Capgemini

Build a data-driven supply chain

Wealth of data built on digital technologies creates more resiliency

The pandemic exposed many issues with supply chains. Some companies were prepared for these shocks, based on previous experiences, but many were not. And because uncertainties and disruptions will always happen, companies need to mitigate risks now by building more resilient and agile supply chains using end-to-end visibility and dynamic operations.

The advantages of doing this work now are demonstrated by the companies which today are data-savvy, capitalize on the power of data and algorithms, and have in place modern and responsive supply chains. They are better able to understand supplier-related risks, respond to changing consumer demands, and reconfigure supply networks and rapidly optimize inventory placement.

Data is the currency of the global supply chain

Consumer habits and behavior have changed forever, as have products and services needs. When the pace of change accelerates, responses based on traditional intuition are no longer reliable.

A data-driven approach can mitigate current risks, ensure a quick rebound to changes, and build resilience against future shocks. Imagine a customer-centric, responsive, agile, and data-driven supply chain smart enough to predict or anticipate customer wishes and sense changes in supply and demand to respond rapidly to unplanned events.

The traditional model of delivering large volumes of the same product to retailers and distributors is becoming a thing of the past. In today's phygital world, modern consumers demand personalized products, flexible purchase channels, instantaneous delivery, and incredible price points. Rigid, linear, and intuition-driven supply-chain operations must transform into agile, nimble, responsive, and data-driven supply networks that blend multiple channels to serve customers wherever they are, whenever they need it.

Leveraging data to navigate disruptions

Much of this depends on the availability of high-quality real-time data from myriad internal and external sources. The amount of data a retailer or consumer-products company can store and analyze is virtually limitless. Significant advancements in the worlds of artificial intelligence, machine learning, IoT, computer vision, and geo-spatial are opening up a new set of opportunities for advanced analytics. But it's not just volume; data has gained tremendous richness and diversity.

Supply-chain operations must evolve from an execution-driven organization focused on optimizing scarce resources towards a business-shaping strategic operation at the heart of the company's operations.

The Capgemini Research Institute recently looked at *The great supply chain shock* and focused on immediate and short-term actions, such as building visibility into the operations, assessing vulnerabilities of suppliers and logistics partners, and strengthening cash-flow management. It also advises re-assessing customer demand, improving forecasts, and aligning operations accordingly.

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Building supply-chain resilience with data

The pandemic exposed the vulnerabilities of the globally inter-connected supply chain. There are valuable lessons from this experience that will build resilience in supply chains. The technological advancements and growing data richness can help manage issues effectively. Technology-led business models will continue to evolve and play a vital role in redefining the global supply chains of tomorrow.

The disruption can serve as the catalyst to accelerate the adoption of data-driven strategies and algorithmic intervention based on real-time data to effectively manage supply-chain operations. It can also shorten the design-to-shelf cycle, improve product availability, and speed up last-mile delivery, leading to greater customer satisfaction and cost efficiencies.

While navigating the complex and volatile demand and supply scenario, retail and consumer-product companies need to focus on future-forward strategies and should accelerate digital transformation towards building a scalable, agile, and responsive supply chain that will embrace customer-centricity at its core. An intelligent end-to-end interconnected customer-centric supply chain built on data will create opportunities for exponential business growth and incredible operating efficiencies.

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