ASSOCIATION FOR SUPPLY CHAIN MANAGEMENT

Digital Capabilities Part 1

Maximizing Functionality Leveraging with SCOR Digital Standard Process Blueprints

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Key Takeaways

- Insights on how ASCM corporate leaders are accelerating digital capabilities while mitigating technology investment risk
- Illustration on how the SCOR Digital Standard and the new Digital Capabilities Model are being used to develop process blueprints
- Use-case discussion focused on supply chain planning

Session Outline

1. The case for doubling down on digital investments
2. The transition from linear supply chains to asynchronous supply networks
3. Standardizing processes to increase system functionality as the first step toward digital transformation
4. Use case: supply chain planning
5. Questions

Leader or Laggard?

The case for doubling down on digital investments

Profile of ASCM Corporate Community

ASCM clients include some of the biggest and best supply chains in the world.

ASCM Foundation
bridges public, private sector, government, NGO, Private Foundation and Academic engagement

Private sector
includes 300 leading corporations

200+
in the Global 2000, Fortune 1000, Global 250

19
Industries

27
Countries

60%
in the Gartner Top 25

7,500+
Employees

1,000+
Supply Chain Leaders

Corporate Member Directory

ASCM Top 10 Supply Chain Trends by the Numbers

13 members of the research, innovation, and strategy committee

114 research resources

130 sub-trends

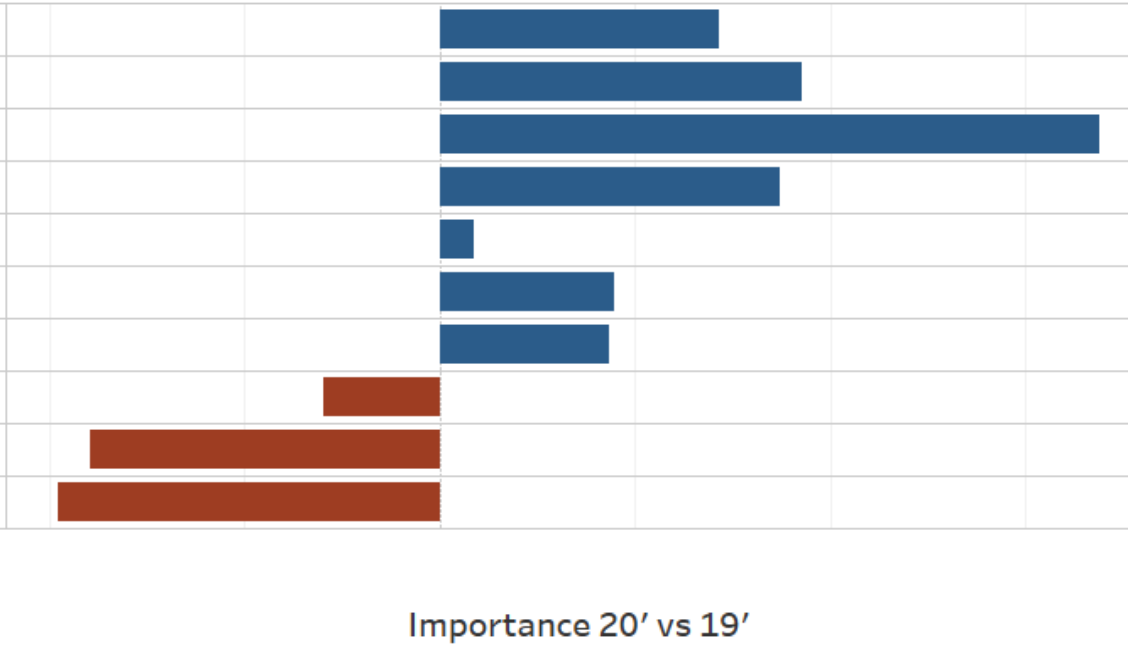
30 consolidated trends

14 ranked trends

10 top trends in supply chain

2020 Ranking, Rising and Falling

1	Advanced Analytics & Automation	Same Rank
2	Supply Chain Risk & Resilience	Same Rank
3	Digital Supply Chain	+ 3 Spots
4	Finding, Developing, Retaining & Managing Supply Chain Talent	+ 1 Spots
5	Cyber Security	-2 Spots
6	Rising Consumer Expectations: e-Commerce & Choice	-2 Spots
7	Demographics	+ 3 Spots
8	Internet of Things (IoT) in Supply Chain	+ 1 Spots
9	3D Printing	-2 Spots
10	Corporate Citizenship	-2 Spots



Source: Supply & Demand Chain Executive

Resilient Supply Chains Put Money in the Bank and Make the World a Better Place – at the Same Time.

