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# Digital Trendsetters: Secrets of the most successful digital supply chains

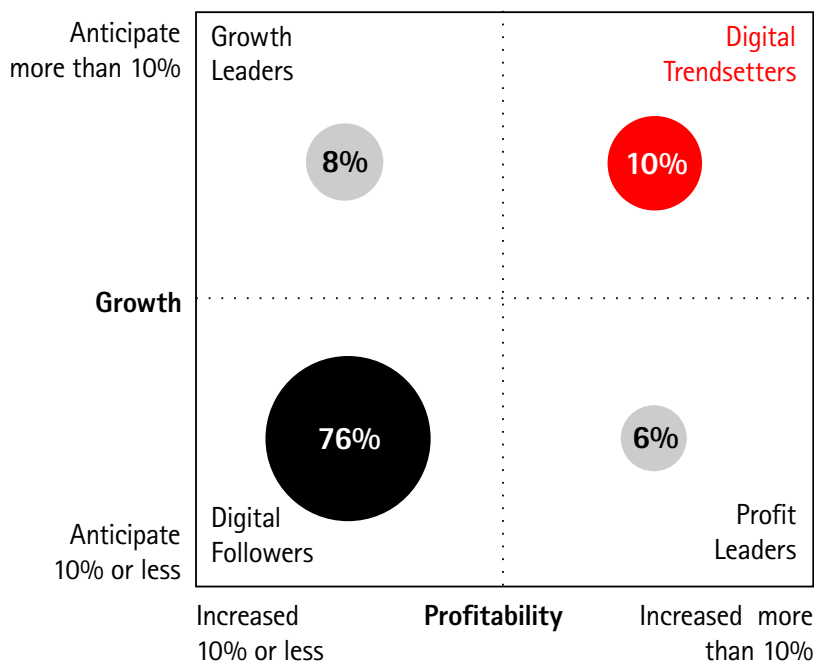
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and Kris Timmermans

You've adopted digital technologies and successfully deployed them across your supply chain. As a result, you've increased efficiencies and cut your costs. You are approaching real-time visibility in your operations. And thanks to standardized processes your customers enjoy a predictable and dependable fulfilment experience. So why is profitable growth proving so elusive? Why does your company keep losing market share? Could your supply chain actually be part of the problem?

Digital disruption is changing markets everywhere, and a highly efficient supply chain is only half the story. Today's digital customers, in both B2C and B2B environments, want experiences as unique as they are, delivered "on demand"—and at hyper speed. That makes a super-flexible supply chain as critical as a super-efficient one. Although 85 percent of organizations have introduced the digital technologies that help enable supply-chain flexibility, or plan to do so within a year, most still haven't realized the full, value-driving potential of these technologies.<sup>1</sup>

One group, however, is different. We call them "digital trendsetters" and they are the top performers in terms of both profitability and revenue growth in our survey of 400 senior supply-chain executives across 14 countries (see Figure 1). These trendsetters are breaking away from the pack of "digital followers" because they are responding to digital disruption differently. Here's how.

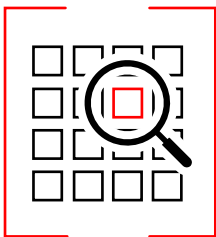
Figure 1. Digital Trendsetters are top performers in both profitability and growth.



