

Getting the most out of your APS investment

November 9th, 2023



Agenda



- 1 Advanced Planning Solution State of the Industry
- 2 Round table discussion

Meet the Team

Webinar Panel



Valerio Dilda

Senior Partner

McKinsey & Company



Maximiliano

Partner

McKinsey & Company



Mike Raftery

Leader, SCM Connections

McKinsey & Company



Patrick Green

Leader, SCM Connections

McKinsey & Company

Digital planning makes supply chains more efficient and resilient

Advanced forecasting

How much do you think you will sell?

Supplier collaboration

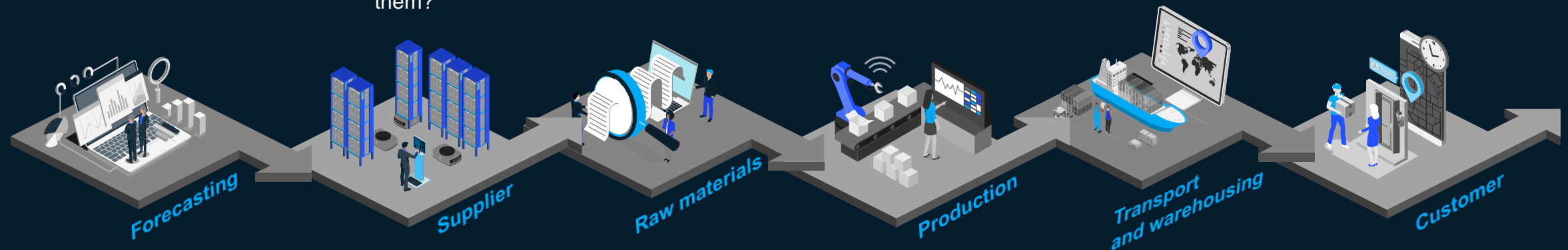
Can your suppliers get you the raw materials you need when you need them?

Supply planning

How should you use your production capacity to make this volume?

Automated inventory management and fulfillment

Which customers should you ship available inventory to and when should you ship?



E2E Supply Chain Control Tower

Short term

What is the real-time status at each step of the supply chain and where should you focus to manage issues and mitigate risks?

Digital S&OP/IBP

Medium to long term

How should you balance available and upcoming inventory and capacity with customer demand?

Post COVID 19, **Digital Supply Chain (including planning)** continues to be one the **top priorities** for CEOs and boards

Advanced Planning System is at the core of digital planning

APS is one of most strategic investments ...

\$20-30M

APS investment¹ for the typical \$10B-company

3.5 years

Median time to complete next-gen planning transformation

APS solution providers listed as leaders in Gartner Magic Quadrant for Planning

kinaxis

SAP IBP

o9

OMP.

BlueYonder



...with tremendous impact potential



70-90%

Clock-speed increase for a resilient & agile SC



2-4 p.p.

Higher EBITDA margin



20%

Carbon footprint reduction



3-5%

Revenue increase



10-20%

Working capital reduction



Top quartile

People satisfaction and empowerment

Digital planning and APS should be on your client agenda. With SCM Connections acquisition, we are able increase APS **ROI by 4X²** and accelerate value capture timeline by **50%+**

1. Average across all industries; covering domains of demand, supply, inventory, S&OP, reporting and exception management functionality; scheduling integration excluded; inclusive of external costs (e.g., vendor, system integrator and change management partner fees for data integration, system configuration, training etc.) and internal costs (e.g., project & change mgmt. execution, acquisition of needed infrastructure (e.g., servers), backfill roles etc.)
2. Times of return on investment relative to typical system integrators. On an average investment of \$20-30M per \$10B-revenue, the typical company will achieve 2x the return

However, majority of APS implementations have failed to deliver against expected value

65%

Of advanced planning solutions projects do not realize full potential...

1/2

Of which do not achieve a positive ROI at all...

