Companies are turning to supply chain orchestration to combat disruption and volatility

KINAXIS®

Overview

Disruption and volatility continue to drive greater supply chain complexity, putting business operations – and your competitive advantage – at risk. Supply chain professionals, from line level to executives, across geographies and industries, recognize they need do more to reduce risk, improve response times, and broaden their options. However, a reliance on siloed and legacy tools and approaches is holding them back. These include point-solution control towers, which have carried the promise of end-to-end integration but have so far fallen far short of this objective.

Increasingly, businesses are recognizing the power of supply chain orchestration to help them respond faster to disruption and volatility while improving their resilience and maintaining their competitive edge.

Kinaxis commissioned a study with IDC to survey more than 1,800 supply chain decision makers and better understand the current state of supply chain orchestration, uncover what's driving change, and identify the key factors that are either helping or hindering adoption.

What is Supply Chain Orchestration (SCO)?

SCO is an emerging sub-segment of supply chain management (SCM) which brings together the critical activities of SCM into a connected, holistic process that may or may not still have multiple technology systems involved.

To create a harmonized end-to-end process, SCO goes beyond point solutions and leverages AI to gain comprehensive insights across the entire supply chain. It supports supply chain network design, scenario modeling, and intelligent, integrated decisions that balance key objectives, such as finances, sustainability, speed, and resiliency.

From a business perspective, SCO aims to keep each part of the supply chain in concert with the whole. While technology is a significant part of the equation, achieving high levels of coordination requires going beyond technology to incorporate other critical dimensions such as business objectives, governance, and strategy.

> " SCO aims to keep each part of the supply chain in concert with the whole."

Supply chain leaders are struggling to be agile in the face of disruption

IDC's survey of more than 1,800 supply chain decision-makers revealed that many are struggling to keep their operations agile and adaptable amid an onslaught of disruptions from geopolitical conflicts, natural disasters, and other sources of volatility.
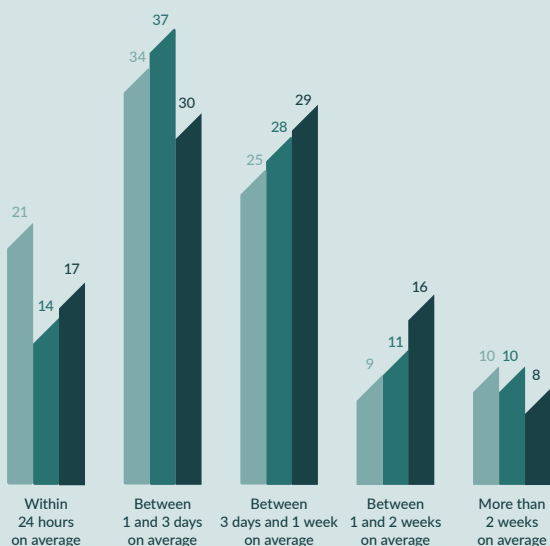
While some level of disruption and volatility is inevitable, the faster companies can respond to and mitigate the impacts means reduced risk and improved resiliency. Yet the vast majority of companies simply can't respond fast enough. Survey results show that most of supply chains are not capable of responding to disruption within 24 hours.

While two thirds of companies (67%) are dissatisfied with their ability to respond promptly to disruption, performance varies across industries. Industrial respondents rate their resiliency highest (47%), while those in retail (29%) and aerospace (27%) rate themselves lowest. Among industrial respondents, 28% say they can mount a response within a day, compared to 15% in life sciences and 14% in aerospace, the two slowest verticals.

Overall, survey results indicate that the widespread frustration with the current approach to dealing with disruption and volatility translates to dismal projections of future performance. While 63% of respondents view their supply chain as some form of competitive advantage over the next 12 months, that figure drops to 48% over the next one to three years. These findings suggest that supply chain leaders recognize that there is a significant price to pay for not taking action to achieve greater coordination throughout their supply chains, especially as competitors continue to invest in digital transformation.

Response time by Geography (%)

	Within 24 hours on average	Between 1 and 3 days on average	Between 3 days and 1 week on average	Between 1 and 2 weeks on average	More than 2 weeks on average
APAC	21	34	25	9	10
EMEA	14	37	28	11	10
NA	17	30	29	16	8

● APAC ● EMEA ● NA

IDC InfoBrief, Sponsored by Kinaxis, Leveraging End-to-End Supply Chain Orchestration: Deliver Next-Generation Supply Chain Management, Intelligence, and Responsiveness, doc #CA52004924, May 2024

67%

are dissatisfied with their ability to respond promptly to disruption

The supply chain is at an inflection point

The tradition of investing by supply chain function is at a tipping point. Historically, businesses invested in control towers to create better visibility, reduce risk, and boost resilience. The survey results reveal that companies in most industries tend to leverage control towers across siloed functions, with separate instances for supply chain planning, supplier collaboration, production planning and scheduling, and transportation management, among other use cases.

