program of quick business releases, manufacturers can first focus on customer-driven initiatives and immediate pain points.

For instance, begin by first defining your minimum valuable product (such as being able to onboard new service providers, or activate B2C flows) and build on that model by incrementally increasing capabilities in each new release (such as improved cost controls, invoicing, and so on). Within a year, it's possible to begin optimizing inventory, tracking cost-to-serve beyond transportation, efficiently managing exceptions and overall improving OTIF delivery and capable-to-promise.

Improved efficiencies free up valuable time and margins to start thinking bigger. To engage in innovative partnerships and collaborations, to compare products across inbound and outbound flows for insight into profitability and customer need, or to leverage all the data you've accrued toward machine learning technology and extrapolate your findings to anticipate future trends and generate a predictive environment.



About Kinaxis

Everyday volatility and uncertainty demand quick action. Kinaxis® delivers the agility to make fast, confident decisions across end-to-end planning and execution. People can plan better, live better and change the world. Trusted by innovative brands, we combine human intelligence with AI and concurrent planning and execution to help companies plan for any future, monitor risks, seize opportunities, and respond at the pace of change. Powered by an extensible, cloud-based platform, Kinaxis delivers industry-proven applications so everyone can know sooner, act faster and remove waste. Don't believe us? Ask us to prove it. Learn more at [Kinaxis.com](https://www.kinaxis.com).



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