

# THE SMARTER SUPPLY CHAIN OF THE FUTURE

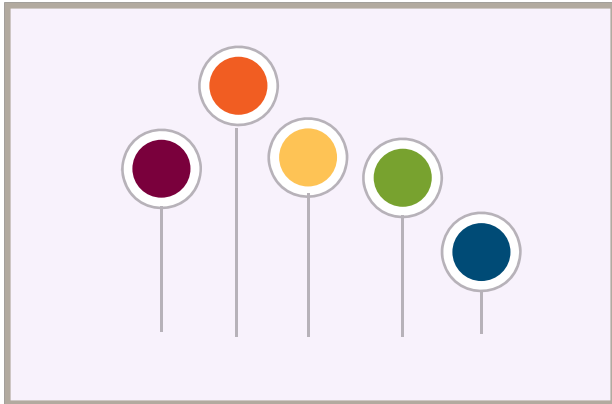
IBM Global Chief Supply Chain Officer Study



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# Summary and overview

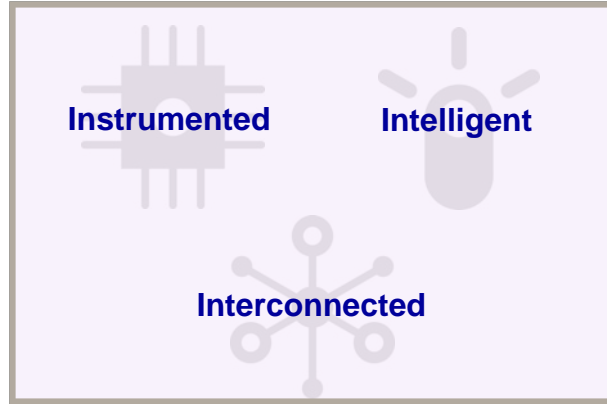
## The Top Five Supply Chain Challenges



### Five trends define the CSCO agenda

According to our extensive study of 400 Supply Chain Executives, we've found imperatives among visibility, customer demands, cost containment, risk, and globalization.

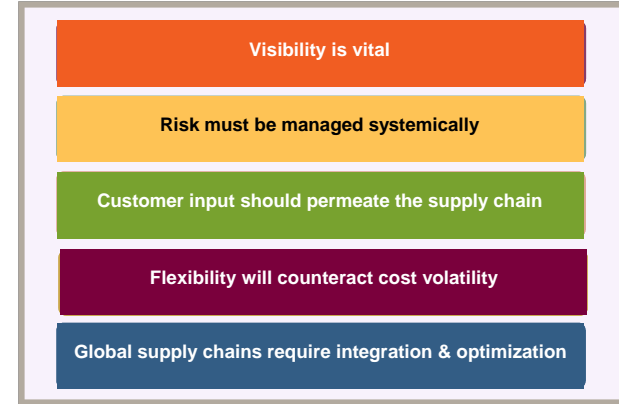
## The Smarter Supply Chain



### Instrumented, Interconnected, & Intelligent

The smarter supply chain has three new characteristics. Firms across the globe are beginning to see the benefits of building a new vision of supply chain excellence.