Leaders with resilient supply chains responded better, recovered with more agility and are now growing their businesses faster than their **Laggard** counterparts…

- **Sensed earlier** – November versus February
- **Balanced supply-demand better** – higher average factory utilization November to March
- Leveraged lessons learned from previous disruptions to **minimize supply shocks and maximize agility** (the time needed to respond to unplanned demand)
- **Minimized service and cost impact** to customers and shareholders
- Are more likely to **support the shift to circular business models**

⇒ **Doubled down on digital investments** made 18 to 24 months ago

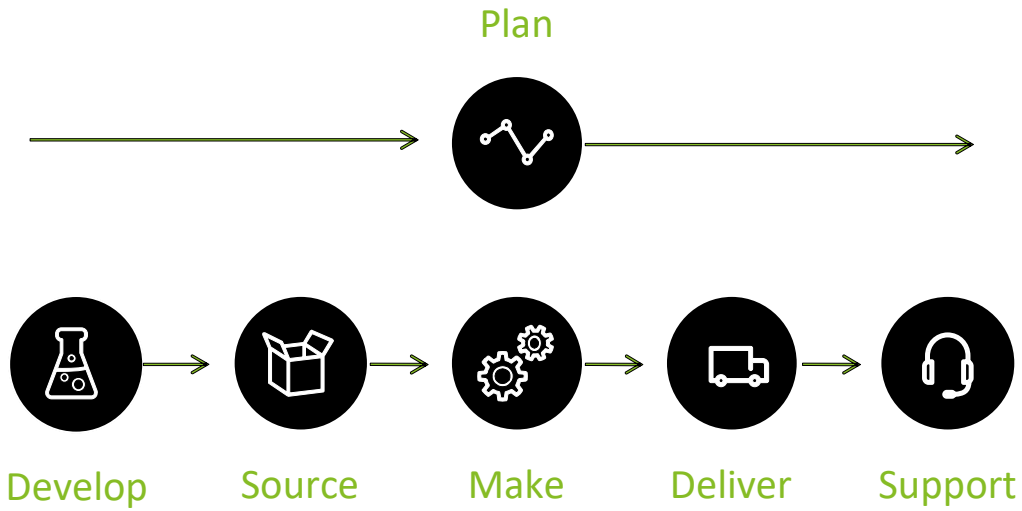
⇒ Best suited to **advance competitive advantage and capture market share** during and after a recession

