

# Demand-Driven Supply Chain

Capgemini's Demand-Driven Supply Chain approach helps consumer products and retail companies **create a "pull" supply chain** driven by consumer demand.



In a perfectly rational retailing supply-demand chain, the consumer would find the right product, in the right place, at the right time. Achieving this scenario in the real world is challenging, due to complex supply-demand chains, lack of synchronization between planning and execution, and poor real-time data availability with no common view across all businesses, channels and brands. All-channel retailing, in particular, poses an extra challenge to the responsiveness of supply chains.

The solution: a **Demand-Driven Supply Chain**, which enables a "pull" business model where all supply chain activities are focused around

consumer or shopper demand. With this approach, retailers and consumer products companies can better read and react to actual customer purchases, thereby achieving more accuracy in assortments, more control over inventory and more success in merchandising.

## REAPING THE BENEFITS OF A DEMAND-DRIVEN SUPPLY CHAIN

Capgemini has deep experience designing and implementing Demand-Driven Supply Chains for our consumer products and retail clients. More than 15 years ago we completed our first

multi-echelon/time-phased retail supply chain planning implementation, which successfully optimized service levels while minimizing inventory. We have developed supply chain solutions for retailers and manufacturers representing more than \$150 billion in revenues. Our solutions have helped clients realize the benefits of becoming a demand-driven enterprise:

- Providing **retailers** with a single system of record and clear visibility, allowing everyone to see – and act on – the same data, at the same time.
- Allowing **manufacturers** to help their retail customers leverage consumer insights to determine the most efficient supply chain strategy.

Capgemini's Demand-Driven Supply Chain approach comprises four solution frameworks.

**1 Integrated Planning & Execution (IP&E)** offers a framework to provide retailers with a common view of supply and demand to better manage planning and execution (Figure 1). IP&E provides a single system of record and clear visibility across all brands. We call it a “synchronized view of demand.”

IP&E enables an organization to align top-down sales and merchandise plans with bottom-up assortment, space and demand plans. It synchronizes supply and demand plans with execution processes, making it possible to monitor purchase orders, shipments and inventory movement – real-time – down to the store level, while using exception management to enable a more efficient supply and demand chain.

**2 Shelf-Connected Enterprise** enables consumer products companies to better manage inventory and retailer relations. The Shelf-Connected Enterprise framework (Figure 2) integrates the planning and execution processes across both manufacturers and retailers to drive revenue and margin increases by better supporting assortment optimization, space optimization, trade funds management and demand planning.

The power of the Shelf-Connected Enterprise lies in five core concepts: Collaborative Category Management, Demand Planning Synchronization, Trade Promotion Management and

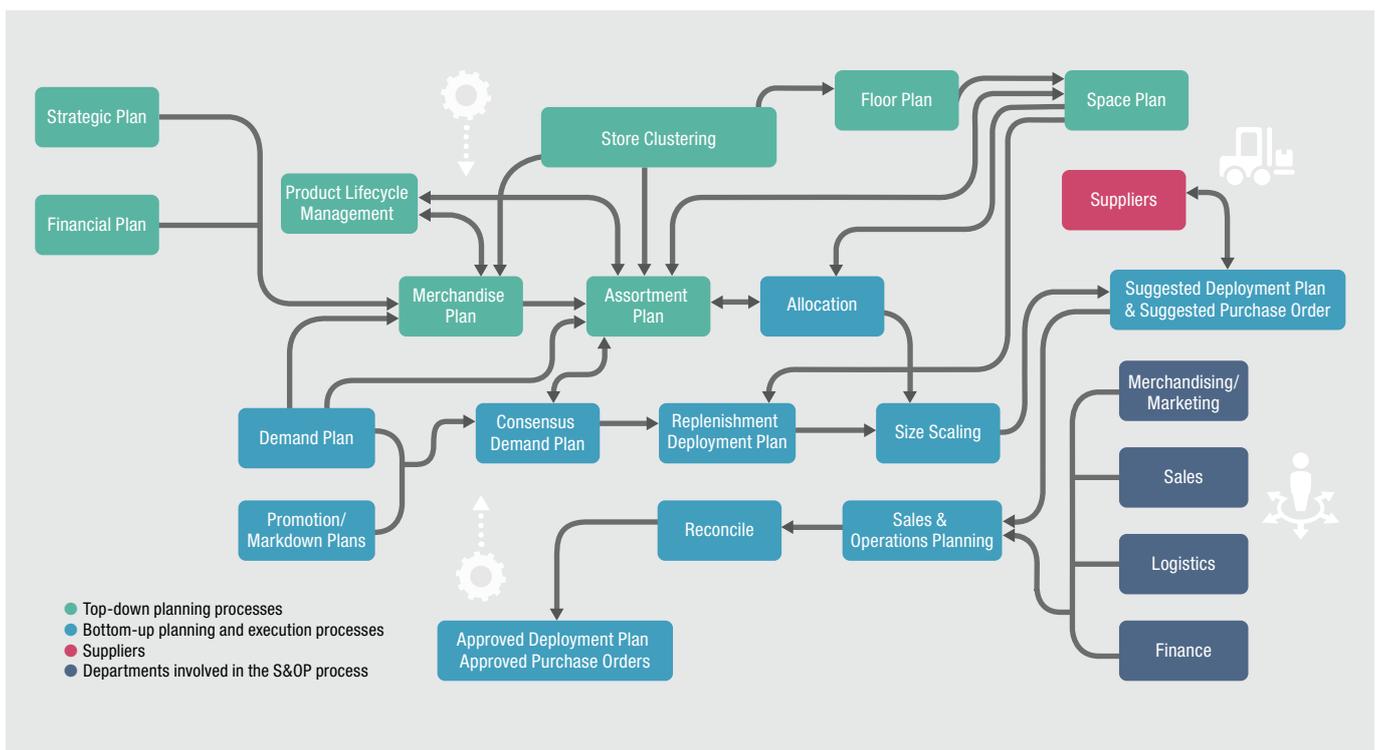
Optimization, Inventory Planning Synchronization and Supply Chain Execution Collaboration. These concepts work together as enablers to maximize revenue, margins and in-stocks at the shelf while simultaneously removing costs across the entire supply chain.

