

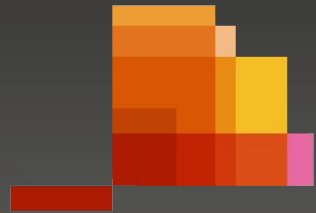
MODERN SUPPLY CHAINS

the vision of consulting companies

Bondareva E.

“Supply Chain and Risk Management”

- PricewaterhouseCoopers
- Four levels of supply chain maturity



pwc

Level 1: Reactive supply chain management

- Low degree of integration and little coordination between suppliers and partners
- Minimal coordination between product design and supplier operations
- Little visibility into source of supply chain risk
- Unbalanced inventory leading to poor customer service

Level 2: Internal supply chain integration with planned buffers

- Align performance objectives and information across internal departments
- Some visibility into emerging changes and patterns outside of the company
- Changing demand patterns influence product design
- Integration of internal risk management processes

Level 3: Collaboration across extended supply chain network

- Extensive data and information sharing produces high visibility
- Integration of product design and inventory management across all supply chain partners
- Visibility outside of the organization is exploited to predict change and variability
- Monitor supply chain resilience levels and business continuity plan preparation

Level 4: Dynamic supply chain adaptation and flexibility

- Align KPIs across the entire ecosystem
- Full flexibility to identify and respond to emerging value chain patterns
- Real-time monitoring and data analytics
- Quick responses shortens product, network, and process lead times
- Segmented risk strategies based on supplier profiles and market-product combination characteristics

LS Industry

Stage 4

Stage 1

Stage 2

Stage 3

Functionally Focused

- Silo based decision making
- Lack of systemic capabilities
- Inability to build on learning's
- Fire Fighting

Efficiency and Cost Focused

- Focus on scale and efficiency
- Separate Implementation of Projects
- Cost and Risk controls

Demand Driven

- Market & Supply Chain Alignment
- Structured Integration within core functions
- Collaborative Functional trade-offs
- Developing demand aware supply chains

Value Driven

- Internal and External network trade-off's
- Profitable Supply/demand synchronization
- MPM & Analytics seen as core competencies

Internal Visibility → Connectivity → External SC Visibility

“Building the supply chain of the future”

McKinsey&Company

- **Many global supply chains** are not equipped to cope with the world we are entering.
- Jim Owens, the former chairman and CEO of construction-equipment maker Caterpillar: *“the competitor that’s best at managing the supply chain is probably going to be the most successful competitor over time. It’s a condition of success”*



Challenges and solutions


More uncertain world

Rising complexity



Splintering traditional monolithic supply chains into smaller and more flexible ones

Treating supply chains as dynamic hedges



Instrumented



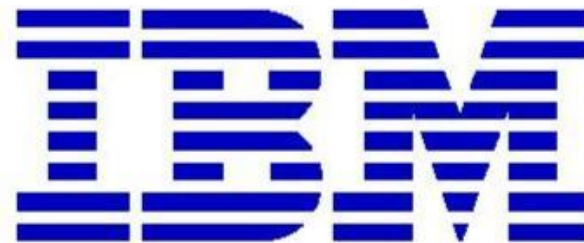
Interconnected



Intelligent

The smarter supply chain of the future

- Smarter cost containment
- Smarter visibility
- Smarter risk management
- Smarter customer interaction
- Smarter global integration



IBM