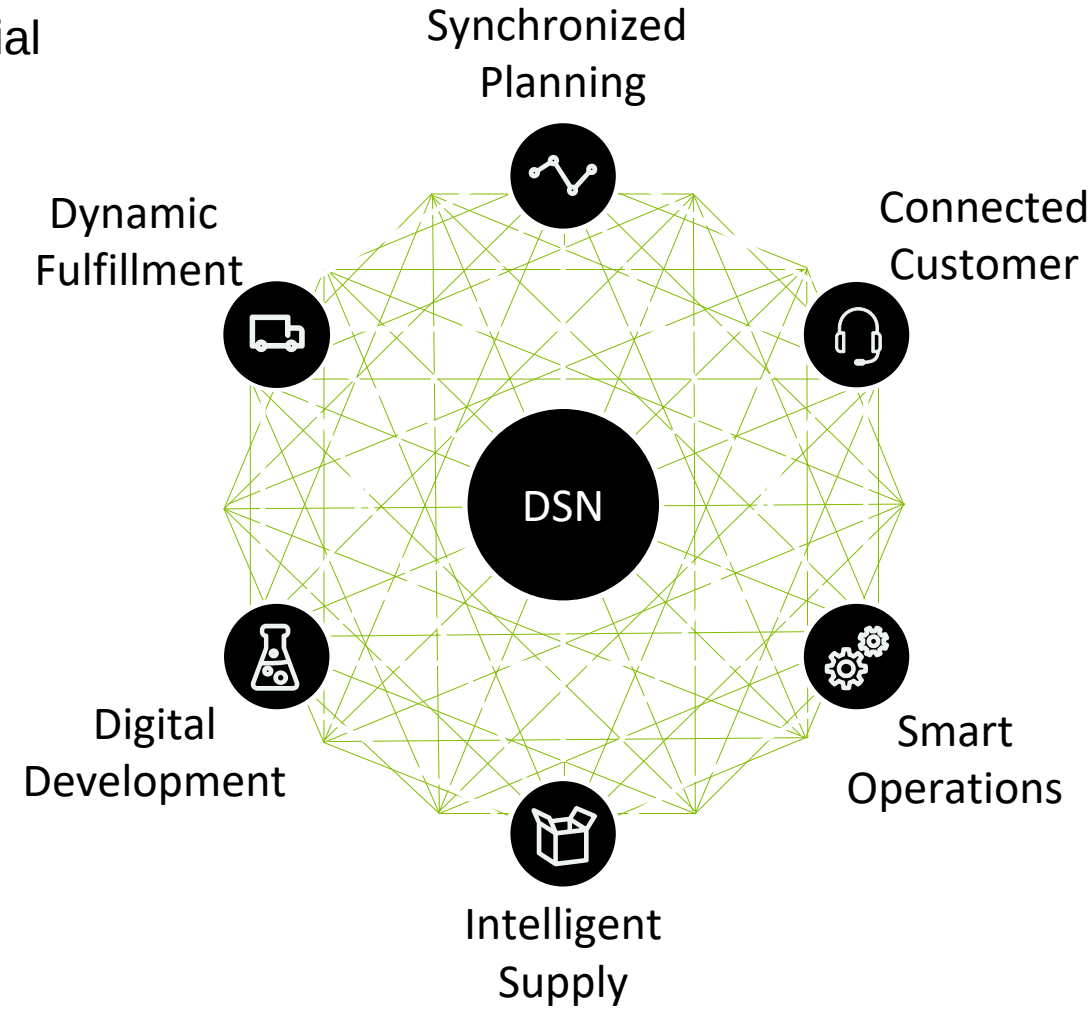
The Digital Capabilities Model

The transition from linear supply chains to digital supply networks (DSNs)

Shift from Sequential Chains to Concurrent Networks

Traditional supply chains were not designed to support the next generation network. DSNs allow us to move from sequential chains to concurrent networks





Digital Capabilities Model (DCM) Release 1 provided the foundation

About DCM

- The Digital Capabilities Model (DCM) for Supply Networks is a framework designed to help transform supply chain management for today's increasingly interconnected and digital world.
- This new model helps companies advance their capabilities from traditional linear supply chains to digital supply networks, the dynamic, interconnected systems that simultaneously plan, execute and enable digital supply chains.

DCM Features

- Level 1 & 2 capability definitions & Level 2 connections for key supply chain functions
- Digital supply networks personas, understanding the next generation roles of the planning organization in the DSN
- Capability journey maps showing the journey of each L2 in a capability's respective horizon
- Capability maturity assessments that calibrate a company's progress of transforming into a digital supply network at each L2 capability

Input | **Output**

Digital Capabilities Model for Supply Networks

The objective of the Digital Capabilities Model for Supply Networks is intended to provide the supply chain profession a reference model to guide the development of digital supply networks. The model is designed in a relational manner to help supply chain professionals envision and then build digitally-enabled capabilities required to transform their linear supply chains into a set of dynamic networks. 2019 marks the start of a multi-year journey to develop, pilot, and evolve the model based on feedback from ASCM members worldwide.

Level-1 Capabilities

- Connected Customer
- Product Development
- Synchronized Planning
- Intelligent Supply
- Smart Operations
- Dynamic Fulfillment

