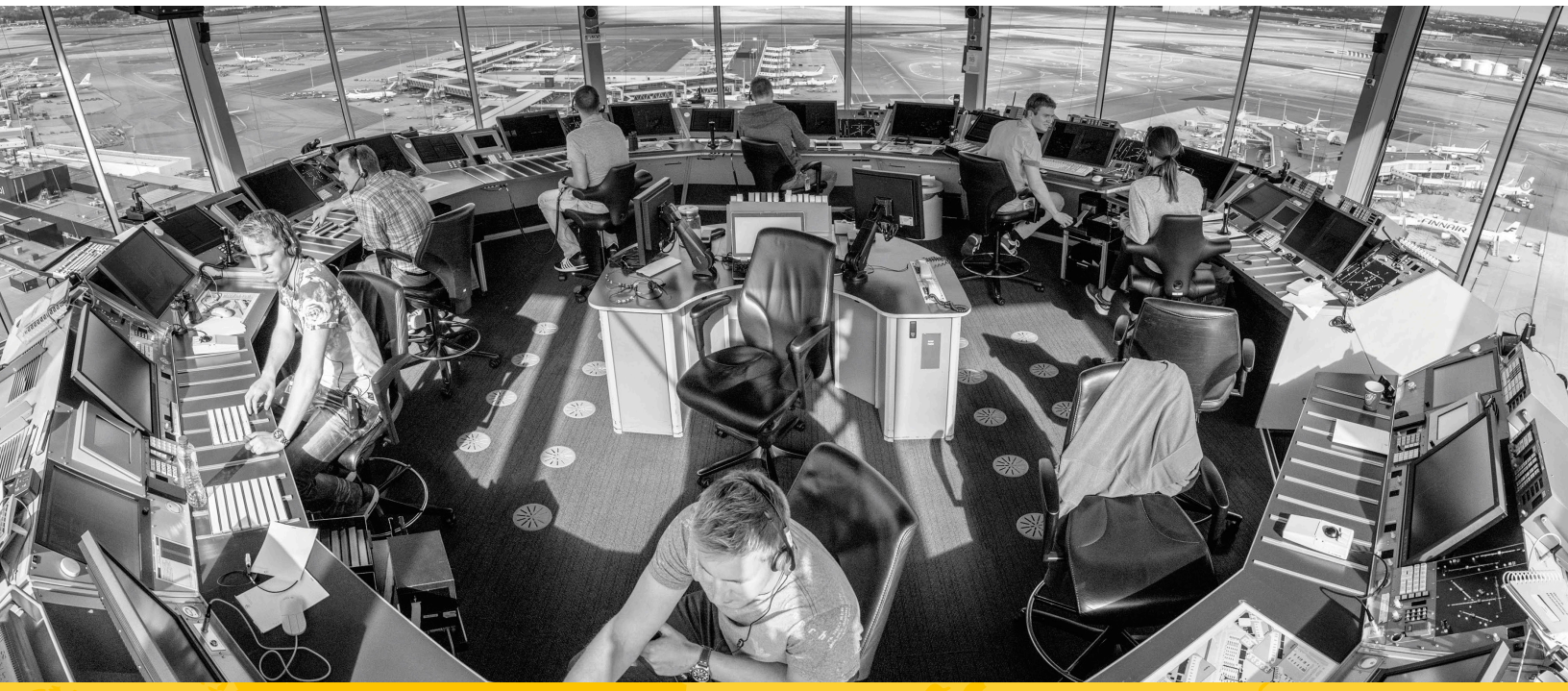
WHITE PAPER

MPO
Customer Chain Control



Modern Control Towers: Choosing the Right One for Your Digital Supply Chain

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Introduction

The rise of digitization and supply chain transformation over the last few decades has led to specialization and the proliferation of technology. The typical journey for a product to reach a customer involves multiple parties and a multitude of separate systems. Outsourcing part, or sometimes even all, of that journey is commonplace nowadays.

When Supply Chain Digest surveyed more than 100 manufacturing companies, it found that 42% were moving more towards outsourcing to suppliers and 26% said they were already largely outsourced. That means around 70% of companies, either expect to see growth in outsourcing, or already outsource a lot of processes. The trend is even more pronounced for large companies with $1 billion or more in annual revenue.

We are also seeing this outsourcing occurring across multiple entities. When PwC surveyed 209 global companies, 74% agreed that the number of entities in the supply chain has increased in the past three years. And it's a growing problem, with 94% stating that changes in the extended supply chain network configuration occur more frequently, and 95% agreeing that discrepancies between supply chain entities have increased.

