

The *ALM Vanguard*: Supply Chain Planning Consulting 2019



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Overview

Capability Drivers

At its core, Supply Chain planning is about making decisions that involve difficult tradeoffs while optimizing among conflicting objectives. Defining success are cross-functional, collaborative and data-informed decision-making processes that profitably allocate critical resources in achieving strategic, commercial and business imperatives. The ongoing digitization of the supply chain is providing new technology-enabled tools and methods that greatly influence the optimal structure and process design of the supply chain planning organization. Greater systems connectivity enables visibility and control as well as the availability of high-quality data upon which to layer new operational and analytical processes that can streamline and improve supply chain planning and execution. Companies are looking to consultants to help them make both tactical improvements as well as undertake significant digital and business transformations that will allow them to better execute and compete in the digital marketplace. The following outlines areas that distinguish how leading firms provide Supply Chain planning consulting services.

Master Data. Companies are asking consultants to help them derive more value from their investments in MRP, ERP or APS systems, which have proven inflexible in meeting business needs. The solution can be as simple as Excel spreadsheets or, in more complex environments, involve bespoke or third-party, world-class, cloud-based software solutions to capture information from disparate systems, shape it to meet actual planning requirements, and enable a single source of truth from which the entire organization can use to make more informed planning decisions. Leading firms are adept at adapting their service delivery model from advisor to partner in either harnessing their own data scientists and digital engineers or coordinating client, firm, and ecosystem partner resources in prototyping and delivering new tools. But the real value consultants bring derives not so much from the technology, but rather in using their implementation as an opportunity to introduce consistency, standardization, alignment, and synchronization across regions, business units, and functions as well as in organizational structures, processes, and planning cycles.

Collaborative Planning. Along with data integration, there is a trend toward greater centralization of planning organizations. While strong in-function competence is necessary, it is not sufficient to drive impact. Impact increasingly requires a command and control organizational structure to manage synchronization, trade-offs and process adherence across all planning functions, particularly at the seams. Consultants bring an executive mandate to escalate issues and overcome political hurdles needed to bring the right people together in not only fixing immediate problems but also managing the development and implementation of truly integrated and collaborative cross-functional planning processes. These organizational transformations rely on creating operating models with clear roles, accountability and decision rights using properly defined metrics and incentives to align planning activities with system-wide objectives, but their success ultimately hinges on fostering a significant shift in employee mindset and behaviors that can sustain new ways of working. Because it involves so many stakeholders from across the client organization, successful change management is often difficult and requires a significant investment in time, money and resources. Leading firms spend the time upfront to embed a thorough understanding of how key decisions ripple through and impact system-wide business performance before shifting rapidly to an active learn-by-doing environment in live pilots. Consultants work alongside client teams, guiding and coaching teams on how to work together, solve problems and continuously close performance gaps.

Overview

Capability Drivers

Analytics. Once the digital infrastructure and organizational structure are in place, companies can begin using their data more strategically, that is not only in pursuit of reducing cost and inefficiency but also in enabling distinctive capabilities that support growth. The two areas ripe for applying analytics in supply chain planning are in improving demand forecast accuracy and improving organizational responsiveness to adapt to changing market conditions.

Concerning demand forecasting, consultants help their clients capitalize on system connectivity to capture a wider variety of data sources (social media, demographics, weather, geospatial) combined with advanced demand-sensing, predictive analytical methods and machine learning algorithms to rapidly generate increasingly accurate, granular, and forward-looking demand forecasts. These tools help tighten the link between commercial, product development, and supply chain operations, for example using greater customer/product insight to design segmentation strategies, shape demand, smooth production, optimize product lifecycles and portfolio profitability, and other business objectives.