As a result, control towers are creating small pockets of visibility, but they aren't helping businesses break down functional silos – and, as a result, they aren't enabling the evolution to full supply chain orchestration. Moreover, according to the survey, two thirds of companies lack full integration across their end-to-end, multi-business value chain, and 36% can't claim integration across all enterprise systems.

Supply chain leaders are optimistic about supply chain orchestration

Despite the significant challenges they are facing, and the limitations of their legacy supply chain tools and processes, survey respondents are optimistic about the potential for supply chain orchestration solutions to turn the tide. Nearly all companies (97%) say that better orchestration tools would have a modest-to-significant impact on supply chain performance. Other key findings suggest that companies are gradually heading further down the supply chain orchestration maturity path, including:

97%
of companies say that better orchestration tools would have a modest-to-significant impact on supply chain performance

25%
of respondents plan to move to new technologies in the next year to improve resilience
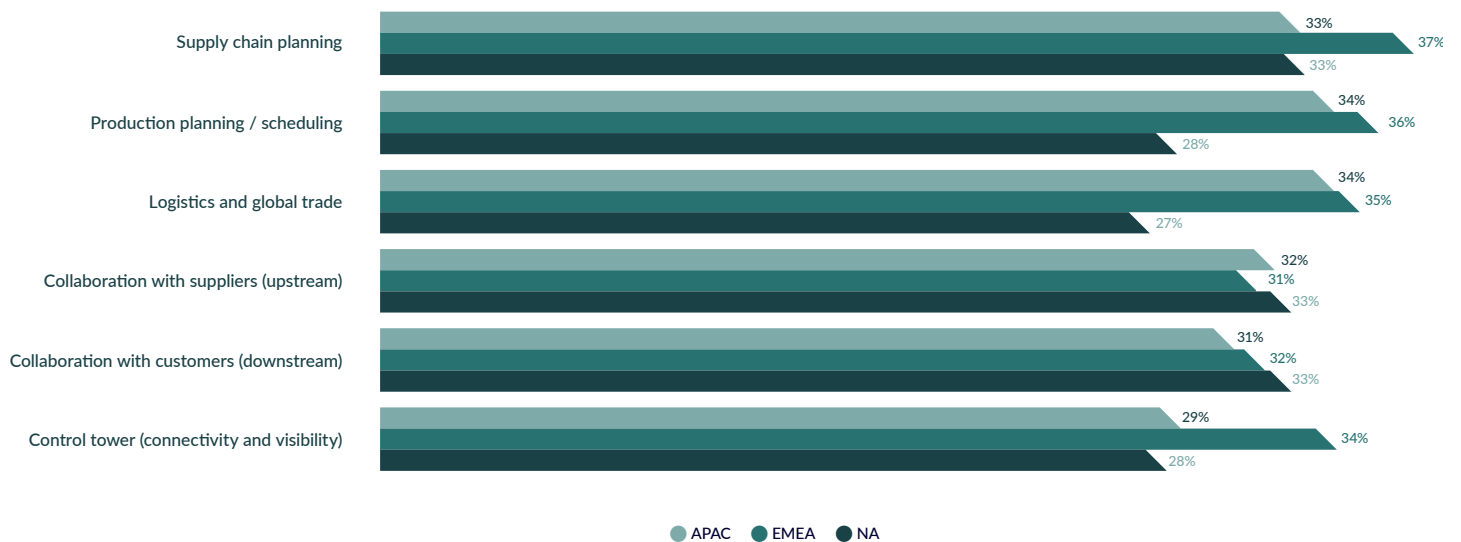
33%
want supply chain orchestration platforms that offer AI capabilities, including generative AI

For your company, what would be the key components of supply chain orchestration?