Visibility and control across these entities is sorely lacking despite the rise in digitization. Few companies have a big picture view of their supply chain, much less the ability to act quickly and effectively optimize. While 80% of respondents to MHI's 2017 annual survey said they believe that the digital supply chain will be the dominant model within the next five years, only 16% think it's happening today.

> 80% of respondents believe that the digital supply chain will be the dominant model within the next five years, only 16% think it's happening today, **according to MHI's 2017 annual survey.**

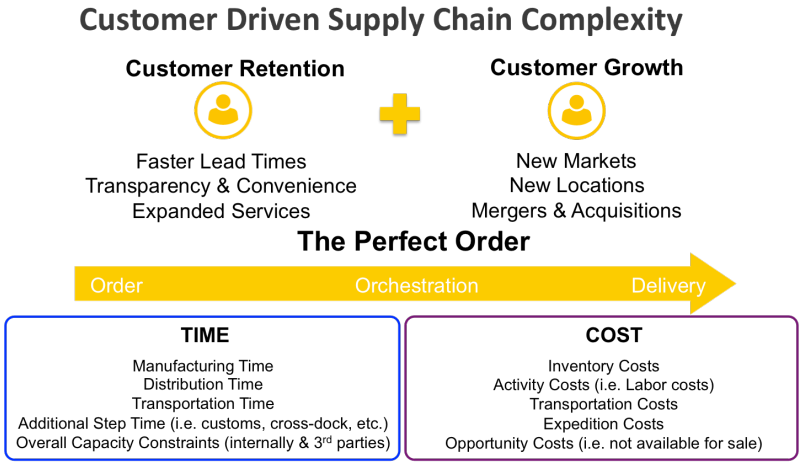
The shift toward outsourcing is due to rising customer expectations challenging companies to deliver faster than ever before, in increasingly narrow time slots, alongside the push to reach customers in new markets and locales. In striving to meet demand and optimize these increasingly complex processes, companies have turned to their existing technologies and third-party services. However, due to their siloed nature, they often fail to help them embrace the complexity inherent in today's multi-enterprise supply chains.

In this white paper, we're going to chart the evolution of the control tower as a means to embrace and extract value from all this complexity, and discuss how to select and implement the right control tower for your business.

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1 In Pursuit of the Perfect Order

Customer expectations are higher than ever. There's a growing demand for fast lead times, complete transparency on order progress, and an expanded set of services. Customer experience is absolutely vital for any company seeking a competitive advantage. Forrester calls this "the age of the customer" and it's crucial to ensure your customers get what they want, when they want it.



What is the perfect order? In simple terms, you want to fulfill customer orders, deliver them on-time and in-full (OTIF), but also do so profitably, which means controlling costs. If you please your customers by meeting their rising expectations, then they will come back for more, and customer retention is vital for any healthy business. Consider that a 2% increase in customer retention has the same effect as decreasing costs by 10%.

We know that perfect orders are a worthy pursuit, but there are many obstacles to overcome when trying to deliver them on a mass scale for each and every customer. Three main issues stand out.

1. Current systems are not capable of managing the entire process

Current technology is good for optimizing specific steps in an order's journey, but it's too focused on solving siloed issues, whether it's warehousing, purchase orders, or transportation. To achieve the agility and granularity that's required, this collection of disconnected systems must be united together to orchestrate the end-to-end customer order journey.

2. Mergers & acquisitions increase the complexity of technology and processes

Exacerbating things further, mergers and acquisitions can lead to process disruption and difficult system integrations. Limited visibility into third parties is common and planners can end up suffering from capacity constraints that aren't clear to them at the time of planning. Better visibility is vital, but it must be actionable.

3. Multiple parties are increasingly common and may lack visibility and control

As organizations look to transform their supply chains, they are seeking a central place from which to review, plan, and execute in real-time for each and every customer order. This is where the control tower becomes important to real-time end-to-end visibility and control that helps your team more efficiently orchestrate across your multi-party supply chain.

In every case in the above, we see that our systems and the multiple parties in our supply chain network are driving inefficiency in our supply chains which leads to increased costs and longer lead times that inhibit satisfaction both with customers and internally.

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2 The Evolution of Supply Chain Visibility

Most companies have some internal visibility through their multiple ERP, TMS, and WMS systems. However, this is typically passive siloed visibility, where the systems are loosely connected, but they're not necessarily connecting external information in a way that makes it actionable. There might be a focus on a few key processes, but there are still significant gaps.

