

EXECUTIVE SUMMARY

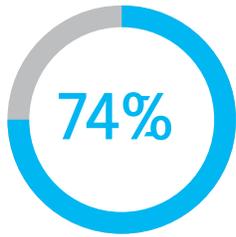
State of the Industry (2019): Digital Supply Chain Performance



Prepared for



RESEARCH DEMOGRAPHICS



of respondents decide or directly influence Supply Chain purchase decisions.

Survey respondent split



35%

Retail



33%

Manufacturing



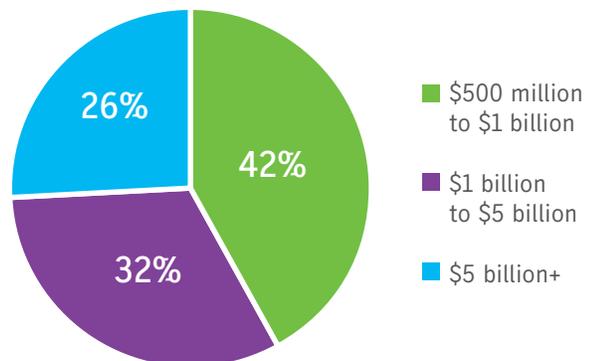
32%

3PL / WD

Respondent designation / title



Respondent organization revenue



▶ The shopper journey is digital and centered around infinite choice.

Digital now touches all aspects of the shopper journey, it isn't just a "channel". Flexible delivery is increasingly relevant.

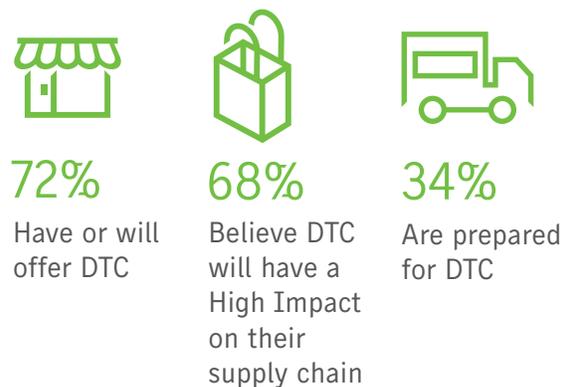


of retail store visits today are influenced by digital channels

Retailer Fulfilment Plans (24 months)



Manufacturer Direct to Commerce



1. Source: Incisiv Consumer Shopping Study 2018.
 2. Source: JDA-MSFT 2019 CXO Outlook.
 3. Source: Incisiv Brand / Consumer Packaged Goods Study 2019.
 4. Source: JDA-KPMG Digital Supply Chain Survey 22019
 4. Source: BCG Study 2018

▶ Speed to market rises to a Top 3 investment driver.

Top investment drivers

2018

- #1 Ensure traceability and visibility
- #2 Manage new distribution nodes
- #3 Lower total cost to serve

2019

- #1 Ensure traceability and visibility
- #2 Maintain legacy systems
- #3 Improve speed to market

1. Insight / Question: Top drivers of Supply Chain investment.
 2. Source: JDA-KPMG Digital Supply Chain Survey 2018, 2019.

▶ Resistance to change is still the biggest investment obstacle.

Top investment challenges



What's become harder in 2019



RETAIL

Inability to assess technology impact

38% of retail executives ranked it a Top 3 investment challenge in 2019 compared to **20%** in 2018

