

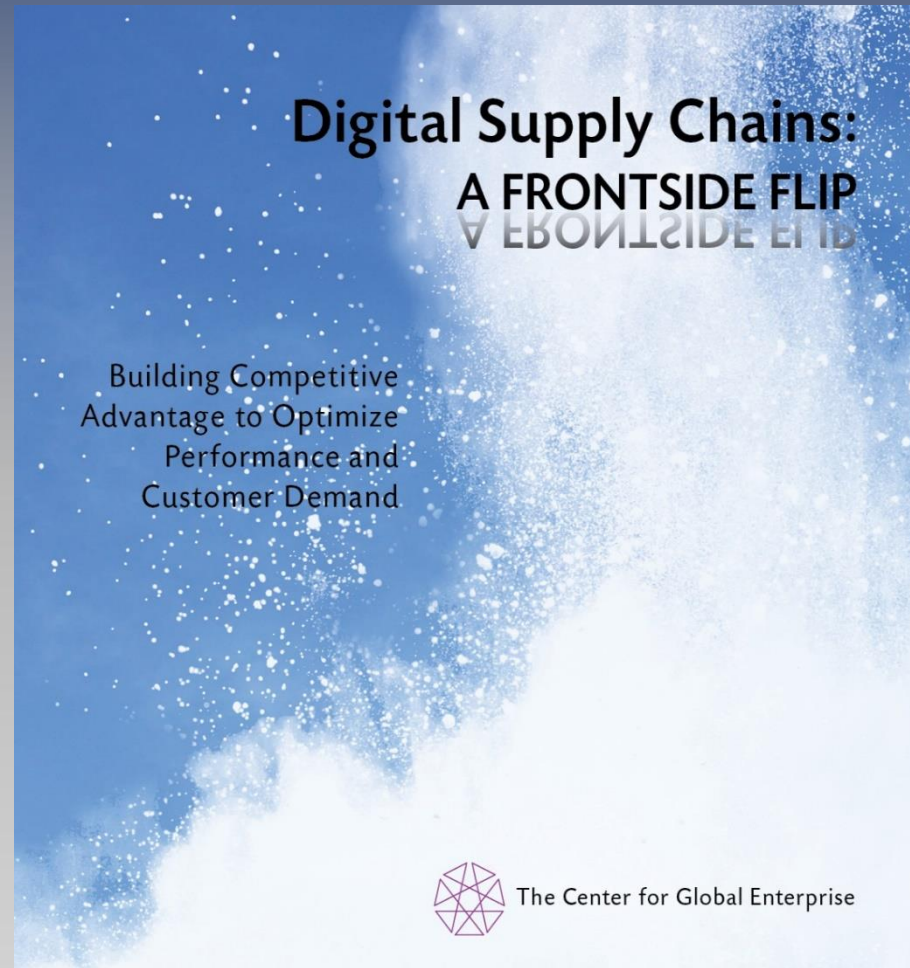
Digital Supply Chains: Accelerating Global Innovation

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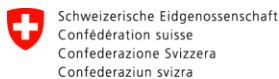


Digital Supply Chains: “A *Frontside Flip*”



The Global Digital Supply Chain Community

“Representing over \$1 Trillion USD in Revenue and over 3 Million Employees”

