



## Connected Supply Chain

In the face of increasing geopolitical tensions and the growing challenges posed by resource scarcity and climate change, a resilient Supply Chain is key to sustainable business success.

### The Client's Challenges

In recent years the client's Supply Chain has been confronted with major disruptions such as the war in Ukraine and the semiconductor crisis. This has necessitated a rethink of global value Chain structures and approaches in the search for resilience. Supply Chain resilience is a key factor to sustainable business success as it enables the Supply Chain to react flexibly and dynamically to disruptions and minimizes the effects on revenue, customers and costs. It is crucial for companies to gain full end-to-end visibility in their Supply Chains

as the basis for tactical improvements in terms of efficiency, quality and sustainability.

Resolving typical pain points is one step towards Supply Chain transparency across all involved partners and drives sustainable improvement for all stakeholders. Like many industrial companies, the client – an automotive OEM – was suffering from such typical pain points and thus approached Deloitte. Some of the OEM's pain points included:

### Lack of automation

In high-risk and very dynamic environments, organizational agility is essential. Many OEMs still rely on manual-based processes, making it difficult to react to problems in an agile way. This leads to inefficiency, errors, lack of visibility and significant delays.

### Reactive, not proactive, Supply Chain management

When it comes to responding to Supply Chain disruptions, timing plays an important role in ensuring Supply and minimizing the resulting impact on costs, the supplier network, and customers.

### Lack of knowledge transfer and exchange of lessons learned

To improve business processes and institutionalize best practices, it is important to apply lessons learned and to continuously pass on knowledge within the company. If this is not the case, the company might run the risk of repeating the same mistakes. ➤

The client's decentralized structures made its search for solutions even more challenging. Integrating and harmonizing different plant processes into these decentralized structures and converting all of this into a coherent overall concept would be one major success factor of the project.

### Why Deloitte?

The client chose Deloitte because of its profound expertise in the Automotive

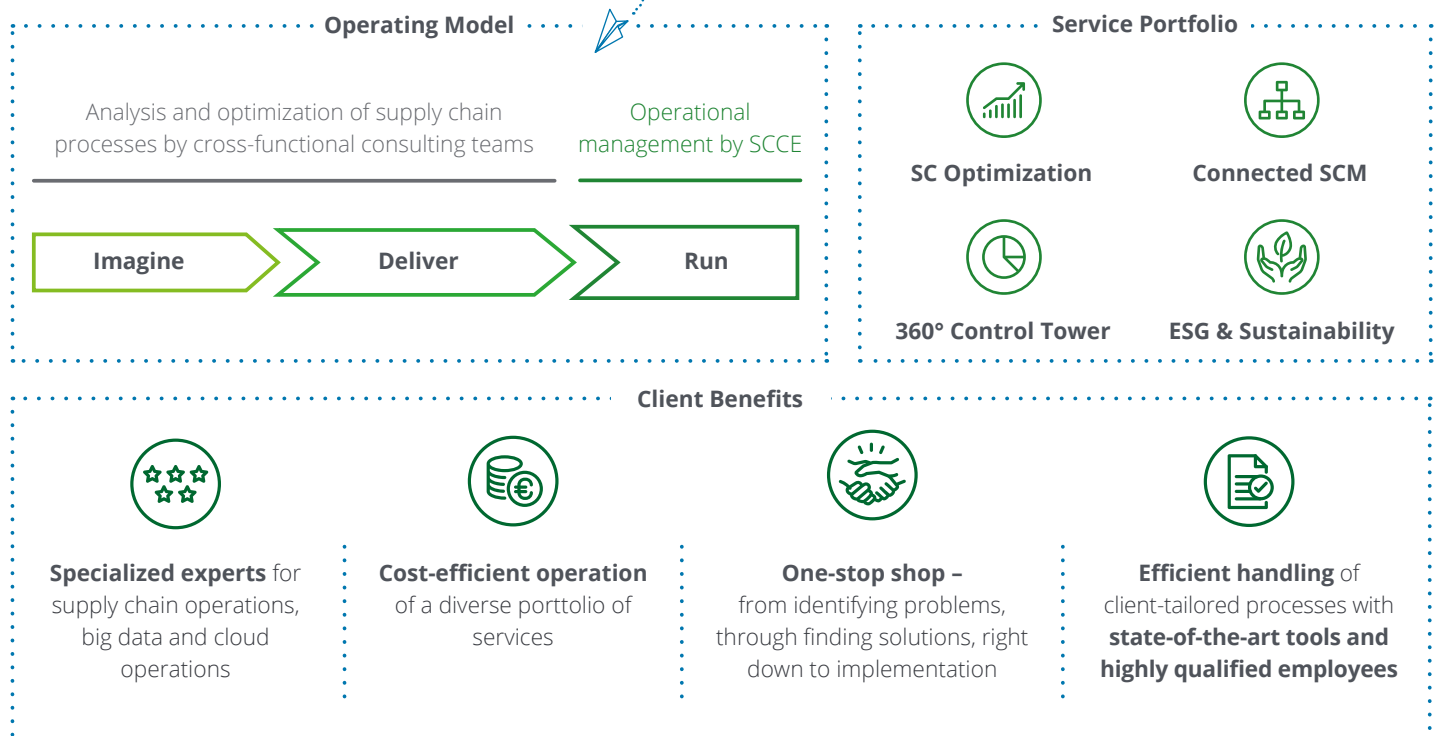
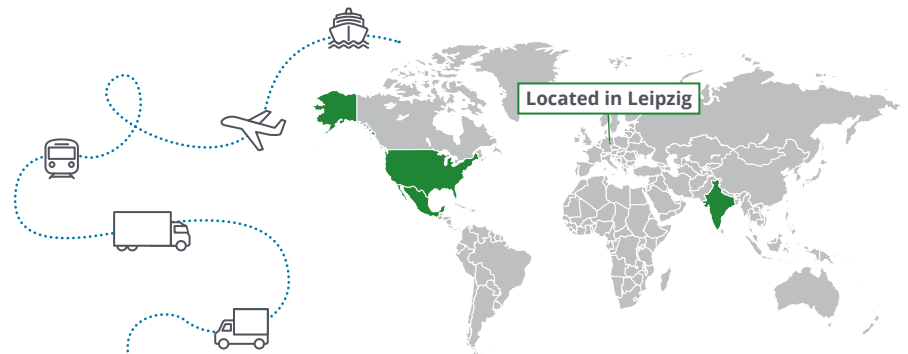
industry and its strong track record of successful Supply Chain-projects within the industry. To solve the above-mentioned challenges, the OEM was looking for a consulting company that not only provides Advice, but also helps to Implement and Operate the measures and solutions identified.