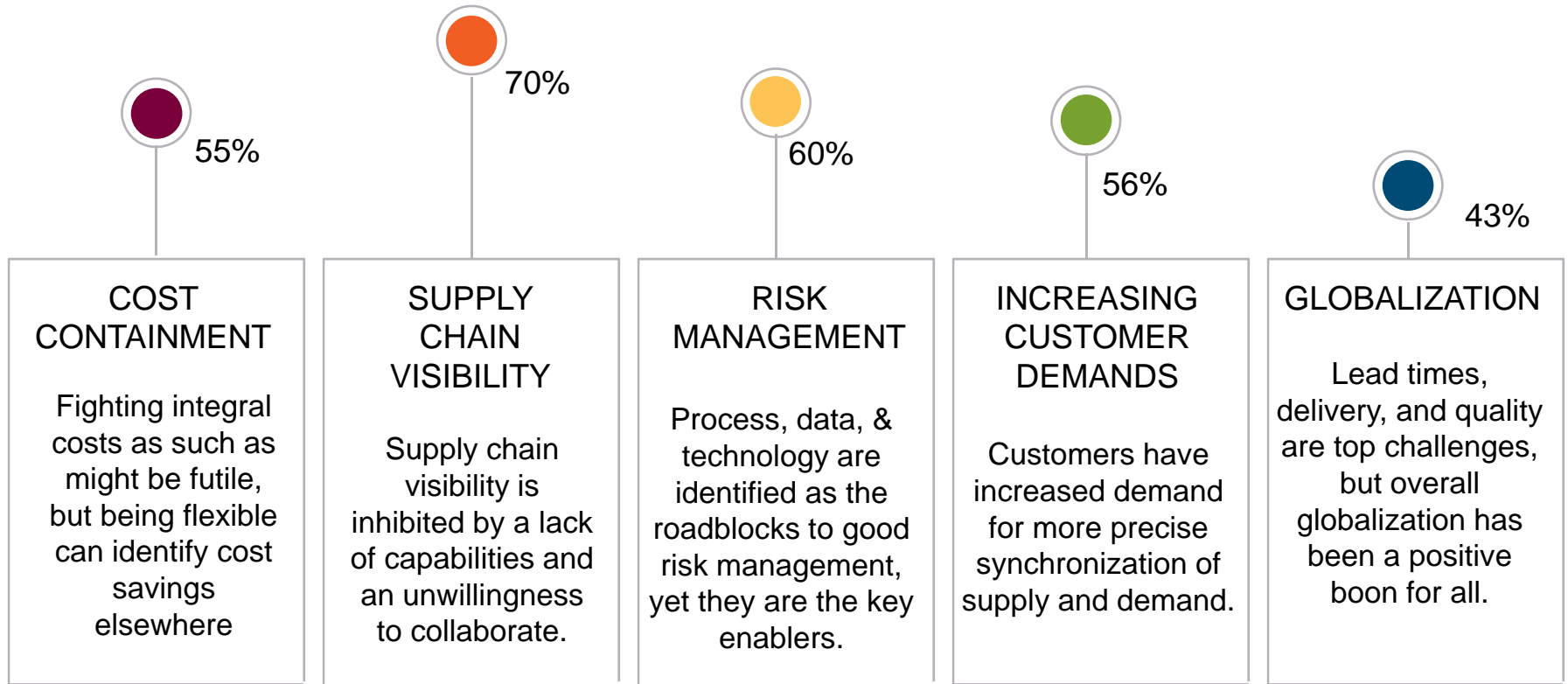
## Building the Supply Chain of the Future



### A new role for the CSCO and a map to the future

Building the supply chain of the future will require the emergence of a new kind of CSCO and a comprehensive set of new capabilities.

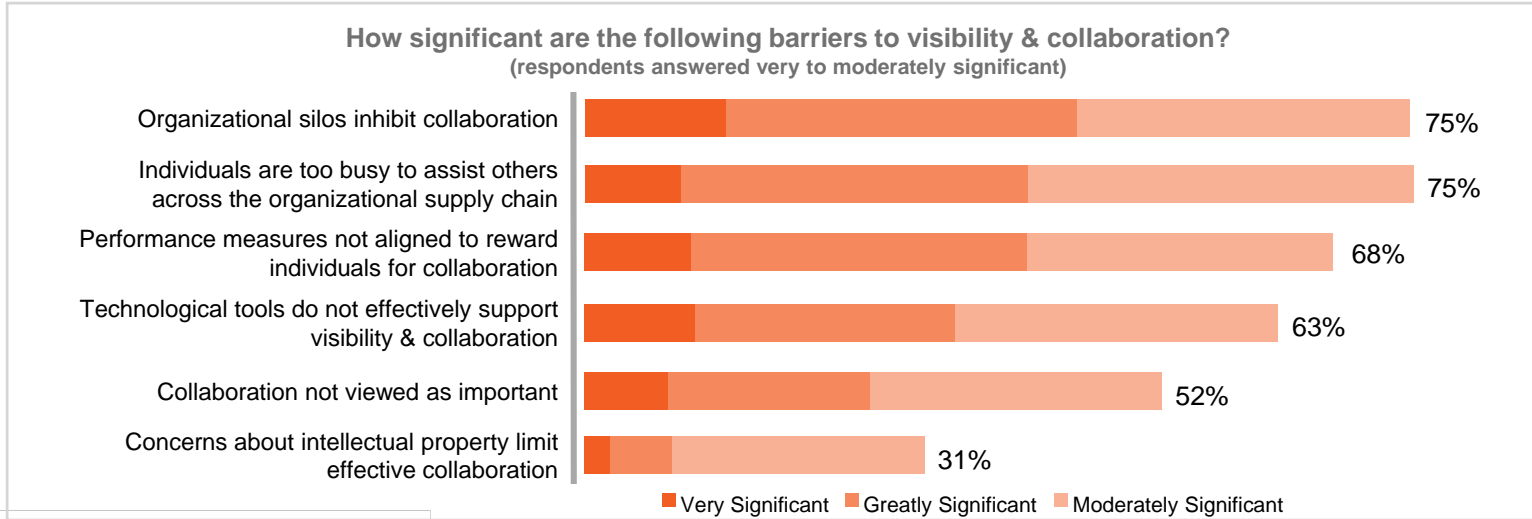
The collective insights from 400 Supply Chain Executives identify five major challenges that comprise the CSCO agenda