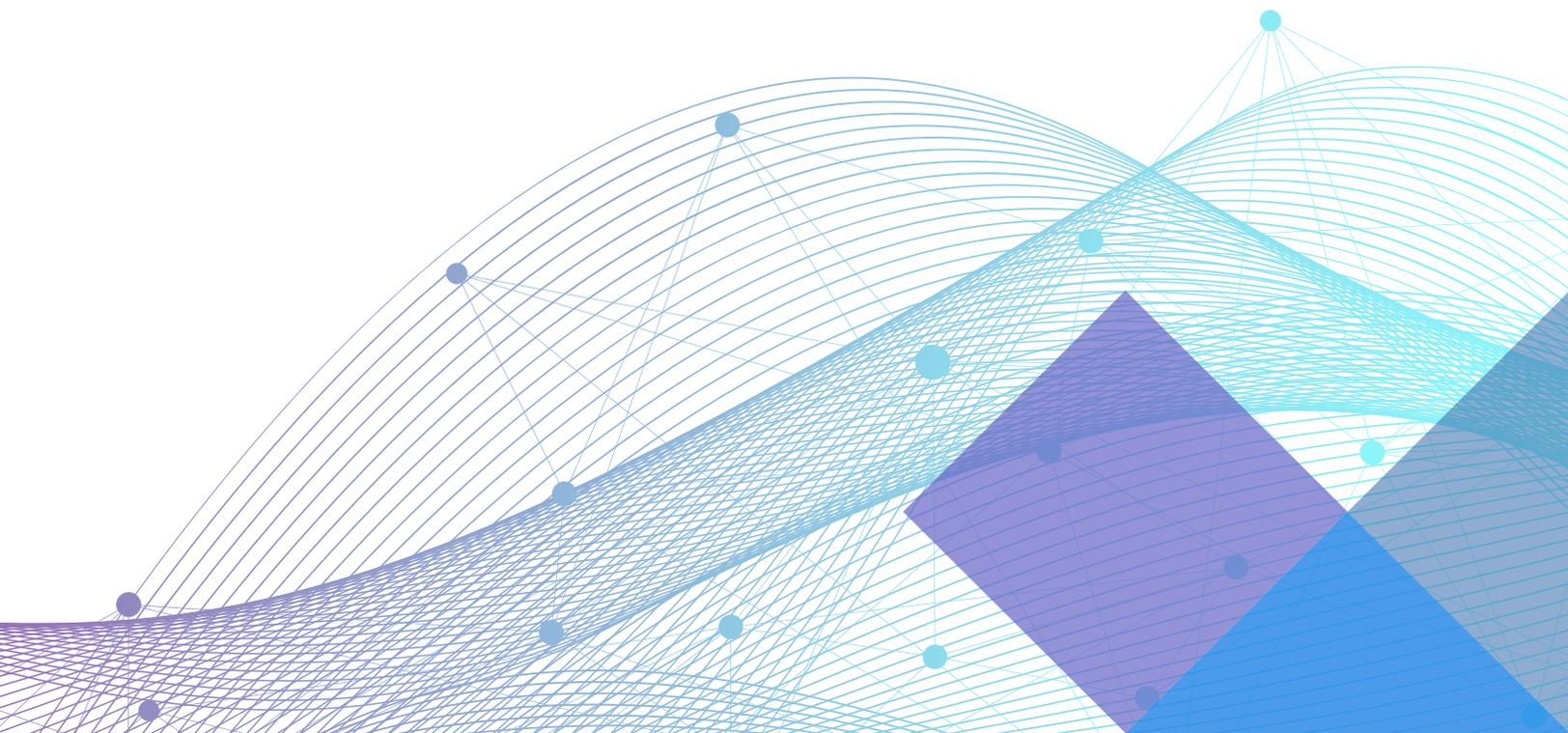


MANUFACTURING

Sufficient IT budgets

16% of manufacturing executives ranked it a Top 3 investment challenge in 2019 compared to **10%** in 2018

1. Insight / Question: Top 3 impediments to Supply Chain investment.
2. Source: JDA-KPMG Digital Supply Chain Survey 2018, 2019.
3. Percentages indicate the number of executives that ranked the option as a Top 3 challenge.



► Collaboration and the ability to innovate are growing challenges.

Firms believe they are good at (2019)



#1 Technology toolset
(#3 in 2018)



#2 Talent and skills required to execute
(#2 in 2018)



#3 Use of data / analytics
(#1 in 2018)

Firms believe they aren't good at (2019)



#1 Collaboration
(Lowest in 2018)



#2 Ability to innovate
(Second lowest in 2018)

1. Insight / Question: Assessment of supply chain capabilities (technology, talent, set of data, collaboration, process, innovation etc).
2. Source: JDA-KPMG Digital Supply Chain Survey 2018, 2019.
3. *Inference drawn from data since exact wording of options differed between 2018 and 2019.

► agility and intelligence will be key transformation levers.

