



Time to take in a new supply chain mindset

A fresh perspective from Neil Gordon, Associate Director, Supply Chain and Optimization, Management Consulting in KPMG Australia.



Let's stop thinking about how to tighten the links in the chain. Instead, let's shift energy and attention towards creating agile and interconnected networks — with customers at the center.

Turn recovery into discovery

The old inside-out supply chain management mindset — with its focus on increasing efficiency and reducing cost — is over. With supply chain disruption following the pandemic and seismic shifts in customer behavior, a window of opportunity has opened up, ready for organizations to create a more agile and customer-centric way to manage demand and supply.

What's needed now is an outside-in approach, where the supply chain network continuously adapts to meet changing customer demands. It requires a platform where data and insights can be drawn from the customer experience, as well as setting expectations rather than simply reacting to them.

Instead of a linear flow along the links of the chain, the modern supply chain is a series of connected customer-centric networks. Can this shift in mindset really make a difference?

The evidence is there. A responsive operations and supply chain is the single biggest digital transformation priority for organizations: 80% of digital transformation leaders say it's a 'top' or 'high' priority¹.

What's getting in your way?

Many supply chains operate on multiple legacy systems, which are often disconnected.

From order-to-pay or source-to-pay you need visibility across your supply chain. But how can you act quickly and mitigate risks when everything operates in silos across the business? You're more vulnerable to unplanned events and the complexity of volatile changes in demand — whether that's too much demand, or too little.

How do you update your supply chain?

Building a truly customer-centric supply chain requires an agile digital platform. There are five key points to consider to help ensure that your vision of agility becomes a reality.

1. Integrate your systems

A leading cloud platform, like KPMG Powered Enterprise | Supply Chain enabled by Microsoft Dynamics 365, can empower change and save time and money. Most importantly, it connects — or replaces — existing systems; you have one integrated platform for managing your supply chain network. So what does it deliver?

Better decision-making — with all-important visibility across your entire global supply chain network

Better performance — with data-driven insights to improve operating efficiency, track customer needs and preferences, and enable speedy action to prevent potential problems

Better collaboration — through greater cross-functional connectivity

2. Make the right connection

The right technology can accelerate the transformation process but it's only part of the answer. Aligning it with your broader business strategies and connecting it to the whole supply chain network can help derive maximum value, from customer service to procurement to finance.

In doing so, there's no need to start from the beginning. You can dramatically reduce the time to implementation, while improving results, by adopting a proven working model of leading practice. This can be used to deliver a pre-configured business approach and technology platform that can maximize your new supply chain vision.

3. Change every dimension

Just how comprehensive should this model be? With KPMG Powered Supply Chain we categorize six layers of change:

- **Functional processes** — covers pre-defined supply chain processes and how they interact with other functional areas of the business
- **People** — ensure they have the updated supply chain management skills required
- **Technology** — to provide the precise visibility you need across your network, whether that's predictive analytics for advanced track and trace or intelligent automation to streamline operations
- **Service delivery model** — the overall architecture of the delivery model looking at whether it's best to centralize services or outsource
- **Performance insights and data** — from tracking KPIs to enhanced reporting for more informed decision-making
- **Governance** — looking at risks as well as policies to make sure the supply chain meets a wider range of ESG goals, such as greener transportation and customer fulfilment

4. Use proven best practice as your guide

Start with what is known to work well rather than trying to adapt outdated legacy systems to master new ways of working. For example, the KPMG Target Operating Model is based on the six layers of change above. It provides a purpose-built standard for success, developed through experience of working with companies like yours, which you can then tweak to meet your exact requirements. Regular, six-monthly reviews also help ensure that you continue to improve the performance of your supply chain. This way you can implement leading practice on an agile platform and do so faster and for longer than ever before.

5. Remain agile and fit for the future

Using a cloud solution like KPMG Powered Enterprise | Supply Chain enabled by Microsoft Dynamics 365 as your digital base, gives you access to technologies and tools like AI chatbots and robotic process automation. This is important because new innovations are continuously developing. Our adaptable single platform approach allows your organization to enjoy the benefits of a unified experience for back, middle and front office transformations.

For the next decade and beyond, new tools — unimaginable today — can be added to continue to support your vision of a truly agile and interconnected supply chain network.

¹ A commissioned study conducted by Forrester Consulting on behalf of KPMG, July 2020

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With KPMG Powered Enterprise | Supply Chain you can:

- **Transform the way you** run your business
- Build **agile functions** that evolve as you grow
- Help your people to **adopt and embrace change**
- **Exploit new technologies** for value and performance
- **Drive future success** with the latest leading practice.

To find out more about Powered Enterprise | Supply Chain and the impact it can have on your business visit: home.kpmg/seesupplychaindifferently

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