It's when you move beyond fragmented visibility and achieve end-to-end visibility that you see tremendous value. That starts with centralizing the data from your disparate systems to give you a complete granular view into every step of each customer order in real-time. This type of visibility is first step, however, as it enables you to start identifying issues but even this kind of end-to-end visibility is still passive. Without the ability to act on what you are seeing, optimization is far more difficult.

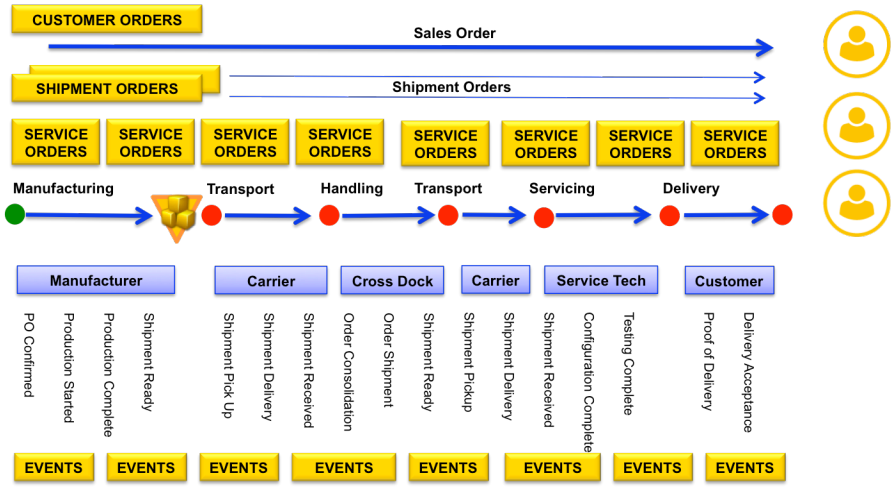
The next step is actionable end-to-end visibility and it is what most businesses are striving for. In this scenario, alerts come in about potential problems in the supply chain that enable your planning team to take immediate action. These new considerations can then still be balanced alongside on-time, in-full commitments and other goals such as keeping inventory down or balancing costs versus customer service levels.

Few reach this level of visibility. Only 6% of 623 supply chain professionals across 17 countries think they have achieved supply chain visibility according to a survey by GEODIS. Importantly, 70% of respondents described their supply chain as either very or extremely complex, suggesting their multi-party supply chains are making this type of visibility difficult to obtain.

> Only 6% of supply chain professionals think they have achieved end-to-end supply chain visibility, **according to GEODIS.**

Breaking customer orders down and achieving granularity is central to actionable visibility. That means being able to see into the supply chain milestones across all processes including manufacturing, suppliers, warehouses, transportation, customs and other critical steps.

Granular Visibility into the Customer Order



A control tower should then be able to take this visibility into every step and give you the power of action to make changes to your order flows and re-plan at any point for every order. The journey to achieving full control starts with end-to-end visibility feeding into a real-time executional control tower, and ensures accurate data for short and long-term planning.

Most companies that invest in supply chain visibility solutions see a quick return on investment as well. With 70% of businesses finding a definitive ROI within 13 months of implementation, according to research by Supply Chain Insights LLC. Adding control to this visibility can yield to even greater ROI.

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3 What is a Control Tower?

There are different kinds of control towers, so it's important to take some time and dissect precisely what your company needs. At its root, there must be a focus on solving business problems.

Capgemini defines it like this:

> ***"A supply chain control tower is a central hub with the required technology, organization and processes to capture and use supply chain data to provide enhanced visibility for short and long-term decision making that is aligned with strategic objectives."***

However, not all control towers are created equal. Typically, we see control towers fall into two main camps: analytics control towers and operational control towers.

- **Analytics systems** are focused on data consolidation and visualization to aid traditional long-term planning.
- **Operational control towers** provide similar visibility and analytics, but they also enable you to take action on orders in real-time.

A purely analytical control tower can provide valuable insights but without the ability to act on them, its usefulness is seriously curtailed. Every control tower has analytics capabilities but achieving that granular visibility and feeding it into your dashboard tool only solves part of the problem. To enable true agility, your control tower must be execution-oriented, enabling you to effectively make real-time changes. Control with this level of flexibility is what leads to a better customer experience.

A control tower on the operational level empowers you to reduce your inventory, merge orders in-transit, and streamline efficiency. You can pivot in real-time to dramatically reduce cycle times and simultaneously bring your costs down. Exceptions management across any granular supply chain step is indispensable. Dynamic multi-tier inventory sourcing that includes internal capacity, third-parties, and transportation offers much great efficiency.

