



HERE COMES THE OMNICHAIN

THE DIGITAL REVOLUTION IS TRANSFORMING SUPPLY CHAINS. WHAT SHOULD YOUR BUSINESS DO TO KEEP UP?

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Consumers are radically changing the way they shop. The tsunami-like smartphone revolution caught retailers by surprise and has brought with it unpredictable changes that were unforeseeable five years ago.

Consumers no longer use one single channel to shop. They usually mix a number of sources to decide which product they want and where to buy it. Instead of going to a shop on a Saturday afternoon, who hasn't discovered a nice gadget, went online to visit the product website, checked a number of forums for consumer reviews and looked it up on Facebook? Once we choose the product, we search the internet again to find the best shop to buy it, either online or onsite, and maybe even ask for it to be delivered to an address other than where we live.

The result of adapting the product marketing to this new consumer experience is called omnichannel. Companies need to develop new strategies to communicate and engage with their consumers, offering a consistent message across all of the channels where users access information about their products.

Just as it is happening in the marketing field, big data and the digital revolution are rapidly transforming our supply chains. The access to much more data in real time has revolutionized the way purchasing, sales, transport and logistics operate. To survive in this new scenario, companies need to adapt to the omnichain.

The way we understand it, the omnichain is a chain that can manage different types of demands by being able to identify every single piece or component with its location and handle it in a differentiated way. In the past, companies designed and optimized their supply chains to fulfill the demands of customers and consumers. If there were different segments of customers with different needs, it made sense to design differentiated supply chains. Today, this distinction has disappeared. Now one multi-supply chain is able to manage all the different customer segments.

In a world in which each part of the supply chain offers so many alternatives and goes beyond the company to connect chains that up until now were independent, the linear value chain turns into a complex system in which any player can change and assume new positions very fast. These interconnected chains are alive. Similar to neurons, they develop new connections and find shortcuts at an amazing speed, generating multiple flows and multidirectional exchanges of information. This new universe can no longer be linear, and it evolves towards a more integrated concept, the omnichain.

How does the omnichain affect each of the steps of the value chain?

1] Making. Methods such as 3D printing or digital manufacturing have made it possible for a factory to receive instructions digitally and automatically adapt the production line. As a consequence, the company can make a brand new item in a very short time frame, shortcutting previous steps and sending the order directly to manufacturing rather than involving all the supply chain levels as happened before.

2] Buying. The omnichain increases transparency. Information about the suppliers, prices, contracts and conditions is updated in real time and through multiple channels. Information can therefore be compared much faster and more options are available.

3] Moving. The real-time information available through the omnichain makes the supply chain more efficient and faster, preventing bottlenecks.

4] Planning. The huge amount of information provided by the omnichain makes it easier for different players to make faster and more automated decisions. This is key, as it implies that some steps, which previously required human intervention, can now be made automatically. In addition, it helps anticipate the whole system's future behaviors.

5] Service. The relationship with the consumer becomes more complex as products evolve from what they used to be, just devices, to an experience. B2B companies such as Michelin, which traditionally sold products like tires, are now selling services: the kilometers that you travel with those tires. The omnichain has dramatically changed the companies' approach towards consumers.

6] Design. Product design and development is no longer restricted to in-company experts. Consumers now have the opportunity to take an active role. They can introduce modifications to an existing product which can be implemented very fast. Similarly, the amount of connections that the omnichain creates and the way information can now be shared makes it possible for multiple companies to collaborate on the same design.

7] Product. Products are now enhanced with additional digital components and other customized services. The consumer has the chance to interact a lot more, changing the whole consuming experience from linear and one-directional to non-linear and interactive.

As we have seen, the omnichain turns the existent linear supply chain into a multi-dimensional chain that goes in every direction, creating new connections. In addition, it allows consumers to step in and share their feedback at any time at any level of production, not only to the retailer once the final product is delivered. The implications of this evolution will affect not only value chains but whole ecosystems that are now in place.

Now it is up to companies to anticipate and adapt to the changes that the omnichain will bring with it.

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