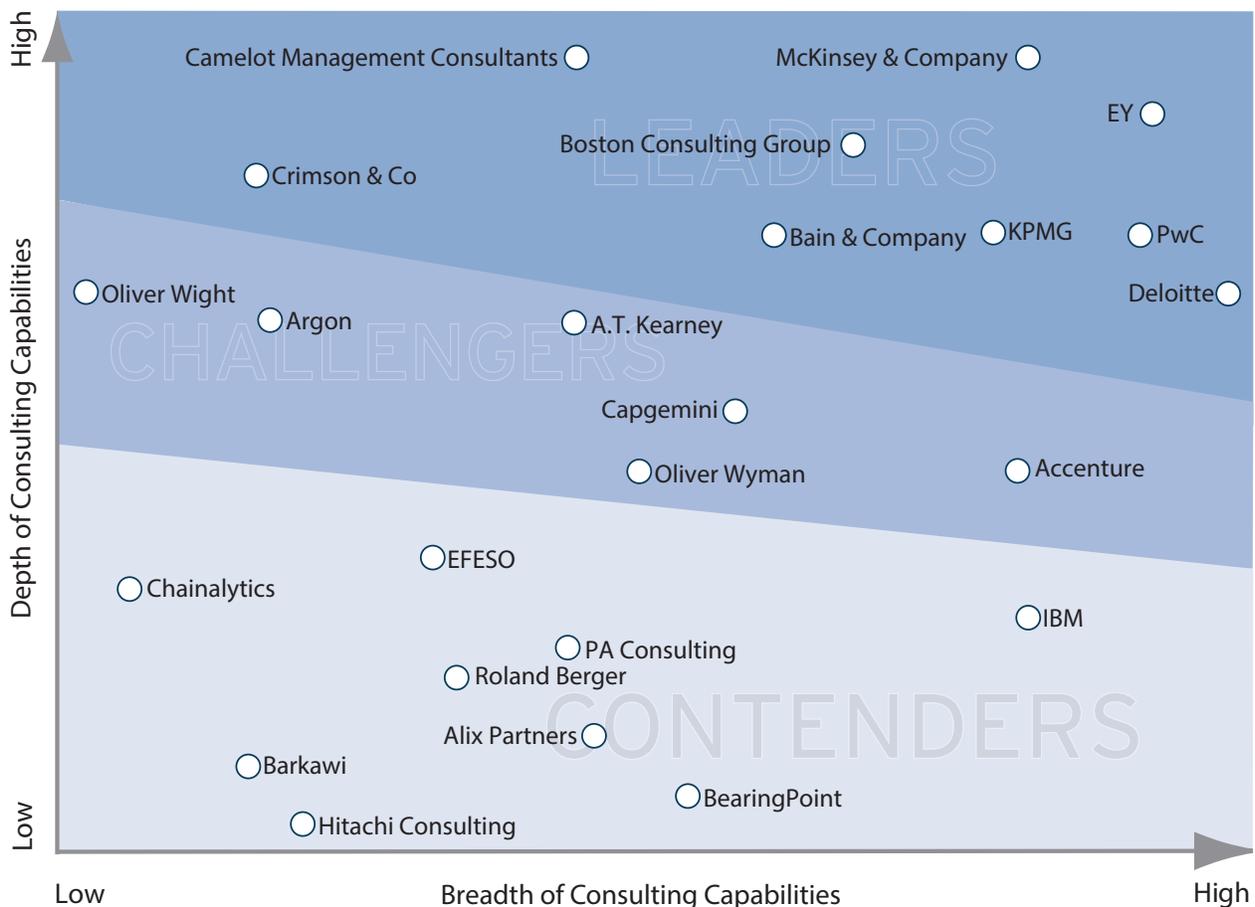
New decision support tools also help improve the ability of supply chain organizations to respond to both planned promotional events and unexpected market disruptions by using data rather than gut feeling or conventional paradigms to evaluate alternative actions. Consultants help build organizational capabilities to use scenario and simulation tools to assess tradeoffs in risk and performance and draw the correct conclusions. Leading firms focus the analysis not so much on the data but rather on the questions the data can answer. The key is to identify and understand those relatively few, critical decisions that drive business performance as a basis for specifying data models. And while many consulting firms are organizing go to market strategies around recurring revenue, managed service models to help clients update their scenario models and forecasting algorithms, leading firms seek to develop internal client capabilities and talent strategies to enable them to update and maintain their systems independently.

