Reinventing supply chains with digital platforms

By Vukani Mngxati
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It is time for the many pockets of digital progress to give way to digital transformation. Approximately three in five Chief Supply Chain Officers (CSCOs) are not only investing in digital solutions but already scaling them - and surprisingly doing so rapidly enough to surpass other business functions.

Our experience with large companies around the globe shows a gap the C-suite needs to bridge. Many are scaling digital in pockets, and have been particularly good at this, but without more collaboration and planning across their companies and ecosystem partners, their success will be limited.
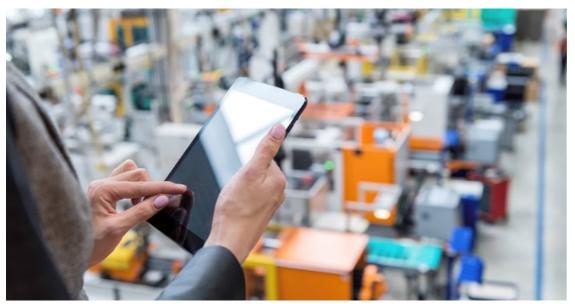

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CEOs are interested in actionable, real-time insights that fuel customer centricity and growth. Our latest study titled *Digital Platform – Springboard for growth* shows why CSCOs need to therefore move beyond scaling pockets of digital progress, and team up with their peers across the organisation in a coordinated effort in order to become the data-driven company that fuels growth.

Within supply chain and operations leaders, those who deploy digital services platforms – analysing 360-degree data in real-time – enjoy a 27% return on digital investment, compared to 21.8% for those who don't.

The executives that have digital platforms are bullish on the future, stating in our study that they expect to secure a 37% return in the near future, versus 28% for those who don't deploy such a platform. A digital platform is fast becoming the cost of entry and a requirement to compete effectively in the market.

Data, enabling a digital enterprise

The right data infrastructure is central to any digital platform. However, data infrastructure cannot be built successfully through disparate initiatives that only manage to generate pockets of progress. Organisations should rather use a digital platform to combine data from multiple sources, generating new insights that enable them to have a composite understanding of customers and their operations.

Simply put, an overall data strategy and integrated digital platform ensures all areas of an organisation are singing from the same songbook. They lay the groundwork for collaboration, inside and outside the company, that fuels growth and operational efficiency.

CSCOs must help drive the development of data strategy and platforms to ensure their needs are met in a way that helps them best serve customers. This should be done in partnership with their Chief Technology Officer (CTO) or Chief Digital Officer (CDO) to get to a truly comprehensive and integrated solution that meets the needs of the entire enterprise. Beyond partnering internally, partnering via external ecosystems has become a competitive advantage.

To make things easier, digitally decoupling for better partnering integration across the supply chain becomes essential. For a platform-based ecosystem to work, businesses must rebuild their architecture, creating a lightweight version built on microservices and the cloud. A modern digital platform is a key component of this strategy.

No platform solution does it all

The digital platform fit for a truly modern supply chain is far more than the Enterprise Resource Planning (ERP) platforms of the past. The foundation is a cloud-based infrastructure that houses core enterprise functions, but is also continuously evolving to enable new capabilities. With a platform like this, the mechanism for building relationships with suppliers and other ecosystem partners is built in via Application Programming Interfaces (APIs).

These platforms need to be able to "plug and play" evolving solutions in the market, versus everything being in a single platform solution. As organisations increasingly harvest data intelligence via algorithms and analytics, a modern digital platform is capable of hosting these algorithms, making them part of the overall business logic.

Currently, no one platform solution does it all. Companies need to design their data strategy and cognitive platform strategy, and then combine it with a services application stack. All these feed into a dynamic architecture that shifts as business needs shift. At present, architectures are difficult and expensive to alter, which means moving in real time to match the pace of innovation is impossible. An agile business and supply chain requires the opposite to unlock real value.

Blend business and technology

Supply chain is one of the largest and most complex set of business process areas in a company, and C-suites can no longer think about business processes without thinking about technology. CSCOs need to align with CTOs and CDOs and can do this effectively by implementing three steps:

1. Converge business processes and technology through a redesigned operating model.

2. Define the architecture that will enable this operating model.

3. Develop the roadmap, creating a series of stepping stones to the vision.

When this larger strategic approach is done, then CSCOs can drill down further to define their functional capability

requirements. A roadmap should provide a list of capabilities CSCOs will need to put in place to evolve their supply chain. This roadman will continuously evolve. It is a living document, as it incorporates new business needs and innovation.

As your teams work toward these capabilities, be sure they are "plug-in" ready and can easily integrate with each other. Individual capabilities cannot each have their own application stack; they all need to be able to play nicely together. That's what true business convergence requires.

Leading CSCOs should be applauded for taking the initiative to move digital forward. But to become growth players, they need to take a step back to coordinate that movement into a broader strategic plan that spans functions. This is the wiser, more sustainable long-term approach. CSCOs will not only be known for efficiency, but also for driving growth and reinvention.

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