

Supply Chain Reinvention: Is It a Nice or Must-Have thing?

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1st Driver of Change: Demanding LATTE

Purchasing habits will increasingly shift away from mass brands and channels toward products that are Local, Authentic, Traceable, Transparent and Ethical

81%

of consumers say that the behavior of a company is just as important as the product it sells

Can global companies create authentic stories or should they acquire?

Source: If brand + trust = value, how are you solving the equation?, EY, August 2017.

2nd Driver of Change: Balancing privacy with convenience

Consumers acknowledge, understand and assess decisions regarding data exchange for access to services. Some consumers will become more private, some will become more open

47%

of US consumers are willing to share personal information for a basic bargain

How will consumers participate in the valorization of their data?

Source: Privacy and Information Sharing, Pew Research Centre, January 2016

3rd Driver of Change: Workforce automation

Machines are becoming faster, smarter and more proficient at almost every skill and task, enabling them to do more and more jobs traditionally assigned to humans

38%

of jobs are at high risk of automation
in the United States by 2030

How can we replace the
social value of work?

Source: Share of jobs at high risk of automation by early 2030 in select countries worldwide, Statista, March 2017

4th Driver of Change: Shared economy

Traditionally owned assets such as cars, homes and offices will increasingly become on-demand assets. Consumers will monetize their own assets from other consumers by renting them out when not using them

US\$31b

Airbnb's valuation as the No. 1 company on the 2017 CNBC Disruptor 50

Will the ability to rent and share products reduce ownership or increase it among wealthy populations?

Source: 2017 Disruptors 50 full coverage, CNBC, April 2018

5th Driver of Change: From products to services

As consumers become less concerned with ownership, brands will begin to switch their offerings away from traditional products into services that can match the needs of evolving consumer lifestyles

8x

In the five years to 2017, revenues in subscription businesses grew 8 times faster than the S&P 500

What goods will match a service-led subscription model and what goods will need to be owned?

Source: The Subscription Economy Index report, Zuora, June 2017.

6th Driver of Change: Always-on emergency mindset

A rise in the number of global terror incidents and mounting natural disasters, led by climate change, is changing the way that consumers behave and react to them

75%

of terrorist attacks took place in just
10 countries

Will mental preparedness
become a way of life?

Source: PRI, July 2017.

7th Driver of Change: Direct to consumer

Manufacturers are becoming empowered by digital tools and services. They will use these fresh capabilities to manage sales, distribution, customer service and accounting without the need to channel these elements through multiple players in a traditional supply chain

71%

growth of manufacturers selling
directly to consumers

Will advanced robotics enable
any manufacturer to produce
any product?

Source: How Leading Brands Are Winning The 'Direct-To-Customer' Conversation,
Forbes, June 2016

8th Driver of Change: Always-on operations

Companies, employees and consumers will see traditional schedules fragment and increasingly operate around the clock or on demand to meet the needs of a 24-hour society

40%

of American workers will be independent contractors by 2020

Will all businesses make use of time differences to structure work flows?

Source: The upside of disruption: Megatrends shaping 2016 and beyond, EY, July 2017

9th Driver of Change: Value for time

With advances in technology, individuals will be afforded the opportunity to make more of their time as innovations, such as automation, AI, the IoT and driverless cars, take on more mundane tasks and make dead time more productive

1.6 billion

active users of bots and digital assistants by 2020

Source: Virtual Digital Assistants, Tractica, August 2016

Will automation mean that some consumers have too much time on their hands?

10th Driver of Change: Valuing experience over product

As conspicuous consumption peaks, products reach saturation point and their value to the consumer diminishes accordingly. Instead, experiences that enrich consumer lifestyles become more valued