Demand-Driven Supply Chain. For many companies, the Holy Grail is to capitalize on the availability of real-time demand forecasts and system-enabled supply chain transparency to achieve a continuous, autonomous, and demand-driven supply chain (DDSC) planning system. The idea is to eliminate forecasts, which can be wrong, and instead produce to actual demand using data-dictated governance systems to autonomously recalibrate production parameters (e.g., inventory buffers). Given the system centricity of this approach, many firms – particularly those with a strong heritage in IT systems integration – are jumping on this bandwagon. But since DDSC entails a significant digital and business transformation, it encounters many of the same change management challenges mentioned previously with several notable additions. Perhaps most significant is the shift in mindset away from traditional lean production metrics (OEE) to one that accepts flow-based performance metrics, excess capacity, and inventory buffers. Successful implementation also requires greater supplier collaboration, which requires building enough trust to openly share sensitive information with the extended supply chain. Given the relative newness of DDSC, companies seek consulting partners who they can trust to overcome unforeseen challenges in implementation. Moreover, Leaders recognize that DDSC is not applicable in every situation and are honest with their clients about its limitations.

ALM Vanguard of Supply Chain Planning Consulting Providers

The *ALM Vanguard* of Supply Chain Planning Consulting Providers assesses firms in terms of their relative ability to create impact for their clients. For this, the *ALM Vanguard* displays the relative position of the providers featured in this report, deemed capable in supply chain planning consulting, based on an evaluation of their overall capabilities according to a consistent set of criteria. Capability depth denotes a provider's capacity to get results for clients, while capability breadth indicates its ability to deploy that capacity across multiple client scenarios.

Consulting is distinctive from other industries because of the variety of client contexts that providers encounter in terms of ambitions, needs, and abilities that alter what it takes to create impact. As providers seek to deploy their capacity to create client impact (depth) across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities (breadth), they increase the complexity of their engagement models. The downward slope of the lines that separate the tiers of the market captures the trade-off between low-complexity engagement models (designed to maximize the capacity to create impact for a narrow set of client applications) and high-complexity engagement models (made to maximize deployability and create impact for a wide variety of client applications).



Source: ALM Intelligence

Competitive Landscape

There was a fair amount of movement in the construct of the ALM Vanguard for Supply Chain Planning consulting. While improvement opportunities in supply chain planning continue to focus on organization and process design, the availability of new, enabling digital technologies are dramatically influencing both. Since planning is inherently a data-driven process, it is ripe for digital transformation. Change in the Vanguard reflects firms investing to update their supply chain planning capabilities by either a deepening of capabilities through key hires and the development of digital and data analytics tools or a broadening of services through partners and alliances to support implementation throughout the project lifecycle.

