

*MIT CTL Supply Chain Exchange Roundtable 2014*

*Doing Business Digitally – Practical Implications on Downstream SCs*

**DRAFT**

MIT Campus

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Motivation: Today, global companies are conducting business leveraging new capabilities enabled by digital means – this manifests in the supply chain via multiple order points, multiple distribution points, last-mile delivery and same-day delivery expectations. This has led to the evolution of the Omni-Channel that supply chains must serve and manage. The structure of global supply chains – global sources of materials, global customer destinations, many cross-border conveyances as a result – has increased the number of SKUs, the number of parties involved, compliance requirements and has resulted in an increase in the overall complexity of supply chains, now far more complex than ever before. Each of these has implications on the practical management of SCs. The issues include:

* Planning for inventory placement and utilization across the downstream channel options
* How to manage product transitions (soft and hard) across different channels
* Identifying and managing demand volatility
* Identifying SC complexity and planning/system design to address it
* Global/Regional planning
* Demand signal management

Focus: This roundtable intends to identify the practical implications of these new conditions and some of the current ways that companies are dealing with these new dynamics, as well as how to plan for the implications now and in the future. The primary focus will be on the supply chain from the company to downstream distribution, with less focus on the upstream supply chain.

Proposed Roundtable Segments: These are candidate segments that may be started with an informal introduction (5-7 minutes, verbally share relevant experience but no ppt) by a practitioner.

1. Describing the challenges and the motivating conditions
   1. Start with the customer’s expectations. How are you engaging customers to optimize the supply chain (e.g., offer discounts in return for delayed shipments)?
   2. How have customers responded to this engagement?
   3. What are the considerations to do this successfully e.g., proactive notifications, managing blow-back
2. Managing Inventory, Replenishment and Offer Complexity in Omni-Channel. The decisions on inventory placement and the product offer in the Omni-Channel world are also more complex.
   1. Does the creation of additional channels create additional SKUs to manage? How are you addressing this added complexity?
   2. How segmented are the supply chains e.g., do you go as far back as different distribution centers, all the way back to different factories to service different channels?
   3. What are the issues when working to reduce order to delivery?  What are the costs to serve when trying to win in the Omni-Channel?
   4. What does this mean for required replenishment capabilities?
   5. Product flow issues and planning for product flow through multiple channels, getting the product to market
3. Product Transitions: Product conversions/product life cycle through Omni-Channel impact the supply chain and the consumer experience.
   1. How do you manage customer expectations for soft product conversions (no UPC change) and order fulfillment via multiple channels?
   2. How do you manage hard product conversions (UPC change, physical product change) both physically and digitally?
4. Planning systems for digital business
   1. Globalized/regional planning, centralized versus decentralized
   2. Key industry leader/potential topic kickoff: AB-InBev, P&G, BASF, Intel, Flex
5. Demand signal management in a world of increasing nodes/options to get product
   1. Demand Volatility (primarily volume volatility…but we ought to think about location volatility/need for omni-channel and impact of those planning challenges)
6. The next frontier for Doing Business Digitally
   1. Impact of digital business, omni-channel, and increased complexity (good and bad) on supply chains
      1. The need for agile supply chains
      2. What kind of capabilities are needed to execute
   2. Will the industry go towards more scale and standardization or will it fractionalize and offer more personalization?

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