

SUPPLY CHAIN MANAGEMENT

WHITE PAPER

Atos 
Origin



Supply Chain Management:

Consult, Build and Run with the Best

Executive summary

Successive waves of Supply Chain Management (SCM) theory and technologies have promised greater efficiency, lower costs and less latency. However, companies embarking on supply chain initiatives have often struggled to achieve these benefits or the expected return on investment (ROI).

At Atos Origin, we believe the reason for this failure is simple: too many projects concentrate on the design and build of solutions but don't consider or carry through into ongoing operations.

The move towards endlessly flexible networks of partners who each contribute their particular expertise to the supply chain means that, more than ever, companies need processes and systems which can easily be adapted and maintained over the longer term. These solutions also need to support users outside the traditional planning function, making attention to cultural, business process and collaboration issues as central to success as technological ones.

The range of SCM Services offered by Atos Origin and Atos KPMG Consulting takes account of these factors.

They also take organisations beyond the traditional consult and build stages through to running their SCM ecosystems following initial go live. This approach means we consider operational issues and ongoing maintenance to support changing needs from the moment we start working with customers.

Our many satisfied customers, such as Philips Semiconductors and Brother International Corporation, are a testament to the success of our approach to SCM.



Supply Chain Management is about getting the right product to the right place, at the right time, in the right volume, and at the right price.

Introduction

The need to manage the supply chain goes back to earliest days of trading, but the last ten years have seen an explosion of interest in supply chain management (SCM). Vendors have promoted successive waves of new SCM theories and technology solutions which have held out the promise of greater efficiency, lower costs and less latency. However, not all companies who have made significant investments in change programmes and new IT systems have seen the expected business value or return on investment for their efforts.

Each new SCM theory or technology – internet-based trading, for example – claims it will tackle the deficiencies of the past, yet this usually proves true for only a proportion of companies or projects.

At Atos Origin, we believe the reason for this failure is simple: too many projects concentrate on the design and build of solutions but don't consider or carry through into ongoing operations. Companies are now responding to the demands of customers for products

which are designed to look beyond the initial investment and support the long-term use of the product. In the same way, they need to adopt a full lifecycle management approach to introducing SCM processes and solutions within their own organisation.

With this philosophy, long-term operational issues are taken into account during the initial consultancy and design phase, so that the build phase generates systems and processes which can not only be maintained but also driven forward in a process of continuous improvement during the run phase.

Overview of the Marketplace

Supply Chain Management is about getting the right product to the right place, at the right time, in the right volume, and at the right price. Over the past ten years, there has been a shift in the SCM market away from pure supply chain planning and execution – exemplified by traditional scheduling solutions – towards the development of greater collaboration between trading partners.

In the future, companies will move beyond the enterprise-to-enterprise integration practiced

Five Stage Supply Chain Model

Atos KPMG Consulting views clients as progressing through five supply chain stages



Diagram: Five Stage Supply Chain Model

by today's leading-edge companies to the creation of endlessly flexible networks of partners who will each contribute their particular expertise to the supply chain.

This shift in emphasis means companies are moving away from merely handling individual transactions through e-trading systems. Instead, they are looking to synchronise the supply chains of the various partners and achieve collaboration throughout the product lifecycle. This starts with new product conception and design and carries all the way through to after-sales service.

SCM now embraces the collaboration aspects of supplier relationship management (SRM) and customer relationship management (CRM) as well as supply and demand planning.

At a practical level, this involves a radical change to the way SCM solutions are deployed within organisations. Traditional SCM applications, such as supply chain planning have been the preserve of very small number of specialist users with a high-level of knowledge and skill about how to affect the company's

operations by adjusting the knobs of the complicated planning machine. This new, broader view of SCM will mean more staff will be directly involved in SCM processes and greater numbers will need to use SCM solutions.