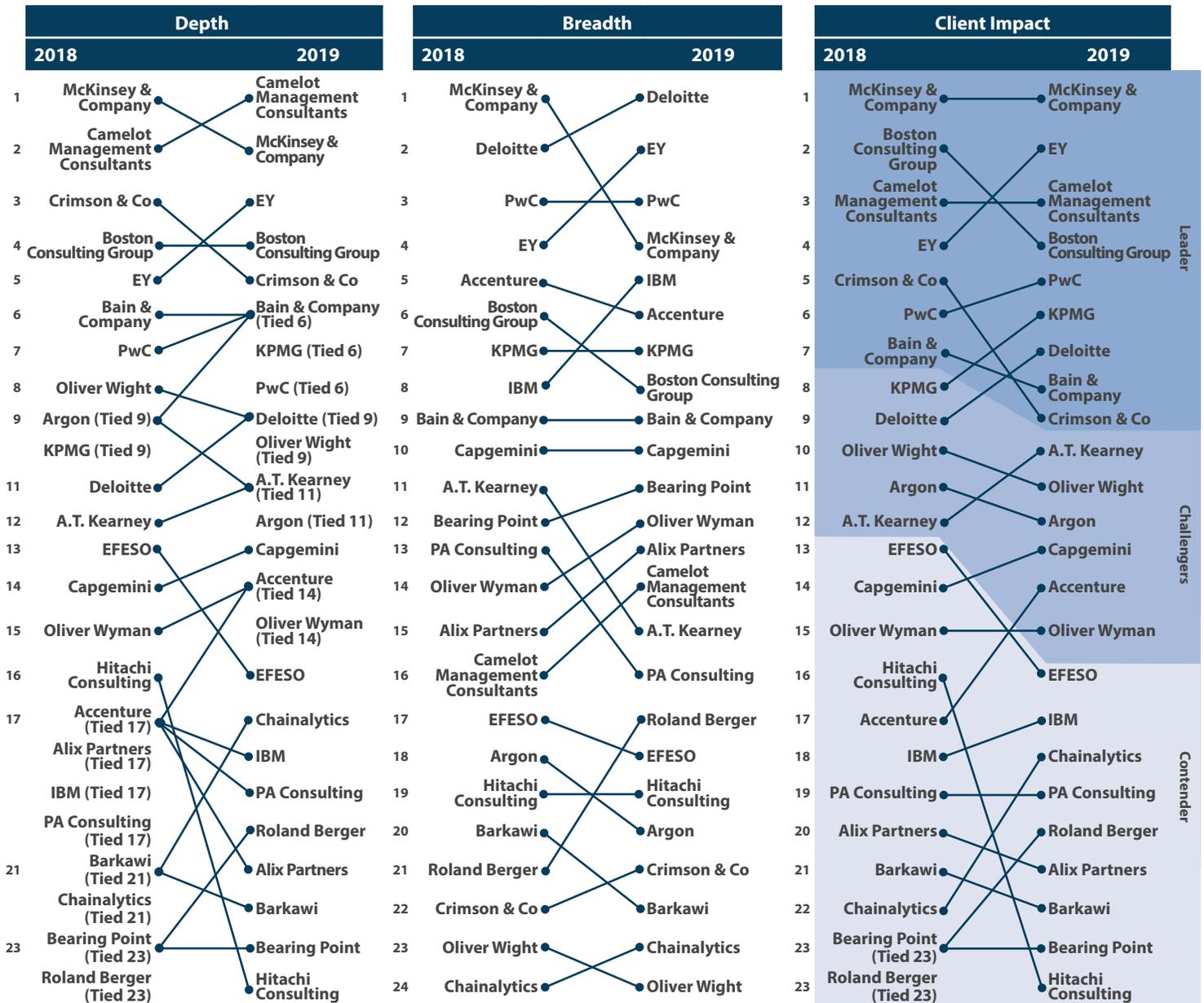
Leaders. McKinsey and Camelot remain at the forefront of the Vanguard Leader board; McKinsey for its ability to incorporate data and analytics into the design and function of planning processes that result in more strategic business operations, and Camelot for its leadership role in advancing demand-driven planning from concept to actual deployments. The overall rise of the Big Four stems from their ability to build upon core strengths in developing S&OP into a more extensive business planning process using digital connectivity and data analytics to strengthen cross-functional collaboration, strategic alignment, and synchronization. The Big Three Strategy firms, while benefitting from increasing openness to partner with outside firms, continue to distinguish themselves in their ability to harness big data techniques and deliver analytically-driven planning processes that are capable of transforming supply chains into a source of competitive advantage. EY edges out BCG due to EY's newly-linked alliance and joint go-to-market strategy with Oliver Wight. Also notable is KPMG's ascent from challenger to leader status based on its demonstrated strength in affecting successful large-scale business and digital S&OP/IBP transformations.

Challengers. Movement among firms in the Challenger category largely reflects firms capitalizing on the trend for digital supply chain transformations as a means to add new services and leapfrog ahead of the competition. On the one hand, firms oriented toward supply chain operations excellence, such as A.T. Kearney and Oliver Wyman, are updating their services to include more digital-oriented offerings. On the other, firms known for large-scale digital transformations, such as Capgemini and Accenture, are directly targeting their services at supply chain planning. As a result of these strategies, Accenture, Capgemini, and Oliver Wyman all transcended their former contender designations to achieve Challenger status this year. Accenture was the most notable gainer due to its acquisition of Intrigo, a digital supply chain planning firm. A.T. Kearney also continues its upward trajectory with the development of its Pivoting Supply Chain framework.

Contenders. Overall positioning within the contender landscape remains largely intact since last year. Relatively narrow consulting providers and mid-market generalists comprise the Contender category. The boutiques, who tend to focus on discrete elements of planning like forecasting or inventory management, are becoming increasingly outdated in a digital world. The generalists, with neither supply chain nor technology expertise, seek to remain relevant through active thought leadership, but have little experience to back them. On the margin, Chainalytics improves due to its planning-as-a-service delivery model; Roland Berger on its refined point of view based on recent survey results; and EFESO's articulation of its Concurrent Digitized Value Chains model. Hitachi's notable decline reflects a narrowing of its supply chain service offering, which is now mostly focused on predictive maintenance. We have yet to see any significant change at Barkawi following its 2018 acquisition by Genpact.