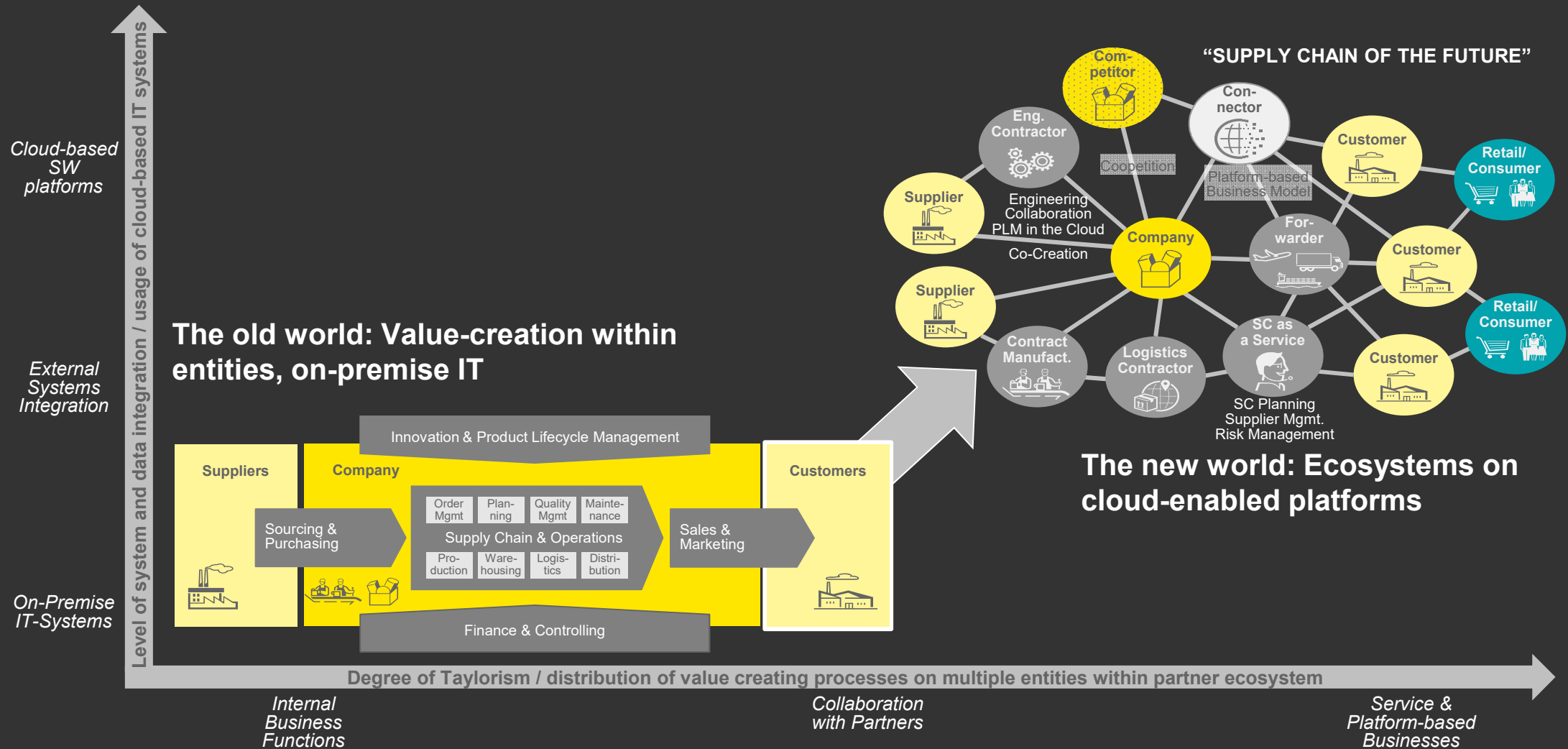
72%

of millennials prefer to spend more money on experiences than on material things

How can brands turn ordinary products into experiences?