At Atos Origin, we have learned from other solution areas that this presents a major obstacle to successful deployment. More users almost always equates to a shift to less specialized users who need more tightly constrained processes and interfaces but still face a steep learning curve. Tools originally designed for specialists do not work well in this new environment and tool vendors often struggle to adapt their offerings successfully to meet these new demands.

This backs up findings by Gartner Dataquest, whose surveys have repeatedly shown that it is cultural, business process and collaboration issues rather than technological ones that are preventing companies from deploying SCM solutions successfully. So, while SCM projects have the potential to offer significant ROI, many fail to deliver these benefits or achieve the visibility, velocity and variability needed to successfully manage the supply chain.



there are four key enablers for SCM initiatives: organisational infrastructure, technology, strategic alliances and human resources management.

Before embarking on any SCM initiative, any company needs to understand clearly what role it is playing within the overall supply chain and its network of interrelated partner companies. This will allow it to focus its processes, people and systems to deliver the necessary steps. This understanding should be carried through the SCM project to the run phase, where the company should consider which activities it should undertake itself and which it should turn over to specialist partners, whether that's maintaining a fleet of trucks or managing the corporate IT infrastructure.

Moreover, there are four key enablers for SCM initiatives: organisational infrastructure, technology, strategic alliances and human resources management. With SCM initiatives, by their nature, bringing together many different partners, companies need to understand the diverse cultures and organisational structures they will be working with and determine how to manage the changes necessary to deliver their SCM vision.

When companies do get it right, the rewards of SCM initiatives can be significant. Figures from Gartner Dataquest suggest companies can improve sales forecasting by a quarter and reduced manufacturing costs by 15 per cent. Transportation costs can be cut by 12 per cent and the proportion of costs spent on administration and ancillary items, rather than actually transporting goods, can be reduced to as little as 40 per cent of total expenditure. Moreover, the cost of carrying inventory can be slashed by a quarter and inventory turn improved by 20 per cent.

With the potential rewards so compelling, interest in SCM improvement initiatives and solutions remains high. However, according to Gartner Dataquest, companies are reacting to the failures of the past by spending more time on up-front planning and due diligence on SCM projects and are looking for shorter projects which will demonstrate quantifiable returns in as little as six months. At Atos

Origin, we would argue that companies also need to pay more attention to managing their SCM operations and solutions once they have been implemented and to giving greater consideration during the design phase to the issues involved in running SCM processes.

Atos Origin and Atos KPMG Consulting offering and approach

Atos Origin has applied its consult-build-run philosophy to create a proven methodology to successfully deliver SCM solutions. This methodology is delivered through a number of services which allow our customers to tackle projects with a scope and pace which match their business needs.

The strength of Atos Origin's services in the consult phase has been increased by the recent merger between Atos Origin and the Netherlands and UK practices of KPMG Consulting. Our extensive experience in providing application management services for a wide range of applications in all sectors ensures we understand how to create SCM solutions during the build phase that take into account the need to maintain and support them beyond go live. This approach ensures the benefits accruing from your SCM applications can be sustained over an extended period of time, particularly if you take advantage of our applications management services, which draw on the skills of some 27,000 staff in 30 countries around the world, to run your systems.

Moreover, Atos Origin is an active member of the Supply Chain Council and has been able to draw on the extensive experience of the Council's members, encapsulated in the Supply Chain Operations (SCOR) Model, when developing its SCM Services.

Our range of services can take you through the complete consult-build-run process and our full lifecycle approach to all projects ensures we are considering the issues you will face in the run phase from the first moment we

