

# The Journey to Supply Chain Digital Transformation

How to factor technology, people and business results in your overall strategic vision

E-BOOK



## Introduction:

# Becoming a Tech-Forward Enterprise

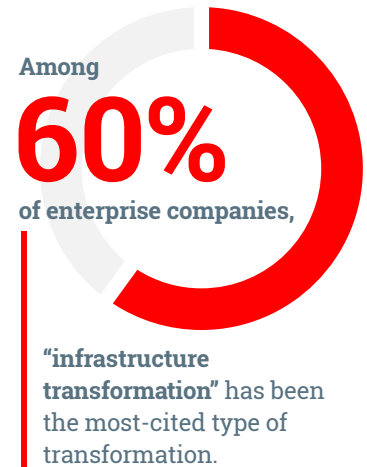
**In 2021, enterprise companies across the globe have counted infrastructure transformation among their top initiatives. In fact, among 60% of enterprise companies, “infrastructure transformation” has been the most-cited type of transformation pursued over the past two years, McKinsey<sup>1</sup> reports.**

“Today, companies are realizing a large part of their strategies comes from what IT can enable,” says Vito Calabretta, senior vice president, Global Operations at Tecsys. “When you’re building your strategy and future-proofing, you have to look at how you’re going to compete.”

Digital transformation of supply chains, for example, must extend beyond IT to become an enterprise-wide initiative, where every department has skin in the game. Modern digital transformation must nonetheless begin with IT leaders taking a proactive stance, where technology increasingly drives modern business and not the other way around.

Indeed, competitive organizations no longer treat IT as a cost center, but rather they have a technology-driving chief information officer (CIO) on their board. “Some of the more successful models are companies that put technology strategy and execution as part of their overall strategic vision,” says Calabretta.

Although keeping on the bleeding edge of technology innovation is important, IT leaders must continue to deliver measurable business value and drive ROI, at least in the long term. “Keeping pace with competitors is one thing – but what about more sales, revenue, cost savings, and positive customer or employee experiences?” asks Mark Hawksley, vice president, Project Architecture & Delivery, Global Operations at Tecsys.



<sup>1</sup> McKinsey report. Managing Tech Transformations. May 2021.  
[www.mckinsey.com/business-functions/mckinsey-digital/our-insights/managing-tech-transformations](http://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/managing-tech-transformations)

## Expert Insights on Supply Chain Digital Transformation

In this e-book, we explore how enterprise companies can implement digital transformation within their own supply chain management and execution efforts. Featuring insights from two Tecsys digital transformation experts – Calabretta and Hawksley – we will demonstrate how getting infrastructure right ahead of time enables enterprises to build competitive elements of their supply chain well into the future.

# Why Transition to Cloud?

To remain competitive in today's connected world, companies of all types must be digital-enabled and compatible with others — especially those throughout their supply chains. Achieving competitive levels of compatibility requires state-of-the-art technology that is constantly kept updated supporting holistic visibility and streamlined communication; safe execution of transactions; and automated data exchanges between supply chain partners and other entities.

With these goals in mind, the transition to the cloud has become pervasive among enterprise companies. "Leaders are recognizing the value of getting out of IT infrastructure operations so they can focus on their own business," as Calabretta describes, enabled by transitions to the cloud. "With this loosely coupled architecture, businesses can grow one part of the tech stack without impacting others — they can grow independently."

McKinsey counts "supply chain optimization" among the business domains that would most benefit from the "speed, innovation and scalability" that cloud platforms provide.

**Cloud provides greater flexibility in terms of how companies interact with partners and other entities across their supply chains, for example, where "enabling connectivity, APIs and hooking supply chain data into other parts of your business is critical," as Hawksley describes.**



# Cloud Is **Only One Component** of Supply Chain Digital Transformation

“No matter what, you must have the underlying technology platform to deliver that edge in business,” Hawksley describes of cloud infrastructure. Even so, cloud infrastructure is only one component of a successful, holistic strategy for supply chain digital transformation.

“Organizations underestimate the change management challenge,” Calabretta describes. “It’s not like changing a car battery, it’s like changing the whole electrical system. If you’re going to implement a new supply chain solution, you have to think about the whole system.”

This systemic approach involves additional transformative elements within leadership, both skills and talent, as well as partnerships — each of which is essential to driving real business change. “You have to make sure the pace on the IT side doesn’t outstrip that of the business side,” says Hawksley. “You need to make sure you’re aligned, even though tech is driving things forward.”

**Cloud infrastructure is only one component of a successful, holistic strategy for supply chain digital transformation.**

## Transformational Leadership: **A Top-Down Approach**

Supply chain digital transformation that truly takes hold within a company begins with leadership. “Leadership is also part of future-proofing, because leaders make sure the company competes with other vendors in their space who might be leveraging technology more effectively,” as Calabretta describes.

In addition to becoming good stewards of their companies’ digital transformation, company leaders must look strategically at what their companies should become and ensure they are technically ready for the future challenges of business.

Companies, therefore, need a top-down organization structure that features visionary thinking on both the business and IT sides of the leadership team. In terms of digital transformation, that means a CIO who thinks strategically both in terms of digital maturity and alignment with core business initiatives.

An essential role of leadership in these instances is determining and clearly defining their digital transformation’s metric for success. “They should establish that up front and focus on clear use cases whose results they can measure, with a high probability of success,” Hawksley describes.

In their study on digital transformation, McKinsey lays out four broad, but essential “impact areas” for success for all types of digital transformation, where different alignments (e.g., supply chains) will deliver varying degrees of success. These include (1) realization of new revenue streams, (2) increased revenue from existing streams, (3) reduced costs, and (4) improved employee experiences.