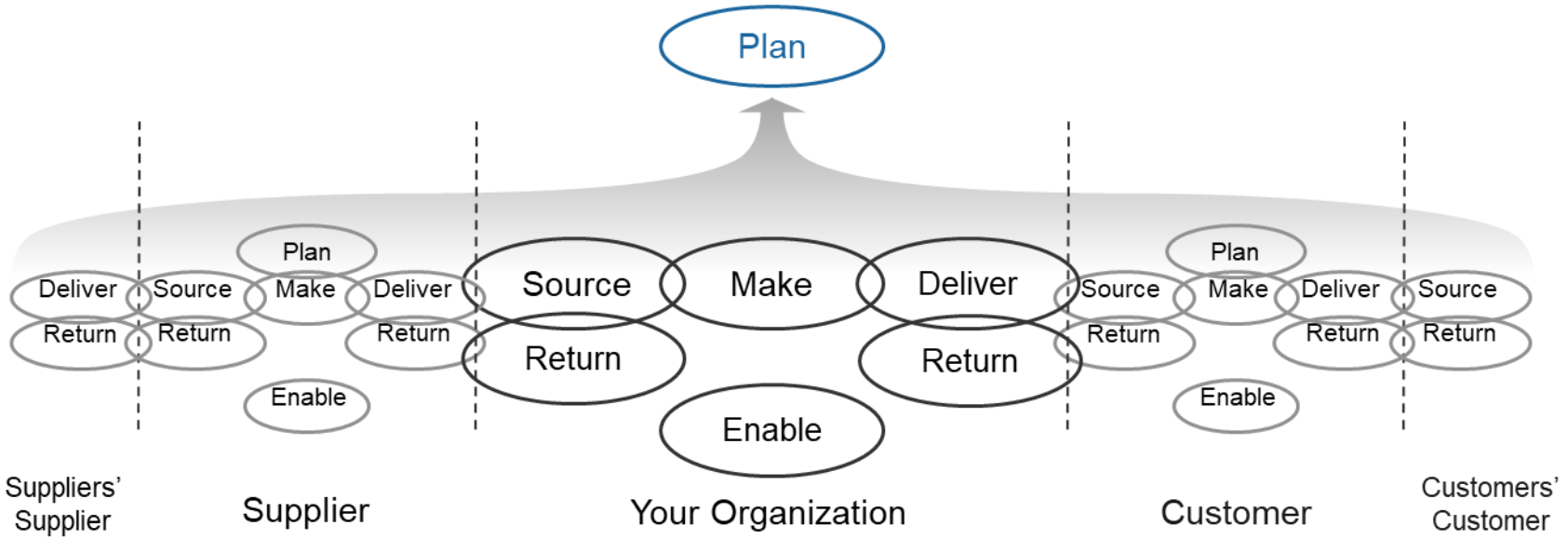
https://dcm.ascm.org/

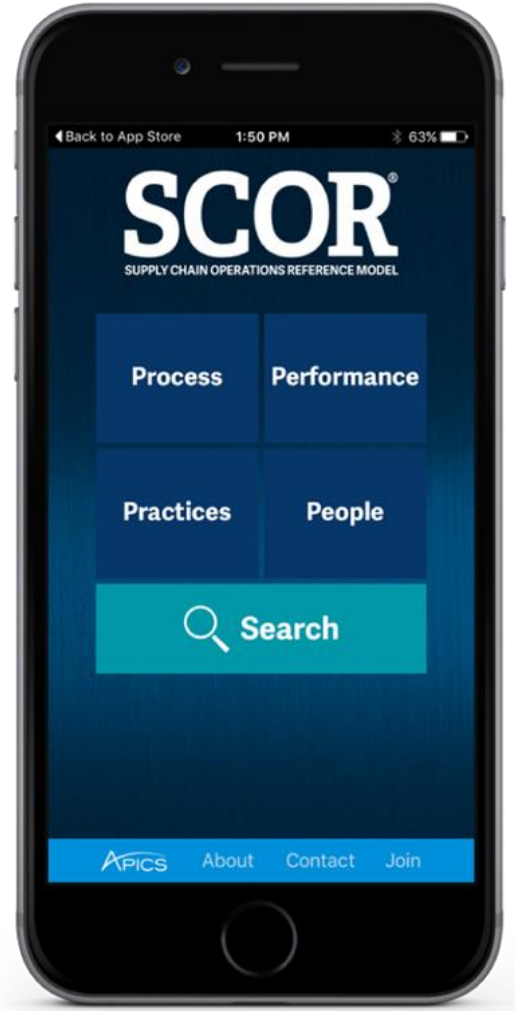
SCOR Digital Standard

Standardizing processes to increase system functionality as the first step toward digital transformation

