



KINAXIS TAKES PRACTICAL APPROACH TO SC PLANNING

ANALYST

Seth Lippincott

THE BOTTOM LINE

At its recent conference, Kinexions 2017, Kinaxis demonstrated how it is helping its customers make fundamental shifts in how they plan and operate their supply chains. Focusing on four core themes – visualize, collaborate, connect, and automate – Kinaxis charted how it helps organizations move along the planning maturity curve toward end-to-end capabilities. Customer examples and presentations demonstrated how they are deriving value by reducing forecast error, increasing visibility of key performance indicators, reducing stock-outs and shortages, and reducing inventory.

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THE CONFERENCE THEMES

At the conference, Kinaxis CEO, John Sicard, opened proceedings by discussing how Kinaxis can help organizations revolutionize their supply planning with RapidResponse. Central to the general session was how organizations are moving from having dispersed data to a single source of truth on the Kinaxis platform, being trapped in functional silos to collaborative communities, and transitioning from cascaded planning to concurrent planning. Some key capabilities Kinaxis demonstrated included:

- **Visibility.** With data pulled into RapidResponse from a myriad of enterprise resource planning (ERP) systems, Kinaxis illustrated how organizations can model their supply chains from end-to-end and see where any issues in their operations exist in real-time. The visibility capability was shown to extend to the use of internet of things (IoT) data captured from shipping containers about

products in transit, alerting users to potential issues and what customers will be impacted.

- **Collaboration.** Mr. Sicard outlined how it seeks to build accountability and responsibility into the user experience of RapidResponse after studying what brings people together in the workplace. When addressing situations, RapidResponse provides an archive of qualitative data surrounding a decision, with conversations surrounded by the context in which they happened.
- **Self-healing supply chain.** During the general session, Kinaxis was refreshingly candid about the difficulty organizations face in determining how technologies like machine learning and artificial intelligence (AI) will drive value. Instead of buying into the hype, Kinaxis is looking to be practical in how it applies these technologies rather than over-promising and under-delivering. Rejecting the term artificial intelligence, Sicard stated that he prefers the concept of automated intelligence, which he envisions as applying an algorithm that continuously monitors performance, analyzes the impact of deviations and adjusts automatically. Kinaxis is looking to develop algorithms with the ability to realize trends in deviations and improve outcomes, realizing more value over time.

Based on the vision outlined by Sicard and other executives in the opening general session of the conference, it is apparent that Kinaxis is looking to deliver continual value to its customers. Rather than making lofty technologic claims and illustrating impractical use cases, the vendor is focused on delivering the foundational elements first. Although it may not have the “wow” factor that some customers want, realizing how far many customers need to go before they can insert automation into their supply chain operations is a pragmatic approach in a market that frequently suffers from overly idealistic promises.

CUSTOMER REACTIONS

There were hundreds of customers and partners in attendance at Kinexions from around the world and across a variety of sectors. Nucleus spoke with a number of customers during the conference to learn about their experiences using RapidResponse and how they’ve been able to achieve value from the solution.

HIGH-TECH COMPANY

A customer in the high-tech industry has been a customer for a number of years after outgrowing its prior solution. Running scenarios on its old tool would take an entire day, which made its usefulness limited. With RapidResponse, the company

can run scenarios in 30 to 40 minutes. Owning a fairly mature supply chain, the company is using RapidResponse to do supply planning, demand planning, and sales and operations planning (S&OP). Operating a low-margin, high-volume industry, the company finds the visibility and control in the solution indispensable.

The customer said: *"We get great value from the solution with the visibility we get. The flexibility and usability of the solution are unprecedented in the market today. For example, we had an issue with demand and we were going to have to burn inventory. Using RapidResponse, we were able to rebalance, finding additional demand, which added \$20 million to our revenue that we otherwise would have missed out on."*

LIFE SCIENCES COMPANY

Another customer, who is in the life sciences sector, uses RapidResponse in managing their supply and inventory. The company has been able to drastically improve its forecasting using rudimentary methods due to the modeling capabilities that allow them to accommodate changing levels of demand. The customer syncs RapidResponse with its ERP system multiple times a day to get the latest information which took many hours to do with its prior system. With the ease of use of RapidResponse, planners are able to address any issues in the supply chain directly without needing to reach out to other stakeholders, as everyone has visibility into why a decision was made and the impact it had on operations.

The customer said: *"Our organization still has some silos that keep our S&OP process from being as comprehensive as we'd like. But we can't imagine running our operations without RapidResponse. We aren't putting out fires constantly, instead, we can quickly see the impact of different scenarios to address any issues that arise."*

MANUFACTURING COMPANY

A third customer had been using RapidResponse for a number of years as it has matured its supply chain processes to achieve end-to-end planning. The company has been in acquisition mode and has needed to integrate data from those new business units, leveraging the capability that RapidResponse is ERP agnostic. The primary value drivers for the company are inventory turns and shortages, which it has consistently reduced month after month.

The customer said: *"Our biggest challenge was getting our master data clean. We've had to work hard at it. But since we've got it done we are able to model our supply chain from end-to-end. The visibility we get from RapidResponse is critical to understanding the status of our bill of materials for each product."*

KINAXIS' STRATEGY

During the opening general session at Kinexions, to the surprise of many, Kinaxis detailed how life sciences has become Kinaxis' largest industry segment as a percentage of revenue. The revelation comes as a result of Kinaxis building out industry-specific functionality to address the needs of its customers. Multiple life sciences customers took the stage to discuss how they had worked with Kinaxis to build capabilities like inventory expiry planning and attribute based planning. Kinaxis' industry-specific capabilities aren't limited to life sciences, with semiconductor companies articulating how they had worked with Kinaxis to develop customer-based sourcing path restrictions. The focus on industry verticals is helping Kinaxis capture market share and deliver additional value to customers.

In addition to addressing specific industries, Kinaxis looks to help companies mature their supply chain management practices. With customers across the spectrum of supply chain sophistication, Kinaxis looks to provide a value delta to an organization's processes, from simple supply planning to complex scenario modeling and end-to-end visibility.

For organizations that lack sophistication in their supply chain, Kinaxis believes that it can provide significant value throughout the initial steps, since moving from essentially no process to even weak processes can transform how supply chain planners are able to address issues and protect against risk.

For companies who have more developed supply chain processes, such as those operating in low-margin, high-volume industries, Kinaxis delivers the computing power to make multiple scenario analysis possible and increase the speed with which planners can realign their operations, often delivering solutions with significant up-sides that would have otherwise been lost value.

As a best-of-breed solution, RapidResponse faces challenges from other vendors with diversified product portfolios that are looking to consolidate customers onto all their solutions from customer relationship management to ERP to supply chain on a single platform. Although end-users may report significant benefits from using RapidResponse, the organizational pressure to standardize on a single platform or with a single vendor end-to-end may override the value the solution delivers. As a result, Kinaxis must demonstrate continual value to fend off calls from management to move to a different solution. If the value customers claim to realize is any indication, then RapidResponse should continue to be an integral part of a company's supply chain management technology ecosystem moving forward.