Source: McKinsey APS Survey of 80 companies of different sizes, across industries and geographies

Typical challenges with System Integrators



Other dependent functions besides SC planning are rarely engaged in a holistic approach



People who implement only know the software but do not know about supply chain



Fully APS system driven vs. problem driven with a tool agnostic point of view and capability

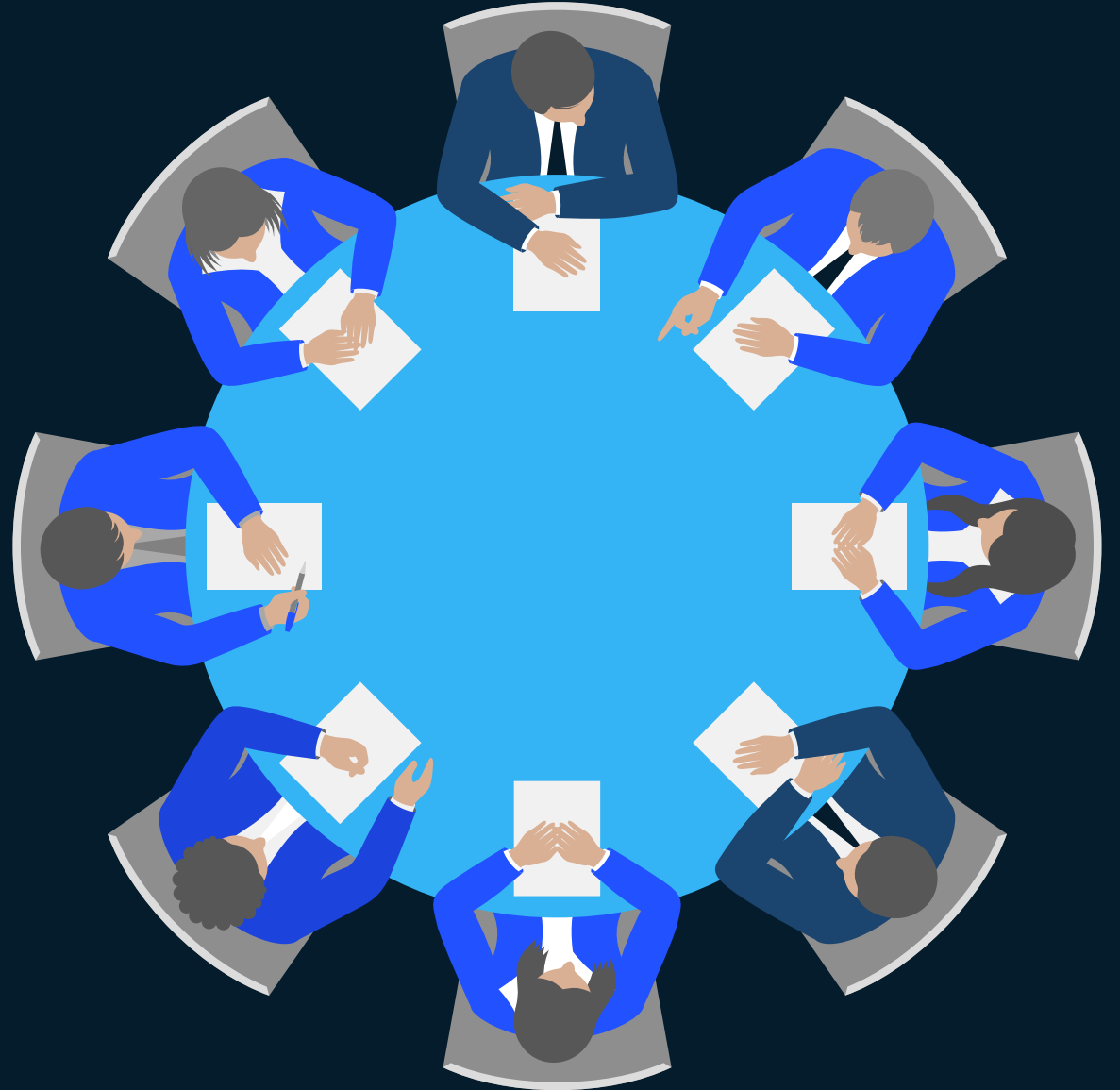


Focuses on tool training only and not on supply chain fundamentals and way of working changes



Incentives are aligned to extending project duration instead of achieving business results and building internal capabilities

Round table discussion



APS Implementations Today



What makes APS different from other IT projects?

How have APS solutions changed over time?

What is the one thing senior executives can do to foster success?

What Makes APS Implementations fail?



Name the worst habit of APS projects today

What themes do you see in value recovery candidates?

Name three warning signs on a project that can still be course corrected

How to realize ROI from an Implementation



Top 2 things to deliver ROI

What can be done prior to the project?