From a survey of **400** senior supply-chain executives



across **14** countries



Accenture has identified the top **10** percent of respondents

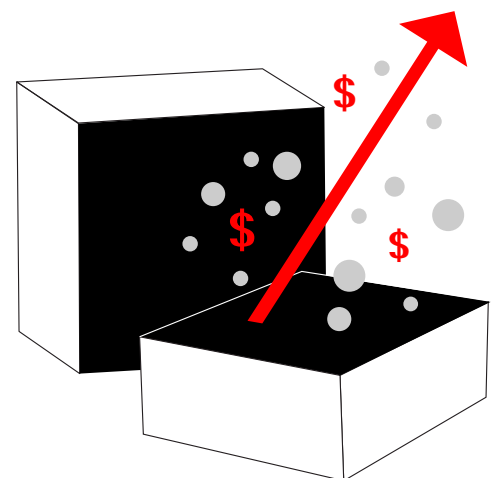
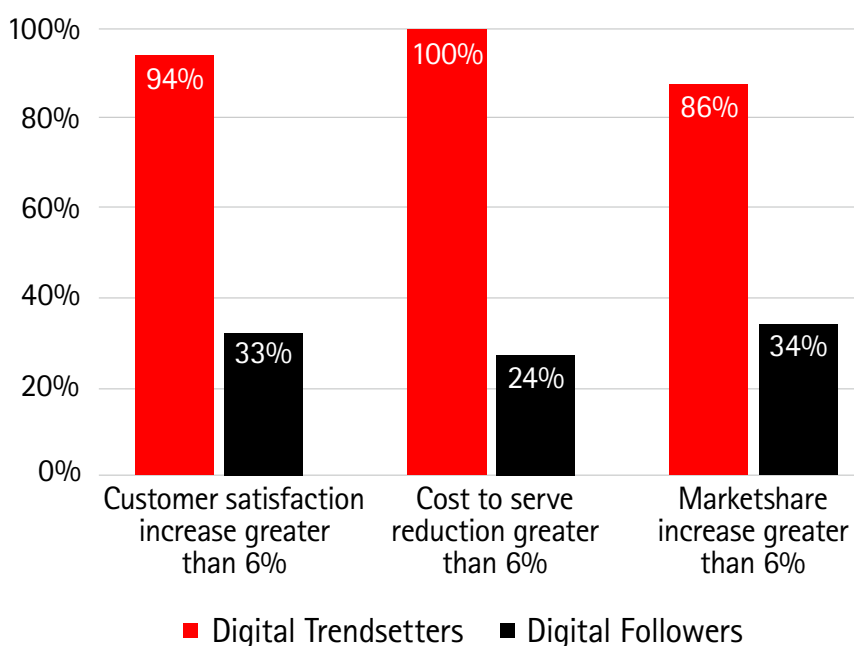
We call this group **"digital trendsetters"**

## Think enterprise, not just supply chain

Digital trendsetters are looking at things differently. They use digital to own the customer experience, end-to-end, across the ecosystem. Unlike digital followers, whose approach is transactional and focused on providing an improved shopping and buying process and faster and more flexible fulfilment, trendsetters take a more strategic view. They look to strengthen their on-going customer relationship with regular updates about products and services, online self-service, support and feedback. In short they use digital to enhance existing business models and develop new ones. And by taking this strategic approach, trendsetters drive value for the enterprise as a whole.

Although 63 percent of trendsetters expect digital technologies to drive revenues, they haven't abandoned traditional process and operational efficiencies—to the contrary.<sup>2</sup> Cost reduction and on-time delivery remain important key performance indicators (KPIs) for them. But trendsetters have transcended these measures. They systematically leverage such additional KPIs as cost-to-serve, customer satisfaction and market share—and are significantly outperforming digital followers on these measures as well (see Figure 2).

Figure 2. Digital Trendsetters significantly outperform the Digital Followers.



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## Raise your technology game to enable a hyper-tailored experience

By embracing controlled volatility, digital trendsetters aim to treat customers, products, and suppliers differently—on purpose and on their own terms. They are designing their supply chain operations around the intersection of suppliers, products and customers, all the way to the end consumer. And unlike digital followers, who say that giving B2B and B2C customers a unified experience remains their primary supply-chain objective, trendsetters strive to deliver a hyper-tailored customer experience: highly individualized, focused products and completely customized services providing buy-anywhere, collect-anywhere, return-anywhere capabilities via flexible channels.

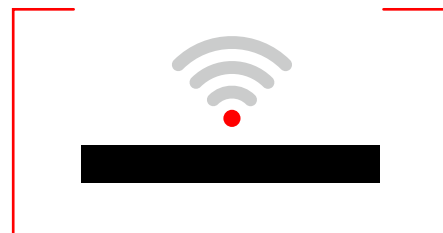
Schneider Electric, a global energy management company for example, has leveraged digital to identify 10 different customer segments based on need and operates four different supply chain models for a hyper-tailored customer experience.<sup>3</sup>

Hyper-tailored products and services require hyper-flexible capabilities and trendsetters know that leveraging the full spectrum of digital technologies is key to enabling them. They continue to invest in analytics, mobility and Cloud: the digital technologies most highly favored by digital followers. But trendsetters also take digital further, investing significantly more than followers in the higher-order digital technologies that facilitate hyper-flexibility.

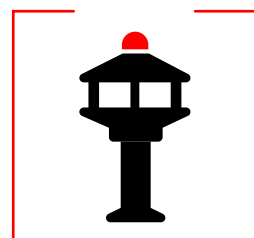
Almost three times as many trendsetters as followers invest in Artificial Intelligence (AI), for example. And nearly twice as many trendsetters invest in the Industrial Internet of Things (IIoT) and intelligent products. In fact, trendsetters outspend followers on digital 8:1 overall.