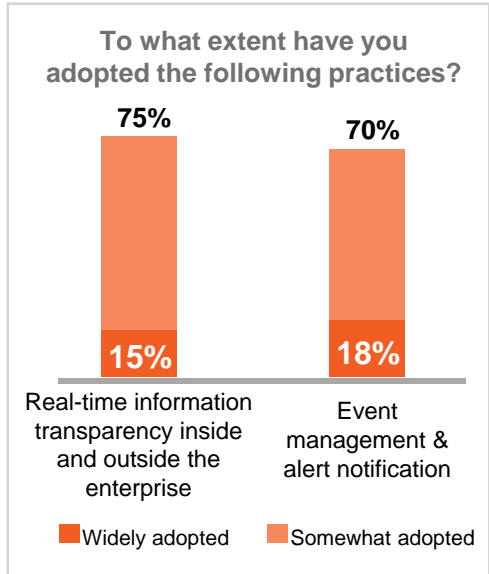
*Based on responses of “to a very great extent” and “to a significant extent”*



# Visibility: Supply chain visibility leads the CSCO's agenda

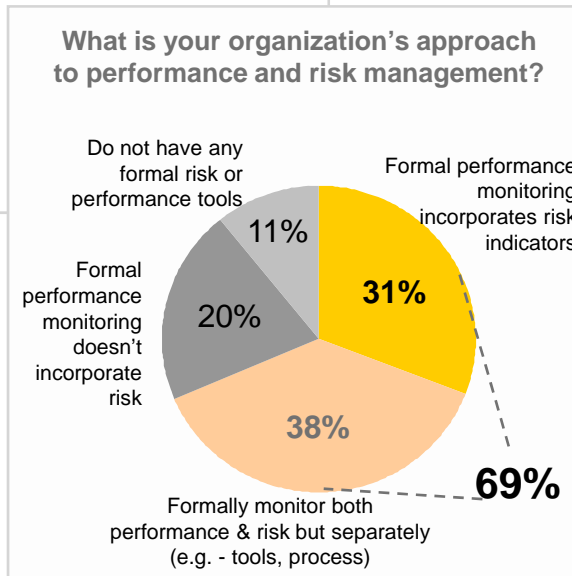


**As #1 Challenge – Why are we NOT integrating & collaborating more to increase visibility?**





**Risk Management:** Managing risks, both operational and financial, is a top concern of supply chain executives world-wide