Provider Capability Rankings

The figures below indicate the change in consulting providers' ranks in terms of their overall capability depth, breadth, and client impact. (See the Definitions section of this report for a detailed breakdown of underlying capabilities.) Ranking position number one denotes the top-ranked provider.



Source: ALM Intelligence

Rating Level Summaries

ALM Intelligence rates providers according to a three-level scale based on their relative breadth and depth of overall capabilities. Each rating level corresponds to an area in the *ALM Vanguard* graphic bounded by a downward sloping line designed to equate engagement models of different degrees of complexity.

Rating Level	Providers	Description
Leaders	Bain & Company Camelot Management Consultants Deloitte KPMG PwC Boston Consulting Group Crimson & Co EY McKinsey & Company	The leaders are at the top of the market in terms of their capabilities to create client impact through their depth of expertise and ability to deploy it across a range of engagement models. They are unique in their ability to independently execute a broad array of projects across the full spectrum of client contexts. They range from providers in the top quintile in terms of depth of capability for low-complexity engagement models to those that combine above average depth of capability with the ability to deploy it across high-complexity engagement models.
Challengers	Accenture A.T. Kearney Oliver Wight Argon Capgemini Oliver Wyman	The challengers can execute end-to-end projects in low complexity engagement models or a substantial portion of project components in high-complexity engagement models. They range from those with above-average depth of capability for low-complexity engagement models to those that combine depth of capability between the bottom third and top half of the distribution, with the ability to deploy it in high complexity engagement models.
Contenders	Alix Partners BearingPoint EFESO IBM Roland Berger Barkawi Chainalytics Hitachi Consulting PA Consulting	The contenders can execute a substantial portion of projects in low-complexity engagement models or a single phase or project instance in high-complexity engagement models. They range from those with average depth of capability for low-complexity engagement models to those that combine depth of capability in the bottom third of the distribution with the ability to deploy it in high-complexity engagement models.

Source: ALM Intelligence

Leader Assessments

The *ALM Vanguard* of Supply Chain Planning Consulting Providers comprises the following Leaders.

“EY’s Supply Chain Reinvention model offers a successful and consistent framework for achieving both in- and cross-function operational excellence. It starts with a focus on stabilizing and enhancing core planning operations, progressively adding more advanced tools and capabilities to strengthen coordination and decision-making across planning functions. It then seeks to redeploy freed resources (time, people) to drive more function and dynamism into planning systems with the intent of improving resilience to changing market conditions.”

- Naima Hoque Essing, Senior Research Analyst, Management Consulting Research, ALM Intelligence

Provider Capability Ratings

The table below provides detailed capability ratings for supply chain planning consulting providers. (See the Definitions section of this report for explanations of the capabilities.) Legend: ● Very Strong ● Strong ● Moderate ● Weak ○ None

Provider Capabilities: Supply Chain Planning Consulting									
	Discovery			Design			Delivery		
	Needs Assessment	External Market Insight	Internal Client Insight	Strategy	Operating System	Management System	Project Management	Client Capability Development	Enabling Tools
EY	●	●	●	●	●	●	●	●	●
A.T. Kearney	●	●	●	●	●	●	●	●	●
Accenture	●	●	●	●	●	●	●	●	●
Alix Partners	●	●	●	●	●	●	●	●	●
Argon	●	●	●	●	●	●	●	●	●
Bain & Company	●	●	●	●	●	●	●	●	●
Barkawi	●	●	●	●	●	●	●	●	●
Bearing Point	●	●	●	●	●	●	●	●	●
Boston Consulting Group	●	●	●	●	●	●	●	●	●
Camelot Management Consultants	●	●	●	●	●	●	●	●	●
Capgemini	●	●	●	●	●	●	●	●	●
Crimson & Co	●	●	●	●	●	●	●	●	●
Chainalytics	●	●	●	●	●	●	●	●	●
Deloitte	●	●	●	●	●	●	●	●	●
EFESO	●	●	●	●	●	●	●	●	●
Hitachi Consulting	●	●	●	●	●	●	●	●	●
IBM	●	●	●	●	●	●	●	●	●
KPMG	●	●	●	●	●	●	●	●	●
McKinsey & Company	●	●	●	●	●	●	●	●	●
Oliver Wight	●	●	●	●	●	●	●	●	○
Oliver Wyman	●	●	●	●	●	●	●	●	●
PA Consulting	●	●	●	●	●	●	●	●	●
PwC	●	●	●	●	●	●	●	●	●
Roland Berger	●	●	●	●	●	●	●	●	●

Source: ALM Intelligence

Best in Class Providers

Providers identified as best in class evidence deep capabilities in specific areas of supply chain planning consulting and stand out from their peers for their highly effective and often innovative consulting approaches and service delivery.

