



SUPPLY CHAIN

DIGITAL TRANSFORMATION

GUIDE 2022



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1 CAPABILITIES OF A DIGITAL-FIRST SUPPLY CHAIN

The goal of the digital supply chain (SC) is integration and visibility to every aspect of the movement of goods/services

Digital supply chains have transparency, communication, collaboration, flexibility and responsiveness



Eight capabilities of a digital-first supply chain

End-to-end integration of SC

- Standardized processes that are aligned across all businesses
- Unified software for procurement (S2P) for end-to-end visibility — enables information sharing across the supply chain network
- Centralized sourcing and category planning (for indirect category)
- Company-wide alignment on KPIs and savings tracker

Segmented supply chain

- Operating distinctly different end-to-end value chains from customers to suppliers
- Supply chain segmentation strategy optimizes specific processes for different needs

1 CAPABILITIES OF A DIGITAL-FIRST SUPPLY CHAIN

Real-time data visibility & analytics

- Real-time information across supply chain enabling communication and, hence, response to changes, avoiding disruptions
- Comprehensive supplier database available company-wide aggregating spend, classification, certification and performance
- Total cost analysis to assist in making an informed purchase decision to select the most valuable supplier

Becoming a proactive instead of reactive organization

- End user is able to address shifts in supply/demand before it becomes critical
- SC optimization by leveraging real-time data analysis for forward-looking insights
- Able to actively monitor market conditions
- Risk management — assessing the supply chain as a whole, identifying the risks and proving mitigations

Agility

- Automated system for P2P that reduces manual error and increases accuracy (e.g., buyer assignment, role changes, approval process). Enables faster incident management and issue resolution, hence a faster reaction time
- Cloud-based platforms for E2E software offer organizations scalability, speed and flexibility required for achieving SC agility
- Centrally hosted RFX, contracts, spend data to reduce resource dependency and data loss risk

1 CAPABILITIES OF A DIGITAL-FIRST SUPPLY CHAIN

Increase compliance, reduced risks

- Supplier risk management by identifying, assessing and mitigating the risk of supply chain disruption caused by suppliers
- Central repository of supplier performance and KPIs
- Database of supplier issue logs
- Improved warranty claims through automated payout formula & fact pack

Streamlined Technology Landscape

- Digital strategy is establishing a vision for how digital applications can improve service, reduce costs and improve agility and inventory levels to drive operational excellence
- Lean application environment slowly phasing out legacy solutions
- Integrated S2C portal with automated workflows to reduce manual effort
- S2C integrated with local ERPs through EPDP enabling data flow/sync

Standardization

- Standardized, customized RFx and contract templates centrally available within the organization
- Standardized should-cost templates, supplier forms
- Standardized metrics for supplier evaluation.

2 WHY A DIGITAL-FIRST SUPPLY CHAIN?

Digital transformation is key to building a resilient supply chain

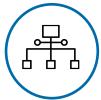
Digital supply chains are automated, providing better visibility, which improves decision-making capabilities, transparency and collaboration



Key benefits:

- **Streamlined communication and data-sharing to make better real-time decisions on one platform**
- **Increased efficiency:**
 - Transparency — Improved compliance, reduced risk
 - Communication — Central repository of supplier performance and issue log for enterprise-wide supply risk tracking
 - Collaboration — Upstream supplier risk assessment and validation vis-à-vis third-party credit ratings to mitigate supply risk
 - Flexibility — The ability to have several options at hand to be able to adjust production levels, raw-material purchases and transport capacity
 - Responsiveness — Faster and more accurate warranty claims through automated payout formula
- **Ability to access and analyze data in a single source of truth at any time, overcoming traditional operations excellence programs' dependence on getting the right data, from multiple data streams and multiple platforms, into the hands of the right people who know how to work**
- **Ability to focus on more strategic tasks and automate repeatable/monotonous activities**

3 DIGITAL SUPPLY CHAIN COMPONENTS



Why is **real-time data visibility and access** important?

- Improved visibility, control, and seamless data flows through end-to-end central SRC portal
- Searchable comprehensive company-wide supplier database aggregating spend classification, certification and performance
- Contract meta data analytics for opportunity identification and planning
- Total cost of supply approach for savings and award determination
- Improved pricing and sales forecasting
- The ability to monitor vendor/supplier performance



Takeaway: Considerations for your digital transformation journey

- Maturity of the organization
- Scale of the organization
- Adoption speed in the organization
- Clear roadmap to define milestones and processes

3 DIGITAL SUPPLY CHAIN COMPONENTS



Why are **proactive/predictive analytics** important?