SCOR is the Global Standard in Defining Supply Chains

Over 5000 organizations have used SCOR to develop their process baselines





The New SCOR Digital Standard

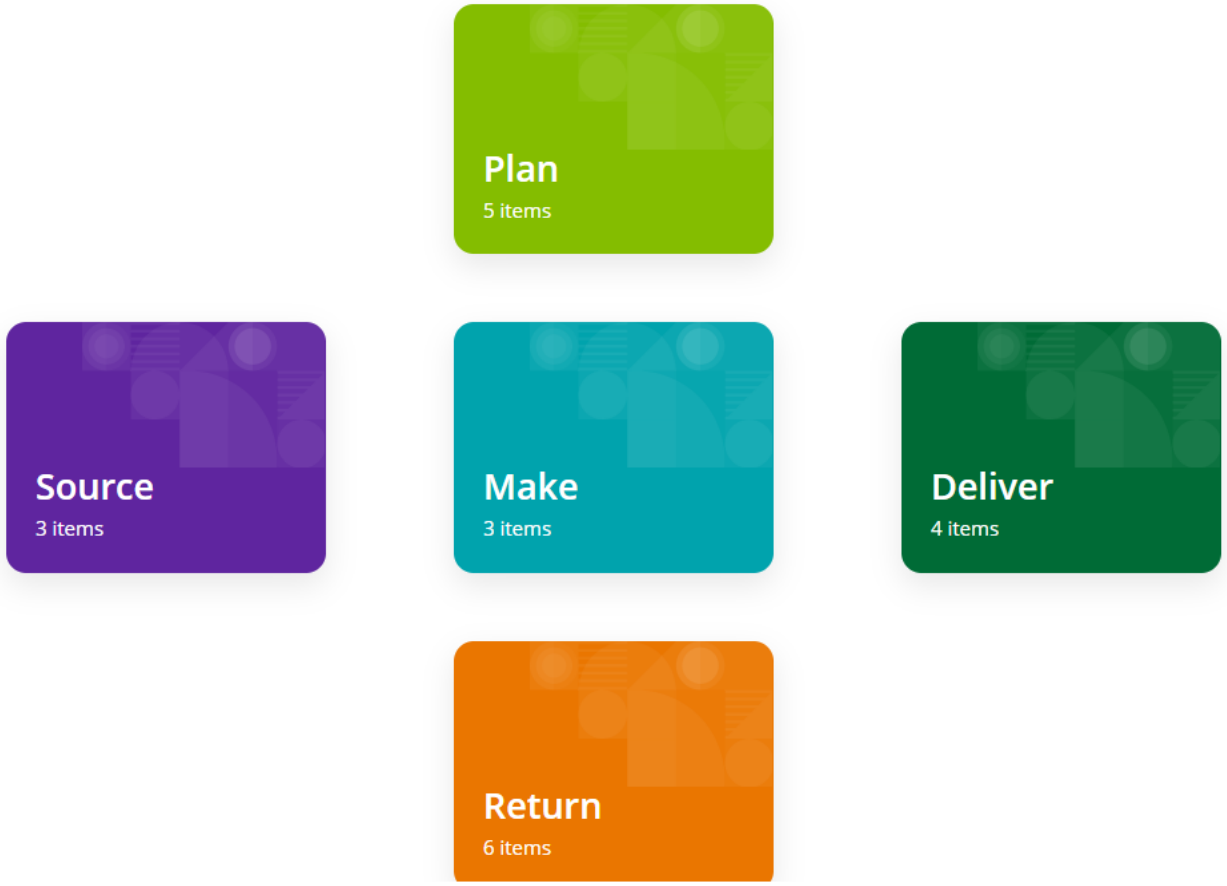
Features

- Compatible with the Digital Capabilities Model (DCM) for supply networks
- Integrated, digital platform
- Mobile friendly
- Special applications downloads for sustainability and ontology
- New practice groupings by technology, process, and organization

ASCM ASSOCIATION FOR SUPPLY CHAIN MANAGEMENT | SCOR DIGITAL STANDARD

Processes | Performance | People | Practices | Special Applications and Resources

Plan | Source | Make | Deliver | Return | Enable



Introduction to Processes

A process is a unique activity performed to meet predefined outcomes. The SCOR processes are those that a supply chain must execute in order to meet its primary objective of fulfilling customer orders. For each unique process, SCOR only has one representation.

SCOR recognizes 6 major processes — Plan, Source, Make, Deliver, Return and Enable — which are referred to as level-1 processes.

Plan

The Plan processes describe the activities associated with developing plans to operate the supply chain. These include determining requirements, gathering information about available resources, balancing requirements and resources to determine planned capabilities and gaps in demand or resources, and identifying actions to correct these gaps.

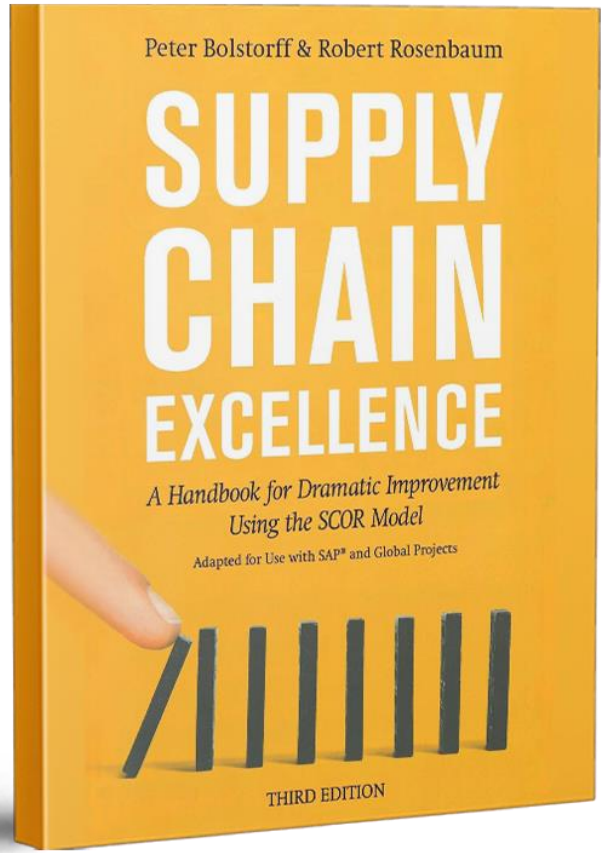
https://scor.ascm.org/

Use Case

Supply Chain Planning

Use Case Checklist

1. SCORmark Benchmark – page 90
2. Project Portfolio – page 127
3. SCOR Level 3 Current State Blueprint – page 181
4. SCOR Process, SAP Modules and Transactions Table – page 190
5. SCOR Level 4 Future State Blueprints – page 200
6. Sample of SAP based SCOR Level 4 Blueprints – separate attachment