Capability Areas	Provider	Strengths
Enabling Tools	EY	EY continues to aggressively invest in developing a broad suite of supply chain tools and methods, often in partnership with best-of-breed solution providers. These applications help to accelerate and scale diagnostic assessments, solution design and implementation that benefit both EY's service delivery and client execution. Key aspects of service delivery include "VC Sync", "Planning Synchronization" and "SC configurator," EY's proprietary segmentation & synchronization analytical tools that help clients tap into their data to establish and manage parameters for tactical and mid-term planning activities. It supports tool adoption with extensive process design, change management, communication and educational activities.

Source: ALM Intelligence

Provider Briefs

Leaders

EY	
Approach	The firm emphasizes large-scale supply chain transformations, leveraging agile implementation and new cloud-based networking technologies toward achieving integration, alignment and synchronization among strategic, tactical and operational planning process.
Practice Structure	EY delivers supply chain planning consulting services through a globally consistent supply chain & operations platform across the firm's 29 regions.
Service Delivery Model	The firm is aggressively pursuing an asset-based consulting model using acquisitions, partnerships and alliances to develop and deliver world-class supply chain applications built on a scalable service delivery platform. Applications seek to codify and automate diagnostic processes and execution frameworks to accelerate and scale implementation and execution. EY guides clients toward adoption of a multi-functional center of excellence that is capable of managing the seamless flow of information and materials through the value chain and in using advanced statistics and forecasting methods to properly tune system parameter to reflect changing market conditions. The initiative requires integrating S&OP processes into enterprise-wide business planning cycles using agile, iterative sprints with heavy user participation/ownership in (re)designing, prototyping, and continuously improving governance structures, cycle cadences, and process methodologies until a stable, exception-based planning process is achieved. In so doing, it helps clients gradually introduce increasingly intelligent automation (artificial intelligence, RPA) with the goal of eventually achieving a fully autonomous lights-out planning process. Key aspects of service delivery include Planning Synchronization and SC Configurator, EY's proprietary segmentation & synchronization tools that are available on a client-run or managed-service basis. These tools help clients establish the parameters for tactical and operational planning activities around segmentation, production, and replenishment modes. Another attribute of EY's service delivery is the firm's emphasis on using executive walkthroughs to demonstrate performance under various scenarios with particular attention to governance processes in order to build momentum for implementation.

Source: ALM Intelligence

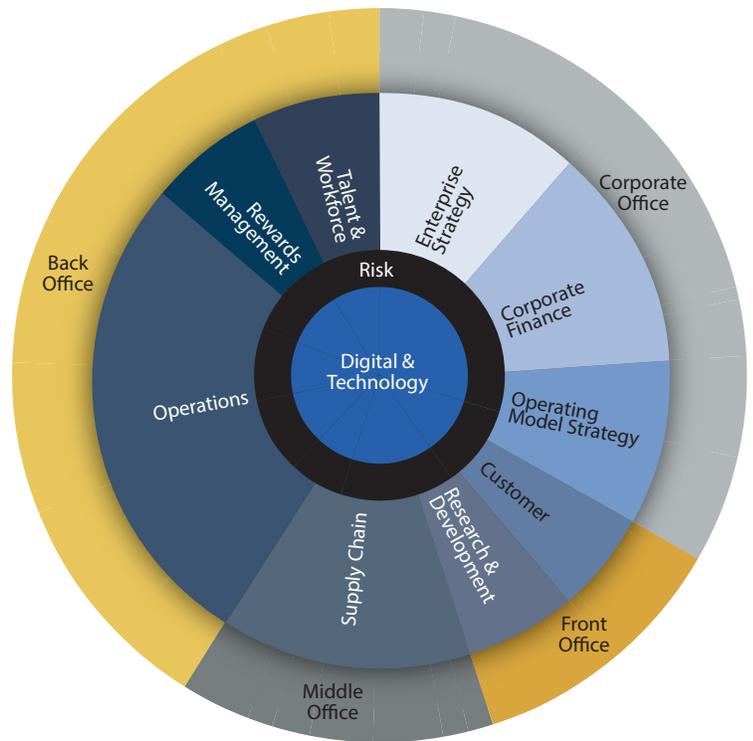
Definitions

What is Supply Chain Planning Consulting?