**3 SAP Retail, SAP Apparel & Footwear Solution (AFS) and SAP for Consumer Products** are comprehensive, enterprise-wide solutions, which integrate planning, replenishment, supply chain logistics, warehouse management and store operations with general SAP (or other) applications such as vendor portal, customer relationship management, finance and accounting, human resources, financial planning and data warehousing. The result is a remarkable competitive advantage: a single version of the truth.

These solutions are built on Capgemini's proprietary SAP templates. The templates are based on our Consumer Products and Retail Reference Models, which incorporate best practices from our extensive domain knowledge and rich experience of SAP implementation for leading retailers and consumer products companies. In working collaboratively with retailers, consumer products companies and SAP, Capgemini helps deliver meaningful and measurable value: sustainable business benefits, rapid and long-term ROI, and scalability for future growth.

## INTEGRATED PLANNING & EXECUTION

Figure 1





## B2B Mobility and Supply Chain Execution solutions such as Transportation

Management, Warehouse Management and Workforce Management help support the movement of inventory through the value chain. Improved collaboration together with new supply chain/logistics technologies and information transparency enable a more synchronized value chain with greater visibility and traceability.

Especially in the age of all-channel retailing, the supply chain needs to be able to accommodate individual customer orders across multiple delivery options. Mobile solutions allow your employees to collaborate with partners, automate data entry, extend the power of business applications and manage a broad range of transactions – anytime, anywhere.

Capgemini works with leading technology partners such as SAP, JDA/RedPairie and Oracle to help our clients achieve optimal results with our Demand-Driven Supply Chain solutions.