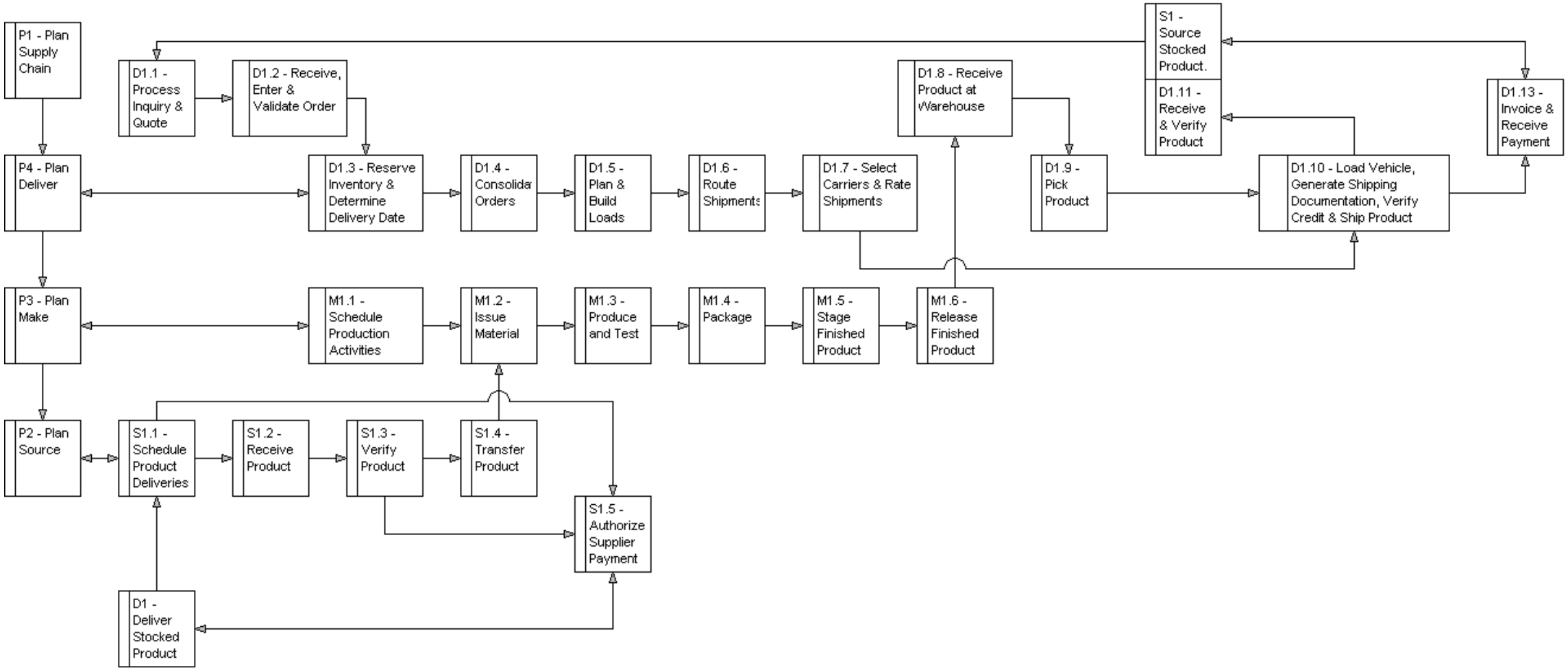


SCORmark Benchmark

SCOR metric analysis identifies improvement opportunities aligned to customer satisfaction and business value.

	Attributes	Metrics	Parity	Advantage	Superior	Target Level Performance	Your Org.	Gap to Target
Customer Facing Metrics	Reliability	Perfect Order Fulfillment (%)	77.5% ▲	85.6%	93.7%	Advantage	69.2%	16.4%
	Responsiveness	Order Fulfillment Cycle Time (days)	9.1	6.5 ▲	3.9	Parity	7.1	-
	Agility	Supply Chain Flexibility (days)	45.0	33.0	21.0 ▲	Advantage	15.0	-
		Supply Chain Adaptability (%)	30.5% ▲	51.3%	72.0%		10.0%	41.3%
Internal Facing Metrics	Cost	Total Supply Chain Management Cost % Revenue	8.7% ▲	5.6%	2.4%	Superior	8.1%	-5.7%
	Asset Management Efficiency	Cash to Cash Cycle Time (days)	55.4 ▲	30.5	5.5	Parity	160.5	-105.1