Supply chain planning consulting is part of supply chain consulting and forms part of the management consulting services directed at clients' middle office activities. Its objective is to improve the way in which companies transform inputs into outputs to create value for their customers.

Supply chain consulting consists of seven services.

- **Supply chain planning:** managing the flow of information among value chain participants to inform supply and demand balancing decisions in response to market volatility and variability
- **Capital projects:** connecting enterprise and financial strategies to the supply chain by optimizing the capital portfolio and effectively managing new capital projects, including project design and engineering, procurement, and construction services
- **Production strategy:** configuring a company's network of capital assets, optimizing the scope of internal versus externally sourced production activities, and aligning production technology to build the capabilities required to execute against strategic performance priorities.
- **Production operations:** improving the operation of existing capital assets by adjusting the plant layout, processing flow, and the management system for sustaining and furthering performance gains
- **Asset management:** maximizing the productivity of a company's existing capital assets through reliability engineering, utilization optimization, and effective maintenance and repair services
- **Logistics:** managing the movement and storage of physical and intangible inputs, in-process inventory, and finished products along the supply chain and to end customers
- **Sourcing strategy:** enhance the value generated by external production input suppliers by integrating sourcing into product and production design choices, improving supplier selection, optimizing supply financing, and collaborating more effectively with suppliers.



Source: ALM Intelligence

Definitions

Consulting Provider Capabilities

Capability Areas	Capabilities	Descriptions
Discovery	Needs Assessment	Establishing goals and objectives for the project and determining which stakeholders need to be involved from the client organization, consulting firm, and third parties
	External Market Insight	Using knowledge and experience to create hypotheses through trend analysis, benchmarking, maturity assessments, and case studies
	Internal Client Insight	Obtaining internal client insights through assessments, data analyses, interviews, and workshops, and incorporating findings in the business case and roadmap design
Design	Strategy	Aligning the strategy with the goals of the client's talent and business strategies
	Operating System	Configuring client resources – information, technology, talent and other assets – to generate the value-add intended by the strategy
	Management System	Mobilizing, managing, measuring, and motivating client resources to execute the strategy through governance, organizational structures, and performance management
Delivery	Project Management	Allocating, aligning, and coordinating resources in sequenced activities to execute and sustain the strategy
	Client Capability Development	Developing the client's technical skills and adapting mindsets and behaviors to execute and sustain the strategy and process design
	Enabling Tools	Employing tools for diagnostic and design activities that support creating, executing, and sustaining the strategy

Source: ALM Intelligence

Provider Capability Rankings Descriptions

Depth: a measurement of a consulting provider's strength based on its capabilities, including such factors as resources, proprietary methodologies, and intellectual properties

Breadth: a consulting provider's ability to deploy its capabilities in multiple client scenarios across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities

Client impact: a consulting provider's capacity to get results for clients based on the combination of its capability depth and breadth adjusted by the degree of engagement model complexity incurred by its breadth across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities

Methodology

Overview

ALM Intelligence has been researching the management, financial, and IT consulting industry for over 40 years, studying the global consulting marketplace at multiple levels. The resulting market analyses help buyers of consulting services to effectively target best in class providers, and help consulting providers to identify and evaluate business opportunities.

The proprietary research methodology comprises four components:

- Extensive interviews with consulting practice leaders, financial analysts, consulting clients, and clientside industry experts
- Data and background material from the proprietary library of research on the consulting industry and individual firms
- Quantitative data collection from primary and secondary sources
- Key economic data relevant to the sector(s) being analyzed

The research output for a project is derived predominantly from primary research.

Data is obtained through a centralized effort, with teams of analysts collecting, assessing, fact-checking, and refreshing baseline information on leading consultancies and consulting markets. This information populates an extensive knowledge base of consulting providers, widely regarded as among the most comprehensive in the world.