CXOs no longer have patience for multi-year transformations. Not afraid to invest, they demand targeted, high-impact strategies that can help them circumnavigate their top transformation challenges:

#1

Balancing short term financial goals against long term transformation goals

48%

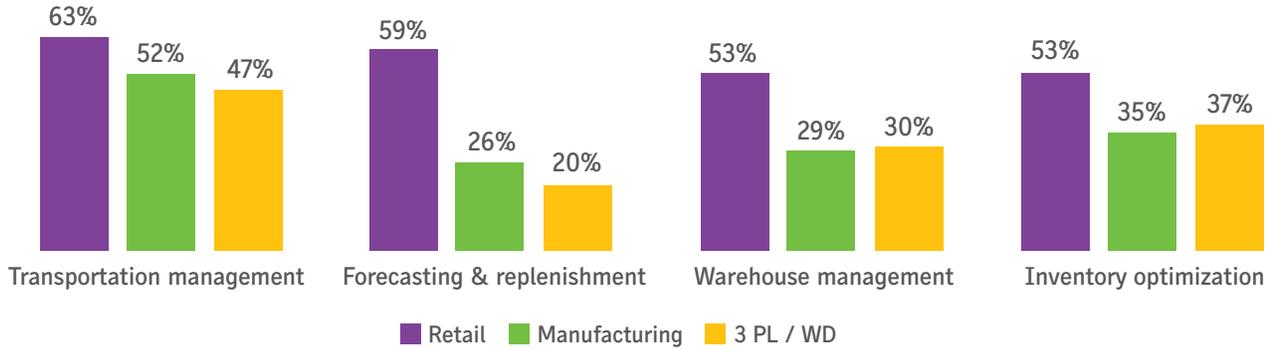
1. Insight / Question: Top challenges facing CXOs in executing digital transformation.
2. Source: JDA-MSFT 2019 CXO Outlook .

► Cloud is a key agility enabler – becoming the Retail standard.

64% CXOs believe it lets them adapt quickly to new business needs

2X the impact of the Cloud on business agility compared to any other technology

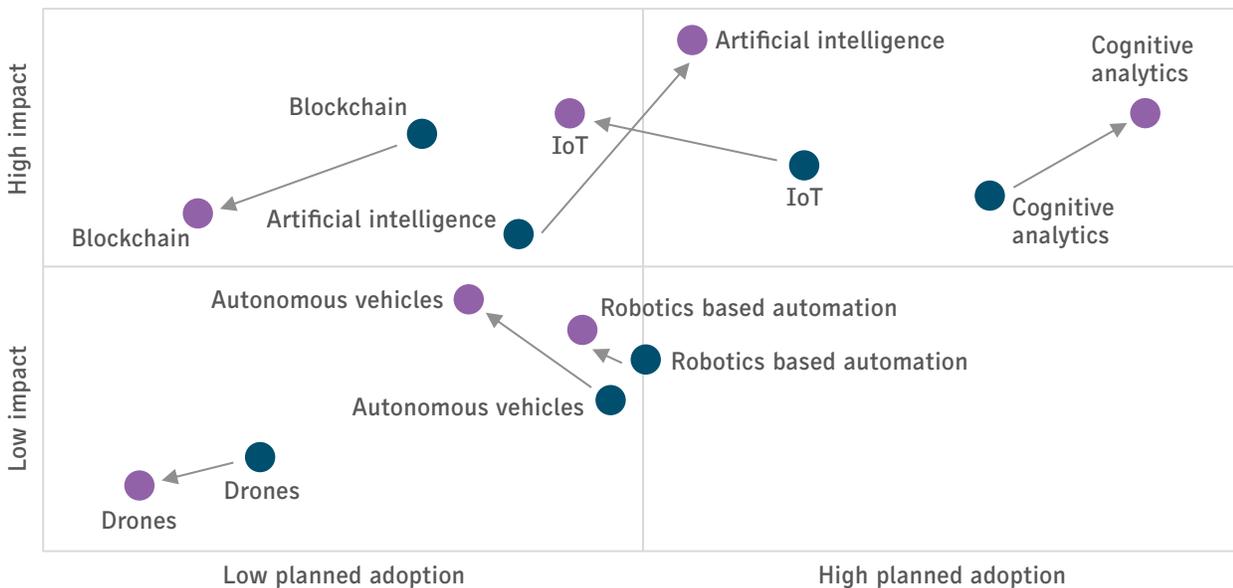
Preference for cloud solutions over on-premise



1. Insight / Question: Preference of SaaS / Cloud / Hosted solutions over on-premise.
 2. Source: JDA Global CXO Study (2019), JDA-KPMG Digital Supply Chain Survey (2018, 2019).
 3. Percentages indicate the number of executives who would prefer a Cloud / SaaS / Hosted solution over an on-premise one.

► AI and Cognitive Analytics will have the greatest impact.