Deloitte's Supply Chain Center of Excellence (SCCE) in Leipzig provides state-of-the-art services in the Supply Chain,

logistics and production environment. Complementary to Deloitte's Consulting and Advisory services, over 60 highly qualified employees at the SCCE efficiently implement and manage operational services for clients from all industries. In order to bring best practice technical solutions to the clients the SCCE utilizes enhanced data intelligence tools such as the Deloitte's "SupplyHorizon" and closely collaborates with Deloitte's Alliance Partners such as ServiceNow.

**Fig. 1 – Supply Chain Center of Excellence**

- **State-of-the-art services** in the supply chain, logistics and production environment
- **>60 employees** for efficient management of **operational services**
- **Competitive advantage** through fully **comprehensive service portfolio**
- Ongoing review of supply chain processes through **tried-and-tested improvement process**



### Opportunities and Impact

The approach to this project was a great opportunity for the client to utilize – and for Deloitte to prove – its wide range of services. Not only did Deloitte Advise on process optimization and stakeholder management and provide a technical backbone with the help of its Alliance partner ServiceNow, it also helped to implement solutions and will operate these solutions on a daily basis for the next three to five years.

While defining and setting up this target operating model – from processes and stakeholders, through IT systems, right down to operational services – Deloitte also supported the client in anchoring it through training and coaching from the internal shared service center, which in turn was responsible for operational implementation. Receiving this entire spectrum of services from a single source, i.e., from one professional service company, was exactly the seamless and comprehensive solution the client was looking for.

### Results

Deloitte helped the client to set up a Connected Supply Chain Control Tower to considerably improve its Supply Chain transparency. The Control Tower first and foremost increases visibility and control over inbound material flow by enhancing communication with and interfaces to suppliers and transport service providers. A “partner management” function was set up to track and measure performance of suppliers and transport service providers (“partners”) across all plants.

### KPI-driven performance tracking and evaluation

A comprehensive KPI concept was defined and implemented based on a technical solution of Deloitte's alliance partner ServiceNow, to track performance of “partners” via interactive dashboards. This provided automated and on-demand performance insight for both internal and external stakeholders. Using ServiceNow enables even the smallest performance variance

and mitigation steps to be retraced months later. The different ServiceNow functionalities have dramatically improved the comprehensibility of performance tracking despite the increasing amount of data.

### Automated workflows for daily operations

Deloitte established semi-automated process steps with defined deadlines for operational improvement within the ServiceNow solution. For daily collaborative matters between OEM and “partners”, such as volume planning, payment details, etc., all data is stored in one system and can be exported quickly. Third party systems are not required for data storage. Workflows which automate repetitive tasks and automatically parse for important information help to save time in daily operations.

Establishing a comprehensive, cross-plant assessment of all Supply Chain partners using stringent KPIs with the help of interactive dashboards was a significant achievement and had a major impact on the project. Comprehensive improvements were made to processes to continuously and sustainably increase the logistical performance of all Supply Chain partners, which also provides a substantial knowledge base for partner management. Usage of the ServiceNow solution ensures increased efficiency through workflow automation and increased transparency through big data analytics.

### Measurable impact

Targeted improvement measures were derived and implemented based on the KPI-driven performance tracking and evaluation of Supply Chain partners such as suppliers and, in particular, transport service providers. Measures such as transportation load optimization and route optimization helped to cut logistics costs by up to 11% and reduce the carbon footprint by up to 9%. Furthermore, centralization of processes and automation of workflows served to reduce personnel input and costs by up to 12%.

### Outlook

Implementation of the Deloitte Connected Supply Chain Control Tower has transformed the OEM's Supply Chain planning and monitoring, which used to be a manual and decentralized operation, into a more streamlined, efficient, technology-backed and transparent approach to Supply Chain management. The project's success highlights the importance of integrating different plant processes and systems into a comprehensive and cohesive concept and system (Control Tower) on the road towards end-to-end Supply Chain transparency. The OEM's Control Tower will be operated by Supply Chain professionals from Deloitte's Supply Chain Center of Excellence for the next three to five years to ensure maximum utilization and continuous optimization.

Find out more about, how Deloitte can Advise on, Implement and Operate a Connected Supply Chain Control Tower solution and how it could make a difference for your business.

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