Working collaboratively, analysts narrow their research to the most discrete and pertinent intersection of consulting service/industry/geography.

The experience and knowledge of the analyst team are critical to the success of these research endeavors. Directors and associate directors average over a decade of consulting and/or analyst experience, with an emphasis on professional services. Junior analysts typically bring an average of five years of consulting and/or analyst experience.

The group's long-term relationships with consulting clients and industry leaders are based on trust and respect. ALM Intelligence's fundamental goal is to deliver objective assessments and insightful viewpoints on the management, financial, and IT consulting market.

Methodology

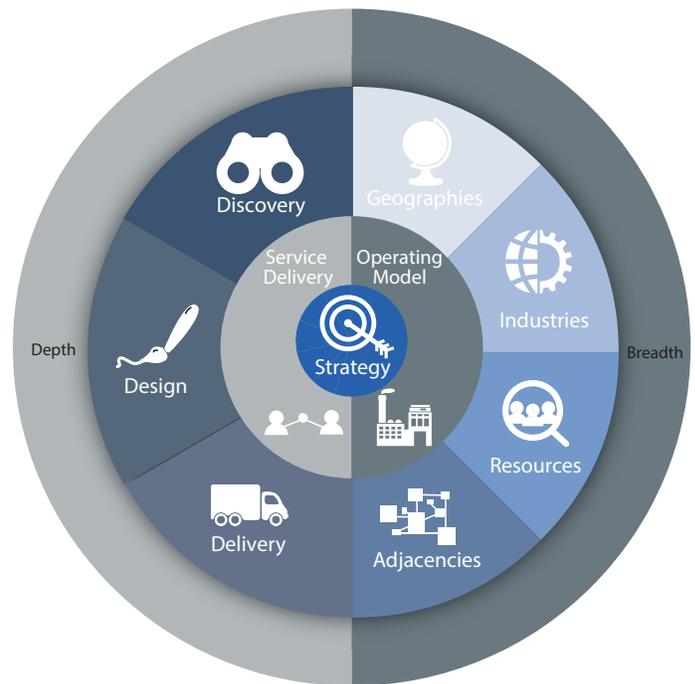
How We Evaluate Consulting Providers

ALM Intelligence's goal is to deliver objective assessments to help buyers of consulting services effectively identify and maximize the benefits of working with best in class providers.

ALM Intelligence evaluates consulting providers with respect to a particular consulting area in terms of the following baseline criteria. The general criteria below are refined and customized over the course of the research effort based on input from clients and providers:

- **Consulting approach:** What are providers' points of view on the root causes of client challenges? How do those points of view inform choices about how best to resolve them? How do providers view the intersection of these needs and solutions with other consulting or non-consulting offerings or cross-cutting themes?
- **Consulting organization:** How do providers organize and deploy their capabilities? What sort of consultants and other human resources do they possess, and how do they obtain and use them? What sorts of partnerships, collaborations, and alliances with external parties do they use to bolster their capabilities?
- **Consulting service delivery model:** How do providers deliver their services? Do they employ any particular processes or methodologies, preconfigured tools, or other unique elements of service delivery? Do they follow any particular sequence or direction in their service delivery? How do they measure outcomes?
- **Client pain points and needs assessments:** What factors most influence successful engagements in the opinion of clients? What capabilities do providers need to bring to their engagements to be compelling? What sources of differentiation matter most to consulting buyers?
- **Future development:** What investments are providers making or planning to make to enhance their future capabilities?

In addition to briefings with consulting buyers and providers, ALM Intelligence uses a mosaic approach to derive its findings. This incorporates primary research conducted with industry practitioners, academics, and other experts and secondary research on providers' public information and other third-party sources of data and analysis.



Source: ALM Intelligence

About ALM Intelligence

ALM Intelligence provides accurate and reliable market sizing and forecasts on consulting services worldwide, needs-analysis and vendor profiling for buyers of consulting services, timely and insightful intelligence on the top consulting firms in their respective markets, and operational benchmarks that measure consulting performance. ALM Intelligence's research spans multiple service areas, client vertical industries, and geographies. Our analysts provide expert commentary at consulting industry events worldwide, and offer custom research for Management Consulting and IT Services firms. More information about ALM Intelligence is available at www.alm.com/intelligence/industries-we-serve/consulting-industry/.

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