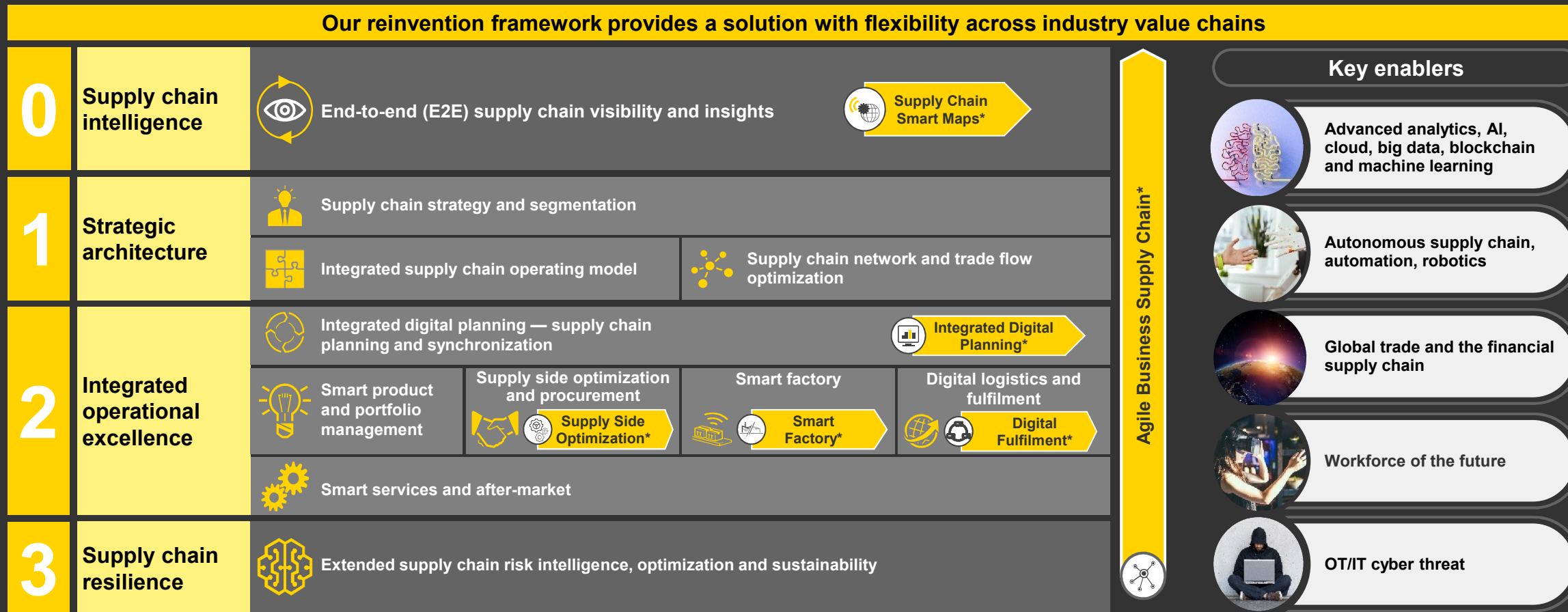
Source: Millennials: Fueling the experience economy, CNBC, May 2016.

With the changing digital world, businesses will move from linear supply chains and on-premise IT to cloud-enabled

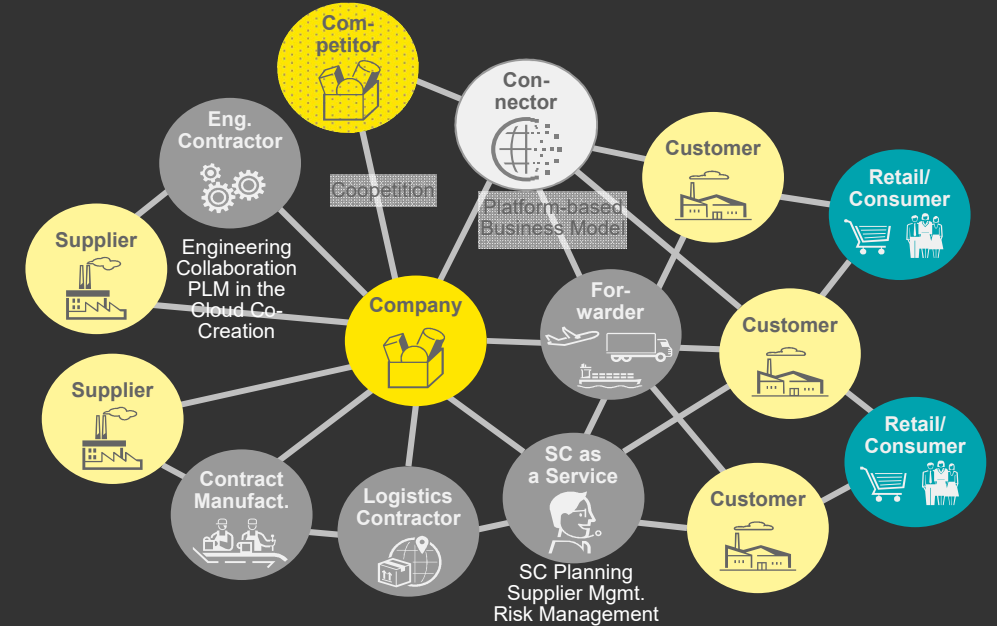


Supply Chain Reinvention framework

EY's Supply Chain Reinvention (SCR) framework helps companies fundamentally reinvent their supply chain to meet the demands of today's digital world. Embedded within the SCR framework are a suite of asset-backed solutions which help companies navigate the disruption with agility by creating a SC of the future.



Key Take Aways



- ✓ From linear Supply Chain to Supply Chain ecosystems on Cloud-enabled platforms
- ✓ Changing consumer behaviours impose corporates to reinvent their Supply Chains

Many thanks to all participants



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