The SCOR Blueprint



SCOR Process Impact by SCOR Metric

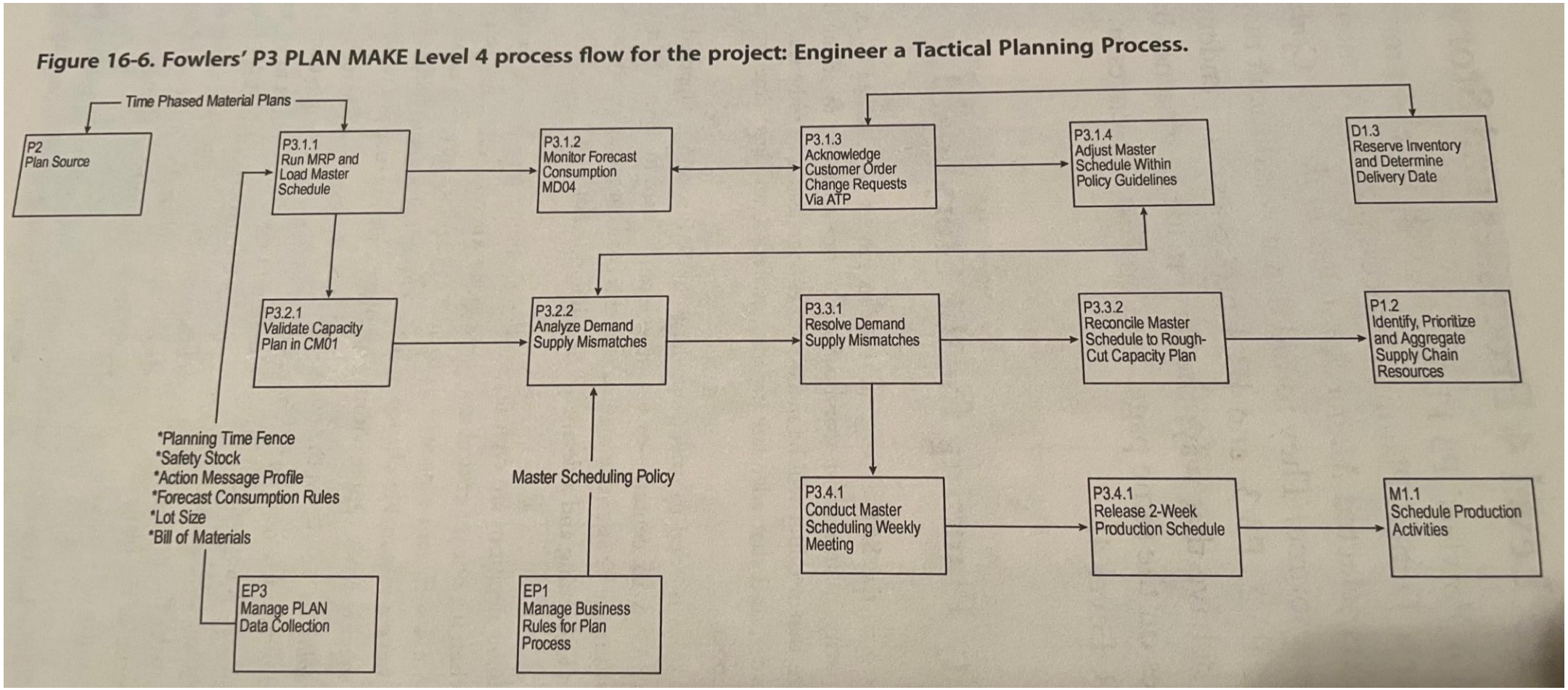
Based on project portfolio results of 90 SCOR based transformation programs from 30 companies across 6 industries over a 12-year span. XX denotes highest impact.

	Strategic Focus Area	Revenue ($)	Perfect Order Fulfillment (%)	Order Fulfillment Cycle Time (days)	Upside Supply Chain Flexibility (days)	Total Supply Chain Management Cost ($)	COGS ($)	Inventory ($)
1	Demand Management and Forecasting		X					X
2	Supply Management Practices				X		XX	X
3	ERP and Advanced Planning System Utilization					X		
4	Data Integrity and Information Management		X	X	X			
5	Supplier Flexibility				XX	X	X	X
6	Integrated Product Life Cycle Management		X		X		X	XX
7	Integrated Sales and Operations and Tactical Planning	XX	X	X		XX	X	XX
8	Efficiency and Effectiveness of the Physical Supply Chain Network			XX		XX		X
9	Order Management Discipline		XX	X		X		X
10	Return Management					X		X
11	Inventory Control Practices		X					X
12	Manufacturing Flow			X	X		XX	

