Anaplan

Digital demand management: The new normal

Digital Demand Management with the Anaplan platform facilitates a connected, seamless exchange of information, ideas and solutions.

Why is it still difficult to achieve effective supply chain collaboration? Despite all the efforts to develop collaborative supply chains, they have been elusive because many supply chains continue to be managed in a linear, disconnected way.

At the same time, in the digital revolution, commerce has become more connected, completely changing how consumers buy. It is imperative that supply chain practices catch up. To meet today's omnichannel expectations, companies must transform from linear thinking to "ecosystem" thinking.

One key to making this change is accurate, real time planning, which has often been blocked because supply chain managers have been unwilling to commit to demand forecast planning. Their experience has been that "the forecast is always wrong." As a result, businesses remain siloed, making major decisions involving raw materials, production, inventory, and deployment using familiar but outdated tools like spreadsheets and tribal knowledge.

The good news is that supply chain managers can now move from a linear approach to ecosystem thinking, and commit to accurate, real time planning to achieve a meaningful level of collaboration that keeps pace with omnichannel demands.

Introducing digital demand management

The way to bring the silos together is to implement demand-driven structures, frameworks and digital enterprise architectures with a new discipline, Digital Demand Management (DDM). It doesn't eliminate the silos, but rather connects them digitally to facilitate a seamless exchange of information, ideas, and solutions that are synchronized with the ominchannel buying habits of consumers.

The competitive landscape has changed radically in the past few years, with rapidly emerging digital markets, new competitors, and faster market changes that can threaten the extinction of any enterprise that does not adapt. DDM makes complex data comprehensible, actionable, predictive, and prescriptive because it provides a real time synchronized knowledge base that permits improved customer focus.

The development of DDM starts by challenging traditional linear thinking across supply chains. The old way of thinking (linear thinking) accepts the inevitability of forecast cycles that are weeks or months old; poor visibility into SKU location; and the inability to address ongoing variability that disturbs traditional network and inventory optimization systems. As a result, linear decision-making adds unnecessary time and causes potentially false demand signal amplification.

Most shopping—even that which culminates in a traditional brick-and-mortar store—is conducted on line. This makes it necessary to design supply chain networks from

the customer back through store order, wholesale order and production cycles, rather than the (traditional) other way around.

New-age supply chains are being equipped with:

- Internet of Things (IoT) monitoring and sensing diagnostics tools,
- IoT automated data collection process and RFID/GPS for visibility,
- Cognitive analytics and machine learning for advanced behavioral analytics that are responsive and adaptive.

Digital operations can be designed to synchronize the flow of goods to the point of demand as part of a digital market ecosystem. This is possible because access to real time IoT data gives complete visibility where it was not available before, resulting in analytics and collaboration to support new business models for omnichannel connected commerce.

A connected approach

Achieving a different business result requires a different structure, but it may not be possible to totally break down traditional organizational structures since they are comprised of logical vertically managed functional nodes. A new digital structure, however, can connect the silos in a demand-driven management organization that makes it possible to plan across silos and to engage in data-driven collaboration.

The essential change is to replace traditional functional metrics with DDM, fostering collaborative execution across the entire supply chain. The resulting demand management organization enables a business to be simultaneously planned horizontally and vertically, dynamically, and in real time, enabling true digital collaboration.

DDM requires a new planning model that enables causal and external factor analysis, along with a process control approach to smart digital network management. And the beauty of DDM is that it works within a range of pre-defined acceptable variability. Using real time DDM forecasts—based on standard deviations along with the range of consumer behaviors that are likely to occur—participants can agree to ranges of performance, commitment horizons (period of risk), and exception conditions. The result is a beneficial digital collaboration that enables connected planning.

When you partner with Anaplan, all the data is integrated into one source, allowing you to make changes in one place. From a strategic perspective, this same tool connects business unit supply chain plans to long-range enterprise planning.

At the tactical level, Anaplan's predictions help you develop the best ways to meet demand because all the data and analytics are integrated in a cloud-based solution. The platform allows businesses to respond to what is really going on in the market in very short timeframes and then make adjustments and appropriate changes to plans. By running a "what-if" scenario on a promotion, reduced pricing, incentive, or other variables you can instantly see what the supply chain can do. People across different organizations and in different silos who can come together and understand the implications for those decisions in real time, together.

At the senior level, the financial implications of these decisions will be clearly understood not only by the CFO but all the other organization leaders.

Anaplan's solution is designed to support every crucial enterprise goal, from top-line growth, to optimizing operational costs, to delivering bottom-line results, and supporting strategic choices.

Transformation to a smart digital supply network is an inevitable competitive mandate. Anaplan has the DDM solution, and the time to start working on it is today.