Supply chain planning
- APAC: 33%
- EMEA: 37%
- NA: 33%

Production planning / scheduling
- APAC: 34%
- EMEA: 36%
- NA: 28%

Logistics and global trade
- APAC: 34%
- EMEA: 35%
- NA: 27%

Collaboration with suppliers (upstream)
- APAC: 32%
- EMEA: 31%
- NA: 33%

Collaboration with customers (downstream)
- APAC: 31%
- EMEA: 32%
- NA: 33%

Control tower (connectivity and visibility)
- APAC: 29%
- EMEA: 34%
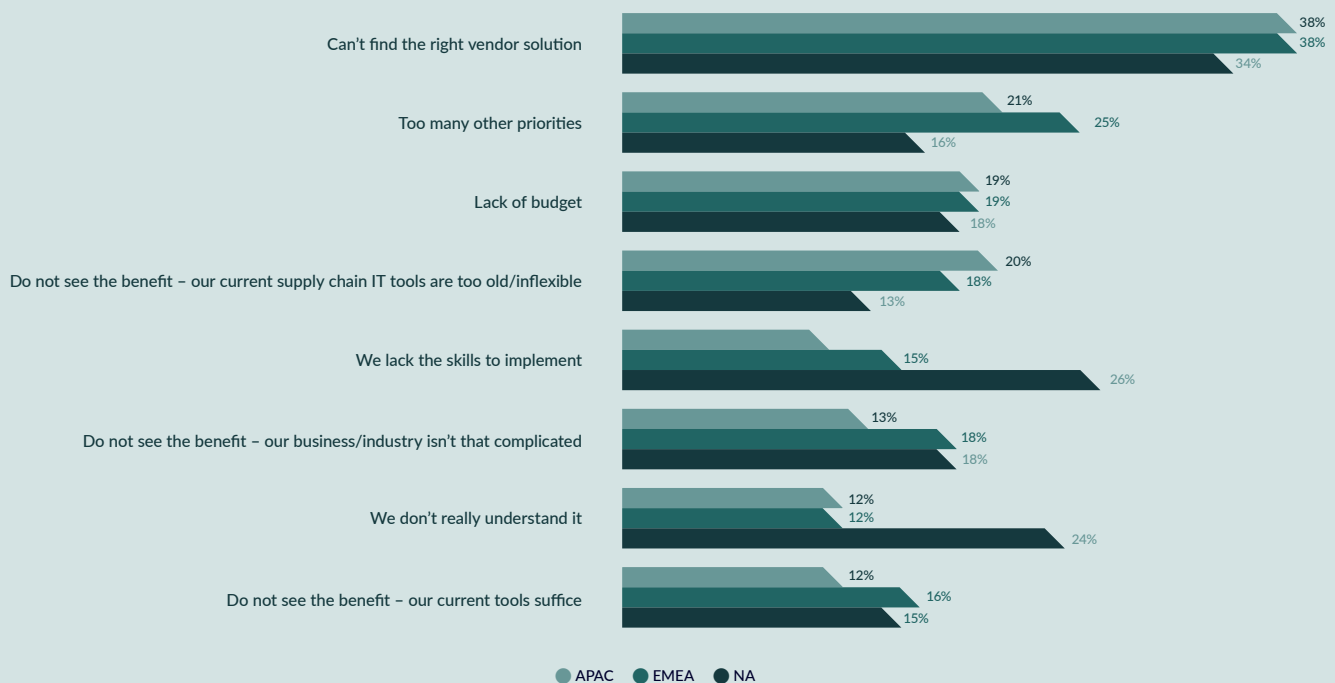- NA: 28%

Legend: APAC ● EMEA ● NA

Identifying the right vendor solution is the biggest roadblock to adoption

The survey also uncovered the key reasons that the adoption of supply chain orchestration is lagging. The biggest roadblock to adopt identified by respondents is not being able to find the right vendor solution. Other reasons for not adopting a solution include having too many priorities and a lack of budget.

However, a holistic solution is not enough – supply chain orchestration also requires a shift in mindset and approach. An evolution in technology alone can't succeed without an evolution in process and technique that aligns toward common business and operational goals.

What were the principal reasons you decided not to adopt a supply chain orchestration application?

Reason	APAC	EMEA	NA
Can't find the right vendor solution	38%	38%	34%
Too many other priorities	21%	25%	16%
Lack of budget	19%	19%	18%
Do not see the benefit – our current supply chain IT tools are too old/inflexible	20%	18%	13%
We lack the skills to implement	15%		26%
Do not see the benefit – our business/industry isn't that complicated	13%	18%	18%
We don't really understand it	12%	12%	24%
Do not see the benefit – our current tools suffice	12%	16%	15%

● APAC ● EMEA ● NA

Why Kinaxis is the vendor of choice for supply chain orchestration

Companies across all industries are looking to accelerate their advancement along the supply chain orchestration maturity scale, so they are better equipped to handle escalating customer demands, take advantage of technology advancements, and respond quickly and effectively to disruptions and volatility. Kinaxis® is the only platform that enables supply chain orchestration across planning and execution to keep supply chains instantly and continuously in sync.

In an increasingly demanding and disruptive world, Kinaxis enables businesses to drive agility, transparency, intelligence, and trust across every supply chain function and internal and external contributors.

Kinaxis supply chain orchestration allows businesses to eliminate siloed processes, outdated techniques, and disconnected technology in order to:

- Easily meet customer demands and corporate goals while minimizing impact to the planet

- Proactively get ahead of risks or opportunities with complete understanding of end-to-end business impact

- Continuously increase overall supply chain efficiency and team productivity

Download the IDC InfoBrief to read the complete survey results

Download the IDC InfoBrief on Supply Chain Orchestration to access the complete survey results and get the latest insights into:

- Key roadmap priorities for supply chain orchestration

- IDC FutureScape Predictions for supply chain orchestration

- The stages on the supply chain orchestration maturity journey

- Key takeaways for decision makers, including critical enablers and essential guidance for implementing supply chain orchestration

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Everyday volatility and uncertainty demand quick action. Kinaxis delivers the agility to make fast, confident decisions across integrated business planning and the digital supply chain. People can plan better, live better and change the world. Trusted by innovative brands, we combine human intelligence with AI and concurrent planning to help companies plan for any future, monitor risks and opportunities and respond at the pace of change. Powered by an extensible, cloud-based platform, Kinaxis delivers industry-proven applications so everyone can know sooner, act faster and remove waste.

Don't believe us? Ask us to prove it. Learn more at **Kinaxis.com**.