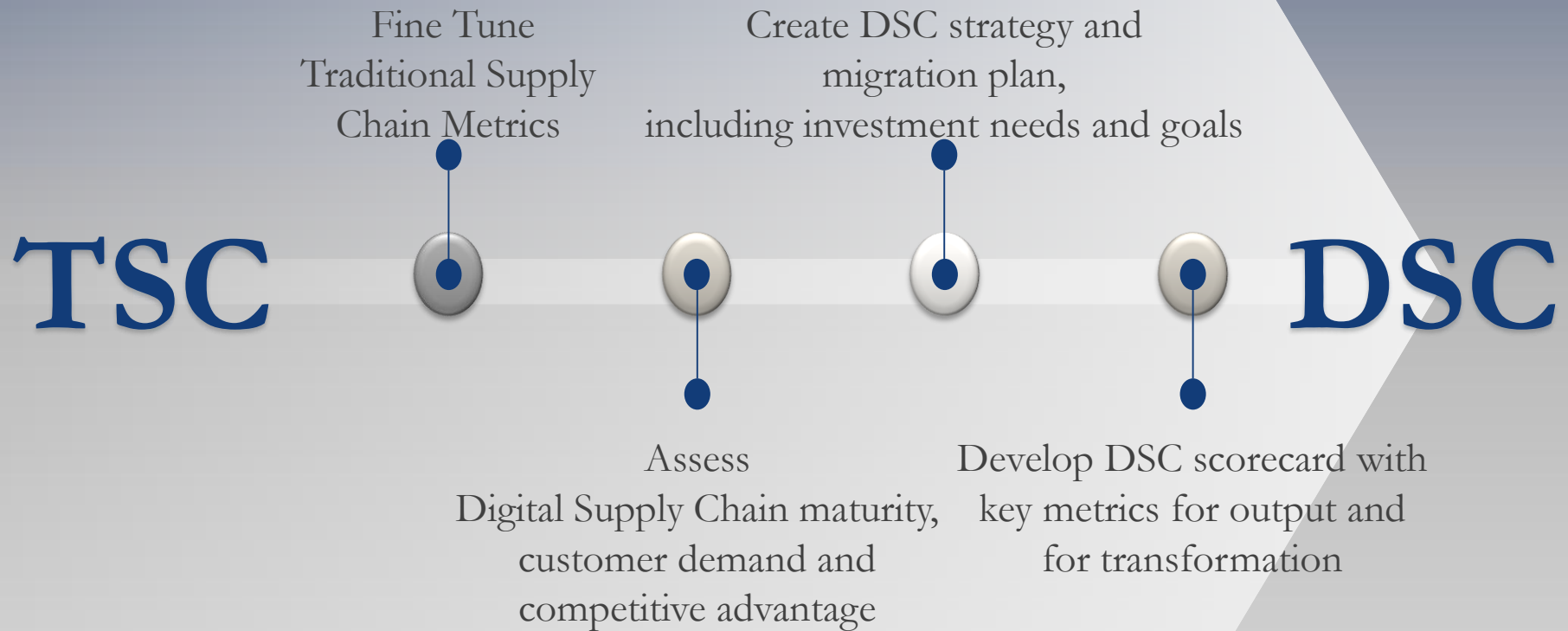


The Core Process

- Digital Supply Chains will transform companies
- NEW focus on the “demand stack” with 10% revenue growth possible
 - Revenue generation and growth
 - “Frontside flip” analogy captures essence of change
- Up to 20% cost down in procurement costs
- Research content supported by quotes from 24 companies that operate global supply chains
- Great interest in DSCI in recent months
 - Media
 - Website

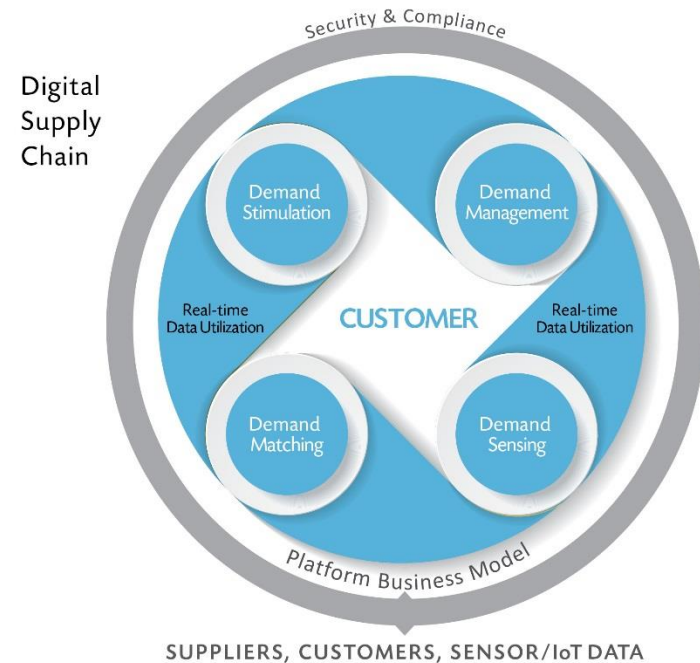


The Traditional Supply Chain



Digital Supply Chain Defined

A Digital Supply Chain (DSC) is a customer-centric platform model that captures and maximizes utilization of real-time data coming from a variety of sources. It enables demand stimulation, matching, sensing, and management to optimize performance and minimize risk.



CEO Mandate: Executing the Digital Supply Chain Framework

- Managing Demand
- Managing People
- Managing Technology
- Managing Risk

DSC Execution Framework



Roadmap for DSC Change

Demand

- Capture Data
- Determine Demand
- Metrics

People

- Organizational Boundaries
- Skills/Leadership
- Metrics

Technology

- Current Technology
- Compatibility with New Tech.
- Metrics

Risk

- DSC Reduces Risk
- Protection
- Increasing Cyber Threats
- Metrics



Transforming to a DSC

Traditional Supply Chain Metrics

Categories & Example Metrics

Revenue Increase

- Perfect Order Performance
- Forecast Accuracy

Reduction of Supply Chain Costs

- Supply Chain Management Costs
 - Transportation Cost
 - Warehousing/Distribution Center Operating Cost
 - Customer Service Operating Cost
 - Direct Purchasing Operating Cost
 - Inventory Holding Cost
 - Manufacturing Operating Cost

Working capital Reduction

- Cash-to-Cash Cycle Time, in days
 - Ship to Customer Delivery
 - Days Payables Outstanding (DPO)
 - Inventory Days
 - Days Sales Outstanding (DSO)

Fixed Capital Reduction

- Future CapEx Spend Avoidance
 - Enhanced Asset Utilization
 - Distribution Centers – Transportation Network Strategies
 - Higher Yield in Manufacturing Processes

Risk

- Supplier Quality
- Risk Managed and Transparent Value Chain Partners
- IP Protection

Digital Supply Chain Transformation Pathways

Process Maturity

Level 1 – 2 – 3 (3 = most mature)



Digital Supply Chain Metrics

Essential Metrics Example

Demand

- Percentage Growth in Demand due to DSC
- Revenue Increase from Digital Supply Chain Actions
- Percentage of Perfect Orders from Automation
- Number of Days Latency in Demand Shaping/Management

People

- Total DSC People Cost
- Revenue Size of New Business Models Created
- Total FTEs of Data Scientists/Stewards
- Percentage Increase in Nerds/Snipers

Technology

- Total DSC Technology Spend
- Percentage of Business Direct Channel
- Percentage of Business Facilitated by 3D/Driverless Cars
- Percentage of Manual Transaction

Risk

- Percentage reduction in value of counterfeit goods
- Reduction in losses by using predictive analytics
- Additional dollar value generated from excelling at addressing a specific risk area
- Time span between publication/creation/availability of critical risk-related data and its inclusion in the risk assessment

Traditional Metrics (as needed)