- Ability to drive data analysis for forward-looking insights
- Actively monitored market conditions for proactive cost planning
- Ongoing supplier performance tracking with real-time inputs to S2C workstreams
- RFX record trends analysis to information category strategy, should-costing and savings tracking



Takeaway: Considerations for your digital transformation journey

- Considerations when deploying supply chain control tower:
 - Data quality, practical and actionable outputs (ensure data is understandable and applicable to common problems), mindset for change management (resistance)
- Considerations when using should-cost analysis:
 - Credible data for all cost types (direct, indirect, intangible, alternative), potential risk and impacts in changes caused by market conditions, project benefits should outweigh costs

3 DIGITAL SUPPLY CHAIN COMPONENTS



Why is **built-in agility** important?

- Reduces resource dependency and data loss risk
- Seamless technology integration — provide information across all stages of the buying process, improve visibility over S2P
- Improves spend analysis; synergy-based savings
- Better supplier management
- Diversified supplier base — hence, minimized risks
- Improves compliance and control
- Ease of use with friendly user interface leads to increased adoption rate throughout entire organization



Takeaways: Considerations for your digital transformation journey

- Financial impacts
- Technical impacts (system selection/customization, choice of partner, deployment plan, data quality)
- Change management strategy (team selection, governance, processes)

3 DIGITAL SUPPLY CHAIN COMPONENTS



Why is **automated workflow orchestration** important?

- Defined standard processes
- Single source of truth
- MDM process tailored for recurring vs. one time; global vs. regional
- SRM approach customized as per supplier impact to business
- Enterprise-wide integrated standardized process
- Differentiated process
- Reduced labor costs



Takeaways: Considerations for your digital transformation journey

- Establish clear roles and responsibilities
- Prepare a comprehensive change management strategy
- Standardized processes leverage customized forms, which allows organizations to capture information from end users
- Effective and efficient delegation of authority policy

3 DIGITAL SUPPLY CHAIN COMPONENTS



Why is **collaboration across the value chain** important?

- Resilience and agility
- Increased responsiveness to customer needs
- Ability to drive business growth
- Improved orchestration
- Operational efficiencies
- Enhanced forecast accuracy



Takeaways: Considerations for your digital transformation journey

- Whatever solution is implemented, it needs to bring value — if you're unable to financially justify a solution, it's unlikely to be successful

4 GEP: YOUR PARTNER

Digital Planning, S&OP, S&OE

We leverage a cross-functional, recurring mechanism that enables businesses to translate corporate strategy into a tactical, executable plan.

GEP Key Differentiators

- Comprehensive business architecture catalog to enable IBP
- Tailored analytic tools (e.g., inventory, forecasting, dashboards) to execute IBP

- GEP NEXXE™ digital integration platform to enable processes
- Rapid, agile sprints used to deploy tailored packages to quickly stand-up the program

GEP Perspective

- Align all cross-functional strategic, tactical, and operational activities to **link corporate strategy with execution**
- Leverage an **agile-based** Crawl-Stand-Walk-Run methodology
- Use digital tools to **synchronize data sets**: sales forecast, operations forecast and financial plan / budget
- Deploy tailored solutions** using GEP's business architecture to enable Integrated Business Planning (IBP)

Typical Benefits

- Higher **earnings accuracy**
- Increased **order fill rates and lead times**
- Improved **forecast accuracy**
- Competitive strategy executed** at all operational levels
- Decreased **active inventory**
- Reduced **“Cost of Chaos”**



GEP delivers transformative supply chain solutions that help global enterprises become more agile and resilient, operate more efficiently and effectively, gain competitive advantage, boost profitability and increase shareholder value.

Fresh thinking, innovative products, unrivaled domain expertise, smart, passionate people — this is how GEP SOFTWARE™, GEP STRATEGY™ and GEP MANAGED SERVICES™ together deliver supply chain solutions of unprecedented scale, power and effectiveness. Our customers are the world's best companies, including hundreds of Fortune 500 and Global 2000 industry leaders who rely on GEP to meet ambitious strategic, financial and operational goals.

A leader in multiple Gartner Magic Quadrants, GEP's cloud-native software and digital business platforms consistently win awards and recognition from industry analysts, research firms and media outlets, including Gartner, Forrester, IDC and Spend Matters. GEP is also regularly ranked a top supply chain consulting and strategy firm, and a leading managed services provider by ALM, Everest Group, NelsonHall, IDC, ISG and HFS, among others.

Headquartered in Clark, New Jersey, GEP has offices and operations centers across Europe, Asia, Africa and the Americas. To learn more, visit www.gep.com.



GEP SMART is an AI-powered, cloud-native software for direct and indirect procurement that offers comprehensive source-to-pay functionality in one user-friendly platform, inclusive of spend analysis, sourcing, contract management, supplier management, procure-to-pay, savings project management and savings tracking, invoicing and other related functionalities.



GEP NEXXE is a unified and comprehensive supply chain platform that provides end-to-end planning, visibility, execution and collaboration capabilities for today's complex, global supply chains.

Built on a foundation of big data, artificial intelligence and machine learning, GEP NEXXE is next-generation software that helps enterprises make supply chain a competitive advantage.

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