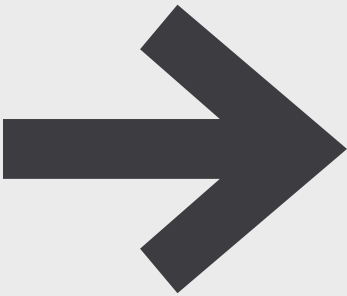


# Creating an Agile Supply Chain: the Role of Modern ERP





# Introduction: Supply chain change is a business reality

Over the next decade, company growth trajectories will rely more than ever on new supply lines and product offerings. In fact, according to a McKinsey survey, new product launches accounted for more than 25% of total revenue and profits across industries.<sup>1</sup>

Keeping up with changing consumer demands means constantly seeking new sources and relationships. At the same time, accelerated change in global markets creates uncertainty. Plus, ever-evolving regulations require you to proactively manage compliance risk and ensure traceability.

Meeting these needs with traditional on-premises enterprise resource planning (ERP) solutions can be challenging at best. High levels of customisation, manual processes and disparate data silos make adding new

suppliers and materials laborious and costly. Keeping compliance processes up-to-date and current with new regulations is just as difficult. These solutions also lack advanced data visualisation and analytics capabilities to evaluate costs and improve operational performance.

Strategic investments in modern enterprise resource planning (ERP) and cloud-native environments can empower chief operations officers (COOs) and enterprise-wide teams to glean new insights, collaborate more effectively and adapt quickly to changing market conditions. In this eBook, we'll examine how ERP can help you create an agile, responsive supply chain.

<sup>1</sup> ['How to make sure your next product or service launch drives growth'](#), McKinsey, 2017.





# 1

## An unprecedented opportunity

As more and more companies embrace digital transformation, they increasingly see their financial futures tied to new product innovation. Thus, they must lay the groundwork for getting new offerings to market quickly and cost-effectively. However, making changes to supply chains is not easy. It requires organisations to collaborate across functions, meet complex regulatory demands, ensure quality and traceability and manage new kinds of inventory.

The added scrutiny around a new supply line creates important opportunities for operations leaders to guide digital transformation. With greater attention from internal and external stakeholders, including sales, product and investors, COOs are well positioned to lead the way toward best-in-class, modern ERP that satisfies diverse and internal demands and business needs. With modern ERP architectures, organisations can innovate faster as well as integrate new material and component suppliers with less work, complexity and risk.

## 2

# From reactive to predictive

To address the challenge of new supply lines, COOs and supply chain leaders need to move beyond static reports. They need interactive data visualisations and predictive insights. Becoming data-driven enables them to implement lean operations, manage direct and indirect material stocks more effectively, and understand business impact across functions – from warehousing to engineering to sales and customer service.

Achieving these goals requires unifying data across the enterprise, not just within the supply-chain silo. It also demands integrated analytics and machine learning that are accessible and actionable for non-experts.

Most traditional ERP systems do not provide these capabilities at all, let alone natively integrate with broader business functions. A modern, cloud-based ERP is insight-driven at its core and makes it easy for people to make proactive decisions based on predictive analytics.







## 4 Collaborating to win

Increasingly, COOs and supply chain leaders are working together to drive down costs, increase resilience and support faster innovation. From the CFO's point of view, however, the supply chain is a major cost centre, so working closely with leaders in that area can help them improve the bottom line. From the supply chain perspective, the CFO brings deep understanding of financial realities in the business and marketplace that can help drive better negotiations and enhance long-term profitability.

A data-driven ERP solution can help these two functions break down silos and work together more effectively, especially if the solution connects seamlessly to business intelligence, collaboration and productivity tools that people already use.

As the need to take on new suppliers grows more frequent, communication between financial and operational functions can make a significant difference to the bottom line.







## 5 Fostering disruption-proof growth

Successful finance and supply chain leaders embrace new, adaptive technology frameworks for product launches, and design their IT architecture accordingly. The latest market research shows companies using modern IT architectures are best suited to meet these increasing demands.

With cloud environments, globally distributed enterprises are better able to identify and mitigate compliance and regulatory risk. With insights across various functions, such as product, sales and engineering, business leaders anticipate previously unforeseen costs and adjust their go-to-market strategies accordingly.



# Microsoft Dynamics 365 enables the agile supply chain

As global industries move beyond monolithic ERP systems, Dynamics 365 Finance and Dynamics 365 Supply Chain Management are empowering enterprises to meet the challenges of an increasingly complex global business environment by:

- Enhancing delivery of products and services with predictive analytics that help optimise planning and improve the fulfilment, material sourcing and logistics of supply chains.
- Avoiding running out of stock or overstocking through machine learning-enhanced guidance for more effective inventory management.

- Managing frequently changing regulatory requirements with a no-code configuration service that simplifies regulatory and tax reports, e-invoicing and payments.

By going beyond traditional ERP, Microsoft Dynamics 365 helps both COOs and CFOs capitalise on the opportunities of new supply lines by creating predictability around revenue, business risk and evolving market conditions.