Full life-cycle: Run SCM services

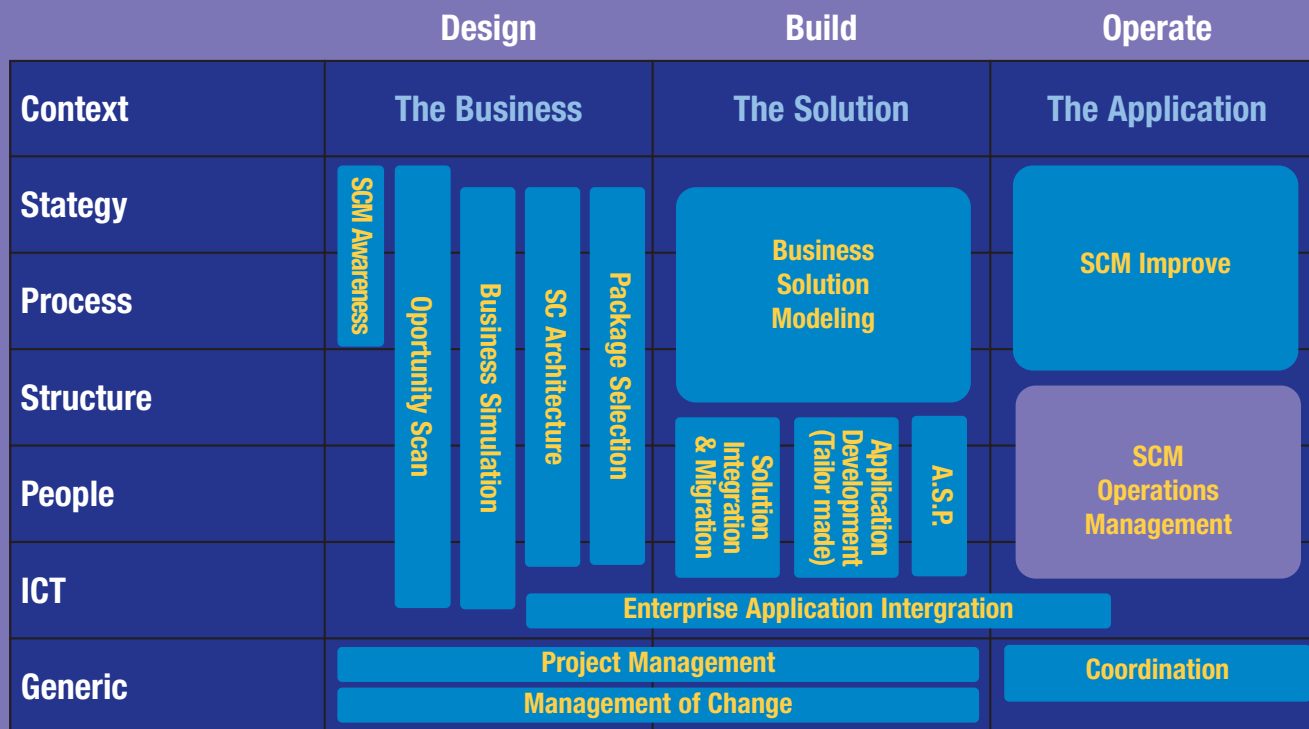


Diagram: SCM services

begin working with you. The services we offer in the SCM arena include:

SCM Awareness: a vital preliminary step, which helps you to: increase understanding and gain buy-in for SCM concepts within your organisation and your partner organisations; understand the maturity and capabilities of current operations; and identify feasible supply chain improvement opportunities and determine the potential scope and ROI for an SCM initiative. Given the collaborative nature of any supply chain, this stage ensures the full network of partners share a common vision of the initiative and are committed to working together to deliver mutual benefits.

SCM Package Selection: after completing the SCM Solution Awareness stage, this service helps you define and design a set of business processes and solution architecture which will meet your needs, before assisting you in selecting the right SCM vendor to meet those business and ICT requirements. We can also help you refine your business case and devise an initial project plan which places particular emphasis on the way the solution will be rolled out into the business.