What to plan for after project is complete?

Creating and Environment for Success



Describe your perfect project

What is your favorite role to play in a project team?

Name one thing you can not have too much of (not funding)

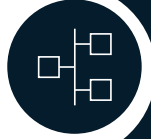
8 things to maximize value from digital planning transformations

Commit to the maximum potential



Set a transformative vision and bold aspirations that inspires the organization

Work across and within functions



Break functional siloes and create an E2E operating model from Sourcing to Sales

Define Who / What / When



Redesign processes, roles & responsibilities and define a robust governance mechanism

Adopt Agile for APS deployment



Set up dedicated Business + IT team from day 1. Build, test and deploy iteratively with multiple business releases

Look beyond APS – for further differentiation



Use AI to build be-spoke models that enable critical requirements where APS standard capability falls short

Accelerate speed to insight



Make the most of GenAI capability in parallel to APS deployment to accelerate user learning and maximize usage of information available across systems

Set up robust data platform and governance



Design a robust data platform to accelerate APS and bespoke model deployments. Set up business led data governance

Maximize adoption usage



Over invest in internal capability building and change management

We are a fundamentally different option



1 We commit to you through one arrangement with no change orders

- We walk the talk: All our projects are **either fixed fee as per defined scope or linked to outcome** and not based on time and material – we don't nickel and dime you with multiple change orders
- Client ROI is typically ~7-12x our fees (relative to 2x or less in most cases with traditional approaches to implementation)

2 We deliver sustainable value and build a new organization capability

- We have more experience **working with C-suite** and our **approach to tech is business-led** with **impact-focused** success metrics incl. capability building and change mgmt.
- We bring **20+ years of APS implementation experience** to work with you **from the start to finish**, faster and better at bridging across functions

3 We are uniquely positioned to leverage our best-in-class expertise at a global scale

- Our **holistic transformation approach leverages 1,200+ implementation consultants** and combines people, process, and data to bring forth **McKinsey legacy offerings** and **flex our model to your needs** from full transformation to laser focused intervention on a specific process

4 We have deep experience deploying and collaboratively working with the major platforms

- We help you make the **best unbiased choice of APS vendors**
- Once the choice is made, we leverage our **dedicated vendor alliance partners** to help design the **optimal tech stack that is right for you** (e.g., advanced demand prediction or supply optimization models) vs. best of what you can get from APS (and their SI resellers)

Additional materials as follow-up

Majority of digital planning implementations have failed to deliver value

■ McKinsey's approach to digital SC planning implementations

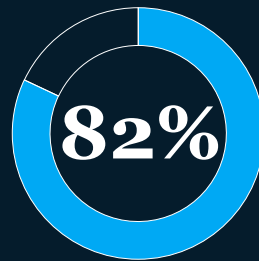
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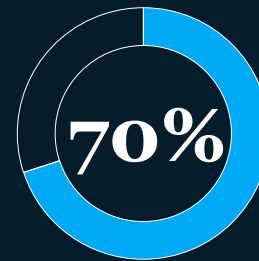
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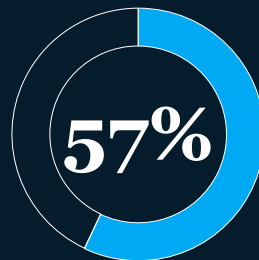
... and companies struggle with similar barriers to effective implementation¹



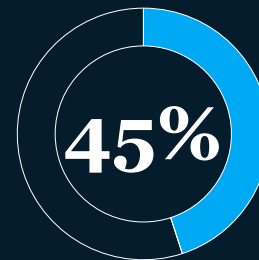
Insufficient accountability & **change management**



Poor **process design** and requirements



Inadequate organizational **capabilities**



Lack of alignment on **tech & process decisions**

There are two ways to look at digital SC planning implementations:



Technology focused

Typical root causes of failure:

- Focus on software rather than on applying SC fundamentals
- Extended timeline to realized value
- Incentives aligned to extending project duration instead of achieving business results
- Infrequent engagement with other dependent functions



Comprehensive business transformation enabled by technology

We believe a holistic approach will drive full impact potential

1. % respondents who cited it in top 3 risks

Source: CxO survey, McKinsey Supply Chain Executive Academy 2021 Q4, N=44

Questions?

