How Must You Adapt Your Supply Chain?

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(IW – IDC Manufacturing Insights: 4-20-16) Manufacturing supply chains are experiencing levels of change heretofore unprecedented in their history. Significant shifts in consumer preferences and behaviors, along with the emergence of a whole new set of enabling technologies, are conspiring to create both massive opportunities and equally massive challenges for the traditional supply chain.

It comes as no surprise, then, that supply chains are transforming themselves to meet these opportunities and challenges. It is a journey, of course, with some manufacturers further ahead than others. The key points and areas of discussion in this white paper are:

• The most compelling opportunity, the one driving the most change, is that of "customer centricity" and the transforming role of the consumer. Most manufacturing supply chains have been designed for the mass market reseller, moving full pallets on full trucks, and have operated as such throughout much of their history. Yet these businesses are now facing the challenge of smaller cases or even units, LTL or parcel shipments, and high levels of customization — all things that the current supply chain is poorly equipped to manage.

• The future of the supply chain is one of an outwardly networked and collaborative organization that fully integrates supply chain with design, manufacturing, and asset management into an "extended" supply chain that is able to respond quickly and accurately to a broad set of customers and consumers as well as their evolving requirements and expectations.

• The evolution from a "traditional" supply chain to an "extended" supply chain is not something that can happen overnight. At IDC Manufacturing Insights, we would suggest that it's a journey (one that many companies have begun and that others have yet to begin), but it's a necessary journey if the supply chain is going to effectively meet its role in the modern, digitalized business environment. The

challenges are not small, including the key question of how to best integrate internal domains with the external world of demand, supply, and innovation. But, equally, the benefits are not small.

• Technology is a key enabler, specifically the presence of cloud-based business-to-business (B2B) platforms. Cloud is perhaps most germane to this discussion of the networked supply chain, though mobility, social business, and analytics have a role to play in terms of not just consuming/disseminating data and information but also turning data and information into timely insight.

• We see data generation from any source, both internal and external to the manufacturer, comprehensive and fast analysis, and then ubiquitous consumption (initially with on-premise access as significant but declining over time). If we think of the broader networks, they simply won't work efficiently and effectively without this "information loop."