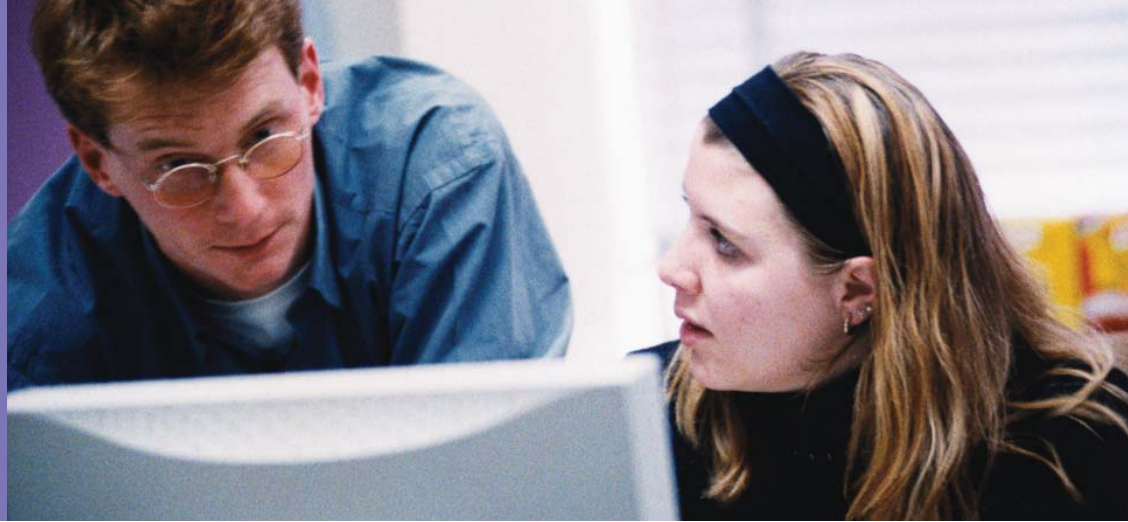
If you already have a preferred SCM solution,

we can offer an **SCM Solution Assessment**, which ensures you have the right business processes and enterprise SCM architecture for your needs, before helping you to devise a project plan to apply your preferred solution to meet those needs. Again, great emphasis is placed on the way the solution will be released into the business, both in the initial rollout and over the longer term in support of a process of continuous improvement.

Naturally, our **SCM Business Solution Modeling** service helps you to translate these project plans into a system build and rollout. We strive to help you deploy an initial release which will gain credibility with users and management, by offering quick wins to the business and through a rollout which ensures it is accepted and used well by staff. Subsequent phased releases will then move your company incrementally towards the complete solution deployment, with each rollout of a specific release or deployment to a particular location being managed as a specific activity

In delivering the service, Atos Origin's broad expertise as systems integrators means we have a good understanding of the cultural and organisational issues involved in projects span-

Atos Origin and its customers work together seamlessly to realise the best possible solution.



ning multiple disciplines - and how to deal with the many different categories of user who will now need to get to grips with elements of an SCM solution. This gives us the insight needed to adapt these specialist tools for wider use and we use our long-term relationships with both customers and SCM vendors to bridge the gap.

In addition, our experience both as systems integrators and as a provider of ongoing application management services means we offer unrivalled expertise in a wide range of SCM packages, including SAP, i2, Manugistics, Adexa, Optum, as well as in infrastructure technologies and related business applications across a variety of vertical segments including hi-tech, finance, discrete and process manufacturing and telecommunications. Our broad expertise in Product Lifecycle Management solutions like PTC (Windchill), MatrixOne (eMatrix), SAP (PLM) and EDS (Teamcentre /Metaphase) also means we can address the issues associated with introducing Supply Chain Collaboration to product development teams.

Moreover, both the SCM Solution Selection or Assessment and SCM Solution Implementation phases tackle more than technical considerations. At each stage, we also consider the organisational, cultural and collaborative issues which will impact on the success of the initiative. Through management of change programmes, we can help you create appropriate operational structures. Our human resources specialists will work with you to devise employee roles which will enable the supply chain to work effectively and help you implement appropriate recruitment and compensation strategies. Finally, we can help you develop strategies for

selecting supply chain partners and introduce mechanisms to build and manage relationships with other companies.