Cases in point: General Electric's Brilliant Manufacturing initiative which leverages IIoT technology and advanced real-time analytics. The system enables decision makers with the real-time visibility and deep operational intelligence needed to respond more quickly to unexpected events, as well as balance plant production with quality and profitability objectives;<sup>4</sup> and Amazon.com's patent for an "anticipatory shipping" system, which leverages its deep knowledge

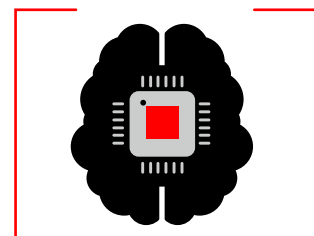
**19%** of trendsetters invest in sensors (vs. 11 percent of followers)



Almost **half** as many trendsetters as followers invest in control towers



Almost **three times** as many invest in Artificial Intelligence (AI)



of customer preferences to ship orders before the customer has clicked "buy" and minimizes returns costs by giving discounts or allowing customers to convert unwanted deliveries into gifts.<sup>5</sup>

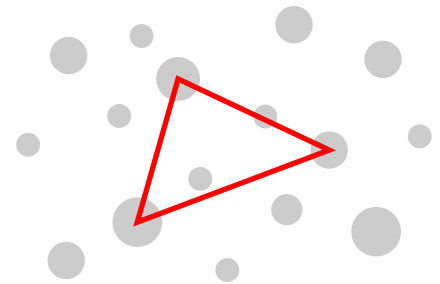
As ownership of technology decision-making shifts from the CIO to C-suite executives with responsibility for individual business areas, COOs and CSCOs will also need to raise their technology game.

## Never walk alone

Digital trendsetters are leveraging their digital investments to build new levels of collaboration—well beyond their four walls. Creating a flexible ecosystem where everyone can have access to the right information to work together collaboratively toward a common goal is a top priority for fully two thirds of them. Unlike followers, whose focus remains on enabling collaboration among internal functions, trendsetters' ecosystems encompass all stakeholders, including start-ups, in a broad, fluid and proactively managed network.

One global aircraft maker, for instance, is using a Cloud-based platform to track and manage supplier risks across a number of KPIs. The platform has enabled the company to secure the operational performance of a multi-tier network of suppliers challenged to keep pace as new aircraft production ramps up.

Trendsetters recognize the risks of data sharing, of course—but they have leveraged digital to enable safe, swift and easy access to information. By engaging proactively across a broad and fluid ecosystem, trendsetters are driving significant innovation. Consider Pfizer's Clinical Aggregation Layer, a data-sharing capability that enables accelerated new drug research through unprecedented collaboration between the pharmaceutical giant and its alliance partners.<sup>6</sup> One automotive company, meanwhile, incubates internal start-up groups that provide a means of rapidly developing and testing novel business opportunities in the mobility segment. Ideas can come from in-house "intrapreneurs" or outside sources, including a network of start-ups.



Trendsetters  
follow a  
predictable  
pattern.

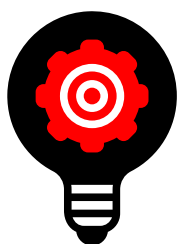


## A way forward

Only the digital trendsetters have successfully combined all enabling digital technologies to drive superior performance. Coupled with their strategic focus, and the courage to collaborate openly with outsiders, their digital capabilities are helping to give them first-mover advantage in today's on-demand markets.

Trendsetters follow a predictable pattern. They pinpoint what capabilities they need next, take action to implement them in a meaningful way, and capture the benefits.

By taking the following steps, you too could respond differently to digital disruption and transform your supply-chain into a driver of significant new value:



**Reinvent your supply chain business case.** Preserve basic efficiencies—but examine how you could leverage digital to change your value proposition and enable growth at speed for the enterprise as a whole. You can't, and shouldn't, do it all. Go after what can make a disproportionate impact on growth and profitability. You'll need new areas of focus, additional KPIs that capture market share and revenue generation, new tracking tools, and even more cross-functional governance.