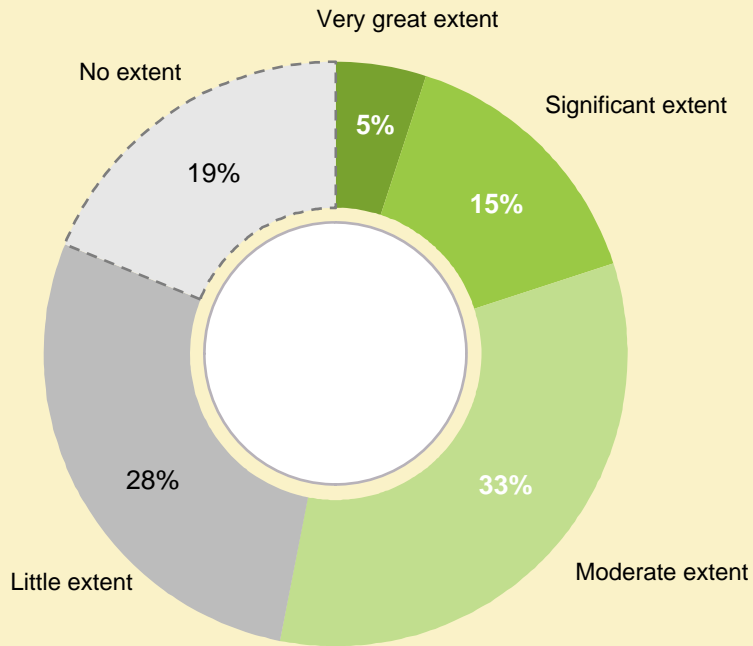


**69% manage risk in some fashion**



**Customer intimacy:** Rising customer demands ranks as the third highest supply chain challenge

Extent of external demand collaboration with customers

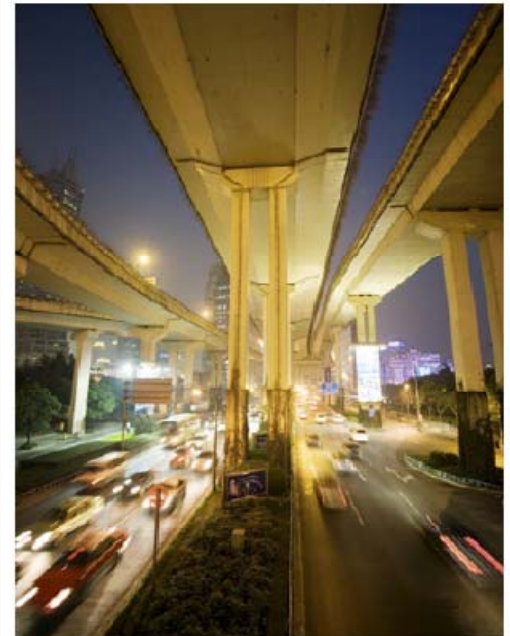


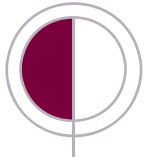
**Almost Half (47%) FAIL to Collaborate with Customers!**

What are the most significant challenges in bringing new products and services to market?