Our implementation services are supported by our extensive experience in enterprise application integration across a broad range of technologies and applications, including customer relationship management systems, enterprise resource planning solutions, product lifecycle management solutions, and web-based collaboration and trading. We also carefully manage transition to the "run phase" through our **SCM Operations Management** service, which provides full-lifecycle management and managed operations of the SCM solution. This includes infrastructure management, applications management, helpdesk support and enterprise application service provision (ASP).

Moreover, while our enterprise application integration expertise lies at the heart of the build phase and our SCM Implementation Service, we recognise the importance of integration expertise once your solution becomes operational. With so many applications and infrastructure technologies systems interlinked into a complex ecosystem, a problem that manifests itself in your SCM operations may not have its root cause in the SCM application at all - but in some other aspect of your infrastructure, such as the ERP system, application integration components or the network. The experienced staff who deliver our application management services will take all components into account when resolving ongoing operational issues.

We can also offer complete supply chain business process outsourcing, taking the whole management headache off your hands. This can

be provided either through a traditional business process outsourcing contract or through more innovative relationships such as joint ventures. Once your initial SCM project has been delivered, our **SCM Improve** services can help you to continue to evolve your SCM operations to meet changing business needs, ensuring they don't become stagnant and a brake on the business rather than an enabler. Here, we can offer two different focuses. One concentrates on achieving quick wins against clearly identified business opportunities through limited projects which will deliver a fast ROI. The other supports continuous business improvement by reviewing the alignment between business requirements and current processes and ICT solutions, with the aim of getting the most out of existing investments by improving usage or the impact of packages already implemented

All of these services are underpinned by our robust and proven approaches to project management and change management, which allow projects to be delivered within budget and on time, while ensuring the organisation is ready to move forward and employees are equipped with the right attitudes, skills and behaviour.

We believe this approach can overcome the barriers which have caused many SCM projects to fall short of their objectives.

A proven approach

Our many satisfied customers will testify to the success of Atos Origin's approach to SCM.

One such customer is Philips Semiconductors (PSC), a leading semiconductor supplier with revenues of more than US\$6 billion which employs 35,000 staff at 18 manufacturing plants, 4 system labs, 30 design centres and 100 sales offices spread across 59 countries. Atos Origin has helped PSC successfully deliver its SCM strategy – its Competitive Lasting Advantage through Superior Service (CLASS) project – through a number of stages over a period of years.

Atos Origin helped PSC to implement the origi-

nal solution, based on software from SAP and i2 and to integrate it into the business. Atos Origin then provided managed operations of the CLASS environment through a hosting service, as well as an application management service which has seen PSC introduce new versions of the CLASS software and roll out CLASS solutions to further areas of the business.

While PSC's CLASS project is a major initiative lasting several years, Atos Origin can also demonstrate its ability to help clients deliver quick wins through a project for Brother International Corporation, a leading provider of products for the home, home office and office.

In a project which took a quarter of the time and cost just one-tenth of the price of a traditional consultancy project, Atos Origin helped Brother to develop a blueprint for its SCM solution. The project took Brother beyond a traditional requirements analysis to development of a test system using industry-proven best practices and real company data, allowing Brother understand what would work best for them, how to position themselves for future connectivity to a global supply chain network and how the solution and the organisation would both need to be modified in the implementation phase.

Abe DeVonish, Senior Corporate Director of logistics and procurement for Brother, explains, "Atos Origin was invaluable in helping us find out what we wanted to use and how, without having to invest hundreds of thousands of dollars at the outset."

Summary

Supply Chain Management is not an optional extra; it is the heart of any business. Getting it right – and getting the expected benefits and return on investment from supply chain improvement initiatives – is critical to the long-term future of any company. Atos Origin's many successful projects show that its approach to supply chain management throughout every stage of the consult-build-run project lifecycle can deliver the success that companies are seeking.

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