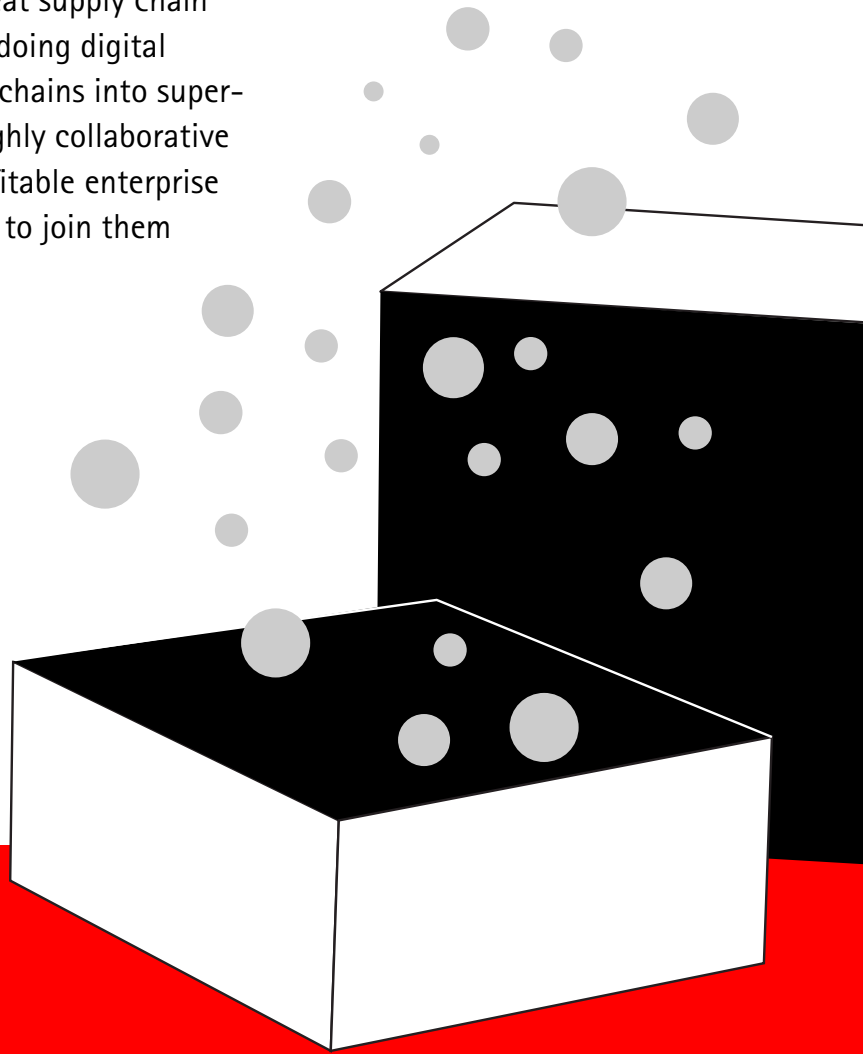


**Rethink your operating model.** Scan your supply chain for digital enablement and let digital inform how you can reimagine your supply chain to truly reap its benefits. Up your spending on the more sophisticated technologies but don't fall prey to "bolting on" new technology to an old model – you will only realize a fraction of your potential. Look at your high financial impact technologies and ask, "What new bold moves should we make in our strategy, processes, and organization to push far beyond today's reality?" And remember: if supply chain organizations cannot proactively propose capabilities to enable new models, the rest of the business will source them elsewhere.



**Reimagine your ecosystem.** Expand your ecosystem beyond your four walls and leverage digital to access and share data, while managing cyber-security risk. Engage proactively with strategic partners, including digital start-ups, to help you jumpstart innovative, value-enhancing capabilities.

Trendsetters know that what constituted a great supply chain yesterday is no longer good enough today. By doing digital differently, they are transforming their supply chains into super-fast, digitally disruptive, hyper-flexible and highly collaborative enablers of superior customer service and profitable enterprise growth. Now you know their secrets. The time to join them is today.



## About the Survey

Accenture Strategy surveyed 400 supply chain executives from organizations with a minimum global revenue of \$1 billion or more in mature markets and \$500 million or more in emerging markets across 14 countries: Australia, Brazil, Canada, China, France, Germany, India, Ireland, Malaysia, Singapore, South Africa, Spain, the UK and the US. From the respondents we identified a small group (10 percent) of top performers we call Digital Trendsetters. These companies reported an increase in profitability of more than 10 percent over the last two years and anticipated revenue growth of more than 10 percent in 2015.

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## Notes

<sup>1</sup> Digital Operations survey, Accenture Strategy, 2015

<sup>2</sup> Ibid

<sup>3</sup> "Schneider Electric Turns to Digital Monitoring in Global Supply," Wall Street Journal, 2015

<sup>4</sup> "The Internet of Things: enabling the era of precision manufacturing," radar.oreilly.com, April 29, 2014

<sup>5</sup> "Amazon Wants to Ship Your Package Before You Buy It," Wall Street Journal, January 17, 2014

<sup>6</sup> Clinical Research Innovation through Shared Clinical Data Warehousing, oracle.com

## About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world's largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 373,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at [www.accenture.com](http://www.accenture.com).

## About Accenture Strategy

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