When deciding on the type of operational control tower you are looking to build or implement, it's also important to understand the supply chain processes it oversees and controls. Typically, operational control towers are separated into transportation and supply chain control towers. The main difference between the two is that transportation control towers focus on only that, transportation. Supply chain control towers take a more holistic view of the supply chain enabling quicker exceptions response and greater control over the supply chain.

Control Tower Type	Analytics Capabilities	Operational Capabilities
Transportation	• On-time orders • Transportation costs • Carrier performance • Transportation milestones	• Track & trace • Exceptions management on time related transportation steps • Static inventory sourcing • Optimization for transportation only • Shipment Order focused
Supply Chain	• On-time, in-full orders • Total cost to serve (activity costs, transport costs, broker costs, supplier costs, etc.) • Supplier, 3PL, carrier and internal resource performance • End-to-end supply chain milestones	• End-to-end supply chain visibility (manufacturing, distribution, transport, etc.) • Exceptions management across any granular supply chain step • Dynamic multi-tier inventory sourcing • Optimization across transportation, dynamic multi-tier inventory, internal capacity and order SLAs • Customer order focused (sales order, shipment order, service order)

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4 How to Select the Right Control Tower for You

There is a lot to consider when choosing a control tower. You must start with a clear understanding of your needs. Focus on the business problems you're trying to solve and the business goals that you're trying to achieve. A clear set of expectations will help you choose correctly, but you need to ask the right questions. Consider the following in your search:

- **End-to-end visibility** is important, but you also want to be able to act on any step in the process, not just transportation. Make sure you understand what the control tower provides. Visibility is good, but coupled with action it can elevate your business to the next level.

- **Flexibility is vital.** You may ask questions such as can the control tower handle international workflows? Look for granularity beyond transportation and consider reverse logistics for spare parts management, repairs and/or returns. Full flexibility gives you more options and opportunities to make a difference and grow the use of your control tower across your inbound, outbound and aftermarket order flows.

- **Agility is key** and it's all about speed. Consider how quickly changes can be made and how much support is required. Can you take ownership or will you be relying on the provider to make requested changes and updates? Remember that your control tower needs to cater for future growth. Thinking ahead here can save you a lot of time and trouble later down the line.

- **Implementation and integration** with existing systems should be a chief concern. Consider the cost and time a full integration will take and how disruptive it will be. Factor in challenges with legacy systems. You want a control tower that can easily accommodate current and future technologies.

The right partner will take the time to understand your overall business strategy and should offer potential ways to retain customers and expand your customer base. Scrutinize your options, ask plenty of questions, and complete due diligence before you decide on the control tower for your business. Make sure that your chosen provider will be there, not just today, but tomorrow and the next day, prioritizing the optimization of your supply chain and working with you towards a common goal.

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5 Conclusion

Digitization and shifting customer expectations have greatly increased supply chain complexity. It's forced us to rely upon a complex network of internal and external systems and parties spread across the globe. And end-to-end visibility with control is the only way to truly optimize and better serve our customers. It's those companies that are achieving granular control that are experiencing a tangible benefit to their bottom line.

Despite the fact that "control" is in the name, not all control towers are created equal. Visibility tied directly into analytics can be useful, but it's not enough. Only operational supply chain control towers offer the end-to-end visibility and control that enable you to make better decisions on customer orders and in your supply chain plan in real-time, greatly impacting your customer experience and relationships.

However, most importantly, control towers are only as good as the underlying processes they serve, so it's crucial to map your business flows and take the time to set your expectations and goals. Finding the right control tower and the right partner for your business depends upon having an aligned vision. Draw up a list of requirements, probe your potential partners, and make sure that your prospective control tower is going to meet your needs, not just today, but for the foreseeable future.

There is enormous and largely untapped potential in achieving end-to-end supply chain visibility and real-time control across your multi-enterprise supply chain. As tailored customer experience continues to grow in importance, it may prove to be the defining factor in the future success of your business and be a source of true competitive advantage.

MPO Customer Chain Control

About The Author: *MP Objects Supply Chain Orchestration Platform*

MP Objects helps some of the world's largest shippers and logistics service providers embrace the increasing complexity of their global supply chains to achieve real and sustainable results that drive business critical performance, increase customer satisfaction and reduce critical supply chain costs in inventory and transportation.

With Supply Chain Orchestration, including inbound, outbound, and return customer order flows, clients get actionable end-to-end visibility and control tower internally, and across all partners whether it's a small parcel e-commerce order, overseas order, requiring multi-leg and multi-mode orchestration, or anything in between.