Professionals dealing with today’s supply chains face a number of challenges that their predecessors did not. The companies that will thrive in this new environment will be those that can create a real-time supply chain — one that can sense and detect new challenges as they happen and that allows supply chain planners and practitioners to make real-time decisions based on the most up-to-date information.

Just what are the most pressing challenges for today’s supply chains? First and foremost, customers are becoming more demanding. Using social media and online research options, customers are now more informed than ever and their expectations for those they do business with are increasing. The result is more volatile demand that puts additional pressure on supply chains to reduce replenishment time and optimize product delivery.

At the same time, today’s supply chains are getting more complex. Rapid globalization and staggering growth in emerging markets is increasing demand around the world in the face of rising prices and diminishing resources. Increased outsourcing has also added a new layer of complexity to most supply chains, creating the need to be able to share the right data and manage supply across outsourcing partners and internal teams. And evolving retail formats are increasing channel complexity while shortening decision-making and execution cycles. Issues of compliance, product safety, and sustainability are also adding to the challenge of bringing products to market in a timely fashion.

On top of this, these trends are taking place in an era of ongoing economic uncertainty fraught with changing buyer behavior and consumer spending that is increasing only marginally. Balancing costs with prices, service levels, and promotion within the supply chain has never been so critical. And that’s why a real-time supply chain is such a pressing need.

**Grow Your Real-Time Supply Chain**

The supply chain processes of the past will not elevate the companies of today as they work in an environment in which planning cycles are shortened and the lines between tactical planning and execution are becoming blurred. Right now, we are in the era of the real-time, demand-driven supply chain. The companies thriving in this environment treat the supply chain as a strategic initiative and use their understanding of the market and fluctuating demand patterns to adjust their supply plans in real time.

Supply chain decisions must be made in context, with full visibility into potential impacts on financial targets and KPIs. That means harnessing the wealth of big data — structured and unstructured — and turning it into insights in real time. In addition, collaboration and agile responsiveness across global networks, as well as the ability for business users to quickly and easily sense, analyze, and simulate using data, must become the norm.

This isn’t a vision for companies two or three decades from now. It’s achievable today. SAP and our partners have the technology and solutions that can completely change the game for supply chain organizations.
5 Steps on the Road to a Real-Time Supply Chain

There are five key steps for companies evolving their supply chains — and SAP has worked to help enable each one. Perhaps the most critical step is enabling insightful supply chain management. Supply chain business decisions need to be made in a business context, not in a silo. Companies leveraging the wealth of data in their supply chain can enable that real-time analysis, gain insight into segmented business processes, and achieve deeper visibility through alerts based on KPIs. The result is a transition from management by exception to management by information — a “supply chain GPS” if you will.

The second step is transitioning from traditional sales and operations planning to sales and operations business planning. Companies cannot afford to disconnect their sales and operations business planning from tactical planning. Business priorities and operational decisions must be balanced against a clear understanding of their financial impact. Using solutions that combine operations and financial data, the business can collaboratively create scenarios and simulate the effects of decisions in real time to increase supply chain profitability.

The third step is embracing the concept of a demand-driven supply chain. The most prevalent supply chain challenge is lack of clarity into what your customers want and when they want it. In a demand-driven model, companies use point-of-sale, social media, and market research data to sense customer demand signals immediately and respond in real time to build that demand into the planning processes. This accelerates supply chain processes and reduces planning cycle times, working capital (inventory), and lead times. It also provides the opportunity to increase revenue by avoiding stockouts, increasing promotion effectiveness, and optimizing new product launches.

What You Need to Become Demand-Driven

- A continuously updated window into demand signals and customer data and the ability to incorporate that into planning processes
- The ability to sense and adjust current supply fulfillment plans based on the latest demand data
- The ability to perform real-time collaborative simulations to clearly understand the operational and financial impact of decisions
- The ability to be sure decisions map to short-term and long-term plans

The fourth step is ensuring efficient execution in the areas of logistics and order fulfillment. With increased supply chain complexity, it becomes more difficult to deliver the perfect order. At the same time, transportation costs are rising across more complicated supply chains. Optimizing execution requires real-time visibility into shipping processes and track-and-trace capabilities, as well as automated warehouse and distribution processes and advanced transportation planning.

Lastly, to close the real-time loop, companies must focus on streamlining the service supply chain. Successfully running an integrated supply chain for service parts businesses requires real-time visibility into customers, suppliers, and operations. This lets companies respond swiftly to customer requirements, procure parts earlier, plan parts inventory more effectively, and unlock service parts profit potential.

SAP’s tightly integrated supply chain solutions help enable the transition to a real-time supply chain. By coupling SAP Supply Chain Management’s market-leading applications with powerful SAP analytics solutions and game-changing technologies like the SAP HANA platform, companies will be able to respond quickly to market dynamics with real-time visibility into customer demand. Mobile capabilities and cloud options also give companies constant access to their information and low-cost, yet highly scalable, deployment options. On the front end, these mobile solutions, with their user-friendly interfaces, can deliver optimization to all stages of the supply chain. SAP is also dedicated to providing this technology in a non-disruptive way, through side-by-side deployment options, enhancement packages, and rapid-deployment solutions.

Take Advantage of Partner Support

In this new supply chain environment, SAP partners play an important role. SAP’s partner community — including both solution and service providers — gives customers the solutions and know-how they need to complete the transition to a real-time supply chain. The following articles in this special report highlight some of these partner offerings and describe how they can help companies transition to a real-time, demand-driven supply chain.

Learn More

The road to a real-time supply chain is getting shorter, and those that have arrived say it is well worth the journey. To learn more, visit www.sap.com/scm.