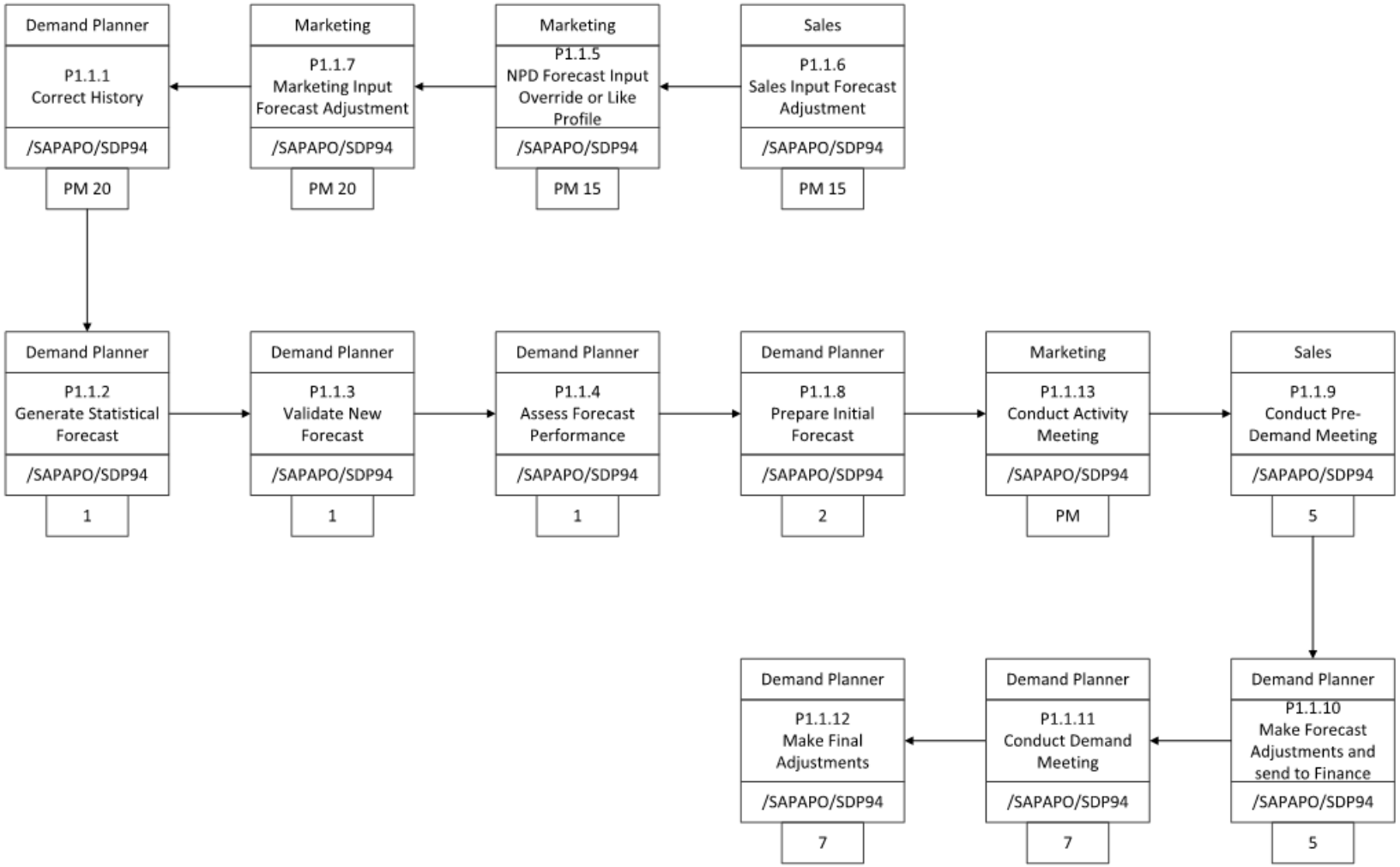
Sample SCOR Processes, SAP Modules, and Transactions

SCOR Level 3 Element		SAP Module	Common SAP Transaction Codes
P1.3	Balance Supply Chain Resources with Supply Chain Requirements	Materials Management	CM01
P2.3	Balance Product Resources with Product Requirements	Production	CM01
S1.1	Schedule Product Deliveries	Production	CM29
S1.2	Receive Product	Production	MIGO, MB31
S1.4	Transfer Product	Production	MB1B
M1.1	Schedule Production Activities	Production	CM29
M1.2	Issue Product	Production	MIGO
M1.3	Produce and Test	Production	MB1C - receipt only
M1.4	Package	Production	MB1C
M1.5	Stage Product	Production	MB1B
D1.1	Process Inquiry & Quote	Sales and Distribution	Inquiry: VA11, VA12. VA13; Quote: VA21, VA22, VA23
D1.2	Receive, Enter & Validate Order	Sales and Distribution	VA01, VA02
D1.3	Reserve Inventory and Determine Delivery Date	Sales and Distribution	Within sales order processing VA01 or VA02 or via backorder processing C006 or via rescheduling V_V2
D1.8	Receive Product at Warehouse from Source or Make	Sales and Distribution	MIGO, MB31

SCOR Level 4 To Be Blueprint for Plan Make



Sample – Level 4 Process for P1.1



Results

30% FASTER ERP system implementation with 30% more functionality and reduced implementation cost

Questions

ASSOCIATION FOR SUPPLY CHAIN MANAGEMENT

Thank You

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