Greetings!

Each fall semester we gather our friends and colleagues to join us on campus and engage in an in-depth conversation around pressing supply chain management issues. The 2016 Fall SCRC Semi-Annual Meeting on Wednesday, November 30th is coming soon and we are already excited about the conversations and research going on around this fall’s theme: Velocity and Visibility: Preparing for the Era of the Digital Supply Chain.

Given the rapid and momentous shift of our current industrial ecosystem, it is vital to recognize where we are today, where technology and the global economy is headed, and how we are going to navigate forward in the next decade. We are at the beginning of a completely different era in the history of global trade: the era of the digitized supply chain. In the 25 years I have been teaching students and conducting research in the field of supply chain management, I have never seen the degree of change evident in the face of this new digital era. The changes we are witnessing are unparalleled in scope, and their implications for the way humans work will have significant impact on our daily lives. This is the era of the transparent, real-time supply chain, enabled by the rapid digitization of the communication infrastructure, cloud-based computing, mobile technology, and the rise of the digital ecosystem. These changes have less to do with technology than our mindset and understanding of how to adapt to this new reality.

So if developing “world-class supply chain management” is no longer the objective, then what is the next generation of supply chains going to look like? In considering this question, it is important to recognize that managing supply chains is no longer about just cost optimization. It is about developing and sustaining a deep understanding of the components of customer value while making pre-emptive strategic plans that can better respond to sudden shifts in customer requirements and market conditions. This nimble response will be enabled by a series of dramatic shifts in the way we monitor not only the explicit needs of customers for materials, information, services, knowledge, and capability, but also to the intangible elements that drive the cost to provide this level of service. We are moving to the era of real-time supply chains that involves understanding and predicting what internal users and customers will need right now, even before they themselves recognize that they need it. Response velocity is the next capability that will define competitive survival.

**Velocity as the Next Frontier**

The next competitive capability in the supply chain will be visibility with real-time response and digitization as ingredients for driving growth in a flat economy. Visibility requires transparency, which in turn can be leveraged through the new technological capabilities of inexpensive cloud-based computing, distributed computing “at the edge,” and the growth of a digital ecosystem. Those who harness these technologies through collective innovation with their supply chain partners will win. In a single digit growth world, velocity will become the only thing that matters.
There are two key core elements of real-time supply chains: velocity and visibility. Velocity is the ability of an organization to drive working capital rapidly from suppliers through end customers. Visibility is the relative transparency of events, material, and flows to all key decision-makers in the extended supply chain. In concert, these elements move supply chain activities towards a frictionless and sustainable future. Visibility allows individuals to see what is going on, and empower these individuals to interpret information and rapidly make decisions in response to data. These principles are not new. Many of the concepts around “lean production systems” have emphasized flow and visibility; however, in the context of supply chain digitization, these concepts have a new meaning and importance.

Velocity and visibility are only possible to the extent today because of the evolution of technology. Clearly the establishment of the Internet spurred the explosion of information and the plethora of supply chain management tools and applications now harvesting data, and driving the evolution of “cognitive” computing. Yet this disruption has not fully matured; in fact, it is really only just beginning. As organizations begin to engage and mediate impacts upstream and downstream, the power of this force will become evident. It will be those companies that not only survive, but thrive.

In this year’s SCRC Semi-Annual Meeting forum, we will introduce insights into the rapid changes in velocity, digitization, and analytics across the supply chain. We will facilitate a series of roundtable discussions which will allow you to address and gain insight into the following sets of questions:

**Challenges:**

- What are the major challenges your organization is facing in driving change and adapting to these changes?
- Where are you in your journey to move beyond price leveraging and creating value, innovation, and impact on Total Cost of Ownership?
- How are you able to create a budget and justification for investment in a digital supply chain?
- What are the major places in your supply chain where visibility is needed?

**The Mechanics of Transparency**

- What types of data and information are needed to be able to be transmitted in real-time versus those that could be completed in batch mode. (“Not all data gets a first class ticket!”)
- How can risk data be created in real-time (natural disasters, financial issues, market shifts, capacity issues, operational breakdowns), versus those that can be communicated and transmitted in batch mode.
- How will legal counsel deal with the issue of real-time transparency?
- How will our team be prepared to get their heads around the issue of transparency?

**Analytics Insight**

- What areas of procurement have the greatest opportunity to create value through analytics or cognitive computing?
- What is the potential business case required to justify the investment in cognitive technologies?
- “Procurement should lead the enterprise analytics strategy team, as they have the most to gain.” Do you agree with this statement? Is this the case in your organization?
Talent and Capability Development

• What is the role of cognitive procurement in the future as it grows, in offsetting or modifying the need for procurement talent? If stakeholders can ask machines natural language questions about procedures or sourcing needs does it reduce the need for tactical buyers to serve in this role?

• What are the implications for talent management – in terms of greater business knowledge, analytical knowledge or both?

• How will you recruit, train, develop, and keep this talent?

Actions Moving Forward to Begin Pilots

• Is procurement/supply chain ready to lead in creating business strategies that exploit transparency, real-time data analytics, and drive increased velocity?

• What are the implications of these changes on the procurement services environment?

• What are actions are needed to begin piloting these new technologies in the next 5 to 10 years?

Our meeting agenda includes:

• Fall SCRC Board of Advisors meeting (by invitation only)

• The SCRC Forum Keynote presentation “Preparing for the Digital Supply Chain” by Dr. Rob Handfield, Bank of America University Distinguished Professor of Supply Chain Management and Executive Director of the SCRC

• A special guest presentation and speech from Mr. Vince Messimer, VP of Global Procurement, Shell Oil, on Challenges and Insights on Creating Visibility into Total Cost

• An update on SCRC programs and services

• Breakout groups led by NC State supply chain faculty and executive practicum advisors

• Student Projects Showcase presenting ~30 graduate and undergraduate practicum projects completed by all academic concentrations within the Poole College of Management this semester

• Networking opportunities for supply chain professionals and practitioners

A networking reception with heavy h’orderves and presentation of student awards will follow the gallery walk on Wednesday, November 30th and will be attended by supply chain professionals, as well as a number of NC State faculty and students. This is an enjoyable event showcasing the high-caliber research and analysis completed by our students while providing an informal networking opportunity for them to interact with corporate executives and to learn about supply chain issues in the “real world.” Dress for the meeting and reception will be business casual.

The meeting agenda, directions, parking information and registration will be posted on our website at https://scm.ncsu.edu/scm-calendar/events/2016/11/ along with other conference materials for you to download.

We hope you can join us for the 34th Semi-Annual SCRC meeting! If you have any questions, please contact Troy Pinkins at 919.513.4488.

Best regards,

Robert Handfield, PhD
Bank of America University Distinguished Professor of Supply Chain Management
Executive Director, Supply Chain Resource Cooperative
NC State Foundation Sponsored Event

NC State is a land-grant university and a constituent institution of The University of North Carolina