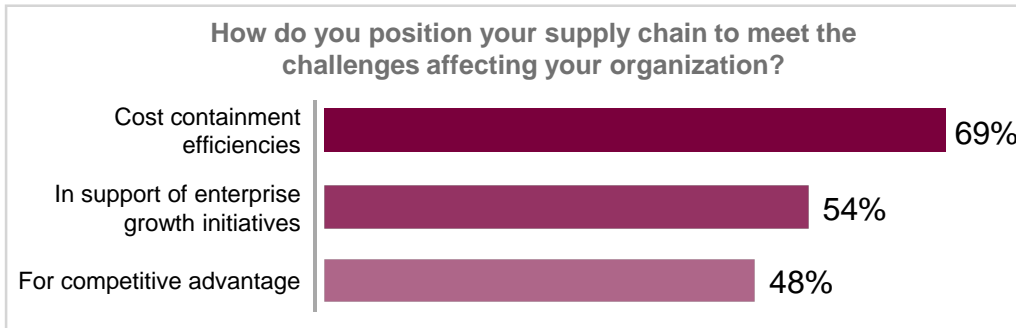
**67%**

Correct identification of customer needs

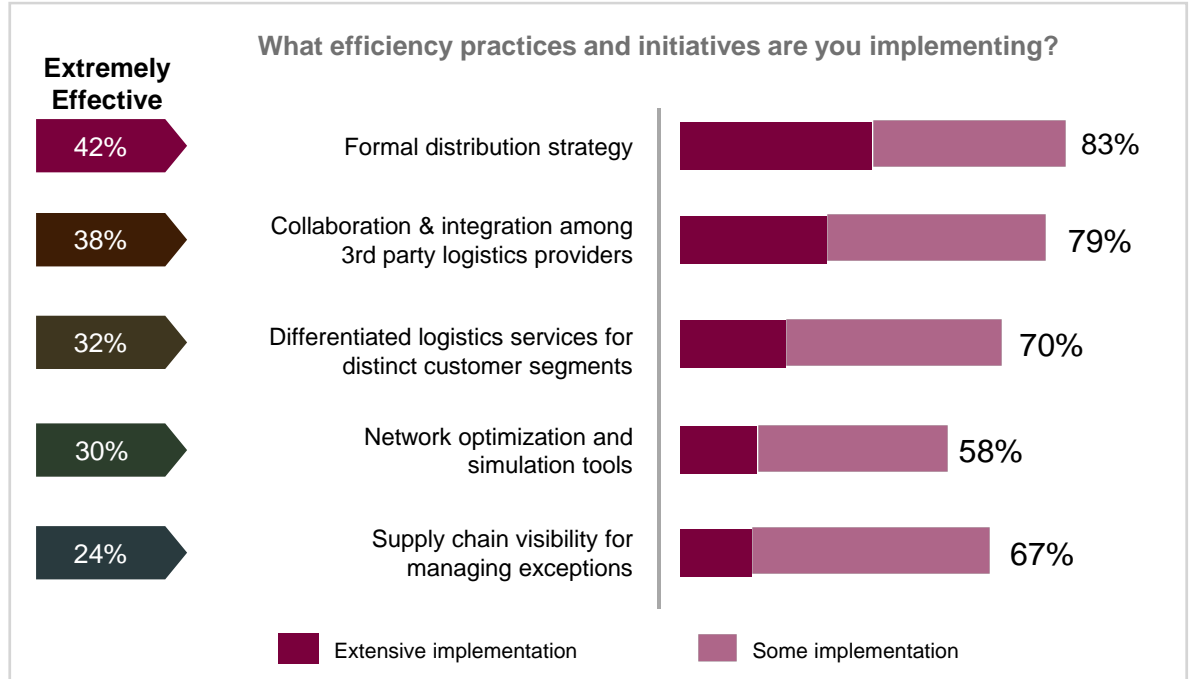




**Cost containment.** Constant cost containment pressures and fluctuating costs require a comprehensive view of the tradeoffs.



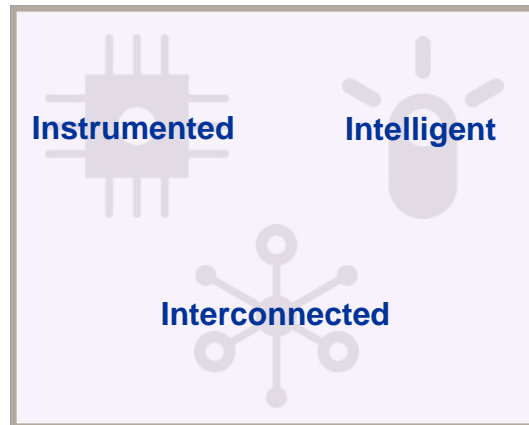
**CSCOs create flexibility to control the cost equation where they can**



# We Must be Smarter



## The Smarter Supply Chain



### **Instrumented, Interconnected, & Intelligent**

The smarter supply chain has three new characteristics. Firms across the globe are beginning to see the benefits of building a new vision of supply chain excellence.

# The Supply Chain of the Future must be SMARTER...It will be Instrumented, Interconnected & Intelligent

## Instrumented

### Automated Transactions & Smart Devices

- Use of sensors, actuators, RFID, & smart devices to **automate transactions**: inventory location, shelf-level replenishment detection, transportation locations & bottlenecks
- Supports **real-time data collection & transparency** from POS to manufacturing to raw material
- **Sense-and-respond** demand/supply signals allow “predict and act”

## Interconnected

### Optimized Flows

- ERP to ERP to ERP **system integration** across the network. Standardized data and processes.
- **Collaborative decision making** through decision support and business intelligence – starting with the customer
- **C-Suite risk management programs** for integrated financial controls with operational performance – monitored and measured

## Intelligent

### Networked Planning, Execution & Decision Analysis

- **Simulation models to evaluate trade-offs** of cost, time, quality, service and carbon and other criteria
- Probability-based risk assessment & **predictive analysis**
- Networked planning/execution with **optimized** forecasts & decision support



# The Smarter Supply Chain of the Future