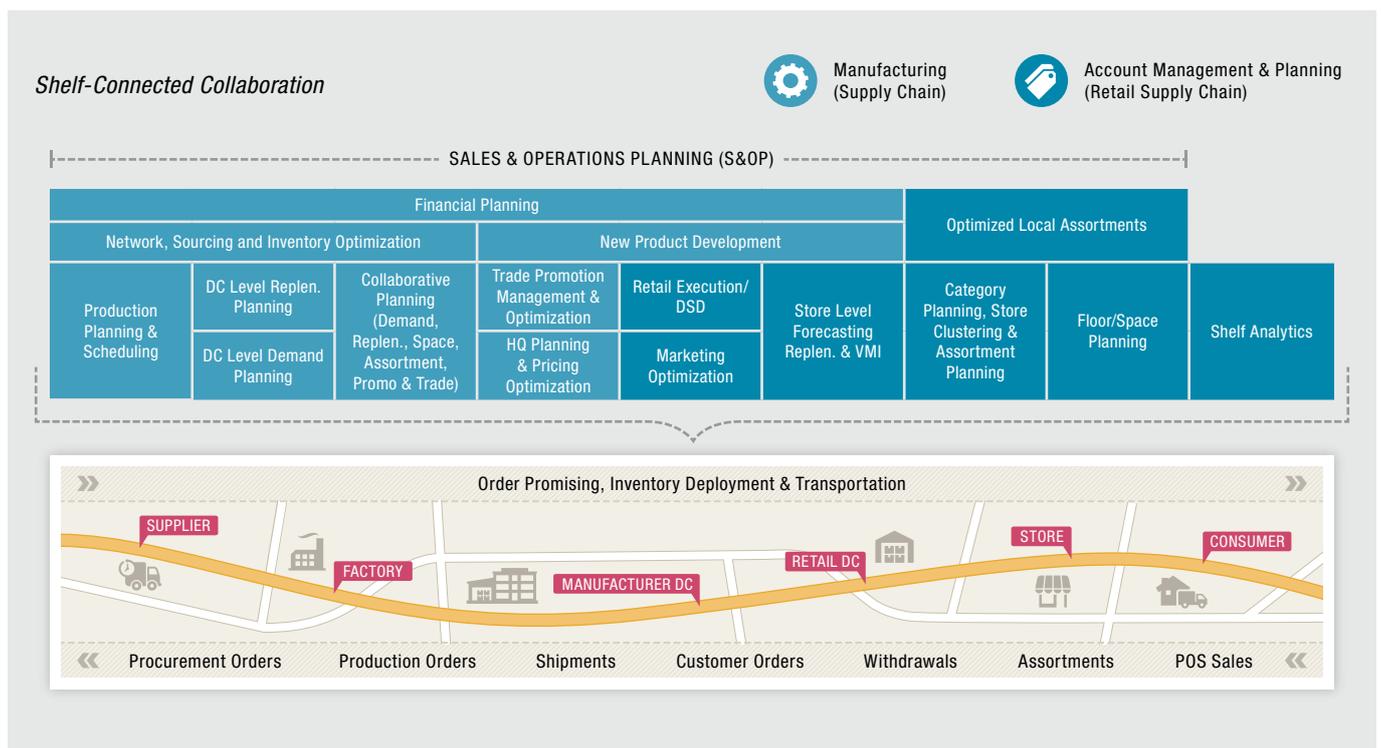
## EXPERIENCE COUNTS

Capgemini works with a number of retailers and consumer products manufacturers to bring them the benefits of a Demand-Driven Supply Chain:

- We helped a luxury retailer transform its planning and fulfillment operation. The Demand-Driven Supply Chain solutions reduced the planning cycle time by more than 30%, improved visibility and analytical capabilities, and have enabled the retailer to implement rapid responses to changes in demand.
- We worked with a large grocery retailer to develop and implement collaborative supply chain processes, organization and systems to smooth supply chain responsiveness, automate manual processes, provide information transparency for future events like promotions, decrease the bullwhip effect and improve margins.
- For a large consumer products company, we performed a current-state supply chain business assessment, future-state strategy, evaluation scope and ERP selection, and provided project scoping, solution design and program management support. The new solution provides smooth visibility across the supply chain.
- We partnered with a manufacturer to design the processes and implement Oracle's Transportation Management Planning and Freight Payment for outbound and inbound transportation, enabling a scalable production environment to standardize transport management processes (planning, execution and tracking).

## SHELF-CONNECTED ENTERPRISE FRAMEWORK

Figure 2



We combine our understanding and experience of the consumer products and retail industries with cutting-edge technology solutions. The outcome: faster, more tailored solutions that help companies achieve superior performance.

### THE CRESCENT ADVANTAGE

Capgemini's Demand-Driven Supply Chain solutions are supported by our Consumer Products & Retail Solutions Center (CRESCENT), located in Kolkata, India. In collaboration with our global industry practitioners, CRESCENT has industrialized leading practices, accelerators and frameworks for the consumer products and retail industries, as well as those specific to partner solutions.

The center offers a multitude of tools to help companies reach their objectives more quickly, while minimizing risk and cost, and maximizing the overall quality of the solution. These include:

- Proprietary **industry reference models and solution templates** for multiple retail and consumer products segments.
- Reusable tools, including **enhancements, layouts, interfaces and reports**, which can reduce development time by an average of 30%.
- Hundreds of **ready-to-go test scenarios and scripts** to streamline the testing process.
- **DELIVER**, Capgemini's world-class delivery methodology, which enables clients to quickly realize benefits without compromising the quality of implementation.
- **Application maintenance tickets** with solutions to enhance post-implementation support.

### THE STARTING POINT: DESIGN A DEMAND-DRIVEN SUPPLY CHAIN PLAN

An easy way to get started is to engage with Capgemini to develop a Demand-Driven Supply Chain Plan. A team collaborating with your key people can produce a business case, technology roadmap, digital operating model and project plan, including resources and cost estimates. With this approach, you can begin the journey to optimize your supply chain and become more efficient by creating agile, responsive supply chains driven by consumer demand.

## DIGITAL TRANSFORMATION OF SUPPLY CHAINS

Digitization has touched all aspects of businesses, including supply chains and operating models. Today, technologies such as RFID, GPS and sensors have enabled organizations to transform their existing hybrid supply chain structures (combination of paper-based and IT-supported processes) into more flexible, open, agile and collaborative digital models.

Digital supply chains enable business process automation, organizational flexibility and digital management of corporate assets. We believe a holistic approach to digital transformation of supply chains, starting with a digital strategy and a digital operating model, will set the direction for integrated execution.

## About Capgemini

With more than 130,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2013 global revenues of EUR 10.1 billion.

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

Learn more about us at [www.capgemini.com](http://www.capgemini.com)

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