With these goals in place, team members can identify appropriate metrics and align individual goals in pursuit of success in those areas. In this way, digital transformation operational leaders can “sort out projects, staffing and other priorities across multiple teams, consulting with the organization’s [senior] leadership when conflicts have strategic implications,” as McKinsey describes.



## Cultivating Digital Natives Through Upskilling and Hiring

Although artificial intelligence (AI) and machine learning (ML) are the accents to almost every digital transformation initiative, they are secondary to human intelligence, agility and flexibility to adapt to new processes or tasks. That means leaders must take care to align internal talent with new initiatives.

What's more, leaders must have the capacity to reskill and upskill as those initiatives evolve. "If a skills gap arises at all, it is likely to happen because a tech firm undergoes another IT paradigm shift," McKinsey describes, where digital-native companies "are then aggressive both in hiring the necessary talent and in reskilling relevant people."

"Part of digital maturity is the talent pool you have in your organization," as Calabretta describes. Indeed, expertise in technology, supply chain and vertical market domain are differentiators for successful enterprises — whether that expertise exists within internal teams or arrives in the form of services from capable providers.

Nike, for example, has its own talented and scalable pool of engineers with thousands of internal applications those employees maintain. "The culture they've built around technology is a huge part of their broader organizational culture ... and they built it that way through talent," as Calabretta describes.

"Investing in people is part of ... keeping pace from a skillset perspective," adds Hawksley. "That means upskilling existing labor, learning new skills and facilitating new ways of working digitally."

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## Managing Digital Natives Is About **Freedom**

McKinsey recommends organizations ensure part of their digital transformation strategies include the free exchange of knowledge, from headquarters to subsidiaries and vice versa. Both Calabretta and Hawksley agree that greater freedom among digital-native employees is required for digital transformation to succeed.

“The [companies] that thrive have a model where employees have free-range – they aren’t imposed upon by a bureaucracy with one management layer on top of another,” Hawksley describes. “If employees are being pushed and challenged, particularly engineers, that’s a good sign.”

This doesn’t negate the importance of initiating digital transformation via a top-down approach, where leaders can drive successful internal adoption by “getting users involved early so they feel they are part of the design and the solution, rather than have something thrust upon them at the end of development,” as Hawksley describes. “You need end-user buy-in early on – there is no better place to go than the people who are doing the job today.”

Even so, some companies will be more advanced than others in terms of the abilities of their internal teams. As we will find, partners are a key component to digital transformation when embracing modern global supply chains – both in terms of supplementing internal skills through providers and optimizing data sharing among supply chain partners.

## Taking a **Partner-Enabled Approach** to Digital Transformation

Partnerships are a critical component of modern, cloud-based technology ecosystems, particularly when working within modern supply chains. In terms of enabling successful digital transformation, “most companies have engaged partners in a range of sourcing models, from traditional time and materials to managed services and joint ventures,” McKinsey describes.

“Some of it goes back to the balance of in-house solutions and outside providers in order to leverage the latest technology,” adds Hawksley. “You may also look at partners for consulting or staff augmentation to bring in critical skills that you don’t already have in house.”

**Going into the market for expertise to balance your recruiting approach is a good idea.**

Company leaders must consider the benefits of using outside vendors with software-as-a-service (SaaS) resources that “align with their tech-forward thinking,” as Hawksley describes: “If you have a traditional IT shop, not everyone will be ready; if that’s the case, going into the market for expertise to balance your recruiting approach is a good idea.”

## Conclusion

Modern supply chains – which were “invisible” to most people only a few years ago – have become top of mind for consumers and end users. If organizations see their supply chain as part of their overall strategic vision, the support they achieve for digital transformation will springboard a much more successful project. They will also ensure a more successful consumer- or user-facing brand.

Fortunately, supply chain digital transformation does not have to be a single, enormous project that is difficult to manage. “Companies shouldn’t treat the supply chain as a project with a beginning and end,” suggests Calabretta. “It should be a continuous journey with evolving skills, resources and capabilities built into the organization long term.”

Even large, multi-site transformations are broken down into small, bite-size, manageable initiatives. Enterprise companies can begin with a “beachhead” to drive initial successes, prove processes and solidify confidence among internal stakeholders and users.

It’s through these incremental and strategic efforts that successful change management is possible. Using the right technology platform and involving the right people throughout the process – particularly during the testing phase – is critical. By ensuring they understand the value and making it clear they are part of the journey, they become change agents themselves, evangelizing change to other parts of the organization.

## Key Takeaways

Ensure both technology strategy and technology execution of your supply chain digital transformation are key elements in your company's overall strategic vision.

Have business and IT leaders meet ahead of time to determine what the success factors of your supply chain digital transformation will be. Focus on clear use cases with a high probability of success and whose results can be measured.

Prioritize change management initiatives that ensure broad adoption among internal teams – the most critical contributor to any initiative's success. "Unless people adopt your new digital tools, you won't get any returns," as Hawksley describes.

Build your organization's internal knowledge and skills so that team members understand how new technologies apply within the business. For more sophisticated requirements, consider partner resources to provide tools and skills where there are internal gaps.

Ensure the pace of your IT initiatives does not outstrip that of your business initiatives. Align IT with your business instead, even as technology drives business forward.

Speak to a supply chain expert





## About **Tecsys**

Since our founding in 1983, so much has changed in supply chain technology. But one thing has remained consistent across industries, geographies and decades – by transforming their supply chains, good organizations can become great.

Our solutions and services create clarity from operational complexity with end-to-end supply chain visibility. Our customers reduce operating costs, improve customer service and uncover optimization opportunities.

We believe that visionary organizations should have the opportunity to thrive. And they should not have to sacrifice their core values and principles as they grow. Our approach to supply chain transformation enables growing organizations to realize their aspirations.



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