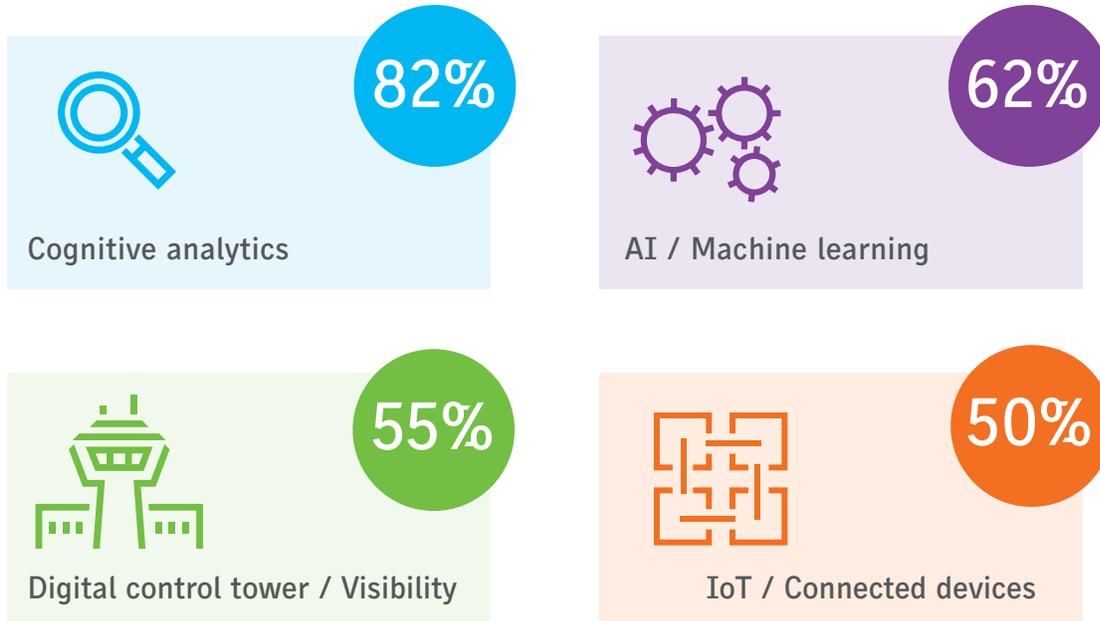
Technology impact and adoption matrix: 2019 vs 2018



1. Insight / Question: Technologies that will be deployed or piloted over the next 24 months.
 2. Insight / Question: Technologies that have the greatest disruption potential on the Supply Chain.
 3. Source: JDA-KPMG Digital Supply Chain Survey 2019 and 2018.

- ▶ Measurable value and clear use-cases are driving the innovation agenda.

Planned deployment and pilots in the next 24 months



1. Insight / Question: Technologies that will be deployed or piloted over the next 24 months.
 2. Source: JDA-KPMG Digital Supply Chain Survey 2019.
 3. Percentages indicate the number of executives that plan to deploy or pilot these technologies over the next 24 months.

- ▶ All industries are bullish on AI's power and application.

Highest value use-cases



1. Insight / Question: Top use-cases for using of AI in the supply chain.
 2. Source: JDA-KPMG Digital Supply Chain Survey 2019.

▶ SUMMARY

1

End to end supply chain visibility is the #1 investment driver.

Executives want real-time supply chain visibility. 55% will pilot or deploy technologies such as the **Digital Control Tower**.

2

Speed to market rises to a top investment driver, ability to innovate ranks as one of the lowest capabilities.

Legacy technologies continue to command **significant resources** impacting ability to test and innovate.

3

CXOs see the cloud as a driver of business agility and speed. Adoption varies across industries.

Cloud is fast becoming the defacto standard in Retail, adoption in Manufacturing and 3 PL / WD lags behind.

4

Technology adoption is healthy, but inability to assess value of new technology has impacted investments.

Planned deployments and pilots of new technologies has gone down due to greater scrutiny of the business case.

5

Innovation over the next 2 years will be precise, and will extensively leverage analytics (Cognitive, AI).

Cognitive analytics and AI will need to prove their value against the most important use-cases – inventory optimization, predictive load /distribution balancing.

6

Resistance to change continues to be the greatest impediment to investment and execution.

While management buy-in to supply chain investment has gone up, getting the organization to adapt has become harder.

▶ Talk to us to dig deeper



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