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SUPPLY CHAIN AND THE CLOUD: WHAT REALLY MATTERS

DEMAND SOLUTIONS CLOUD MANIFESTO

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WHY MORE COMPANIES ARE MOVING BUSINESS APPLICATIONS TO THE CLOUD

When it comes to business software, it's a changing world. IDC reports that by 2019, the cloud software model will account for \$1 of every \$4.59 spent on software.¹ TMR projects that the global software as a service (SaaS) market will expand at a CAGR of 27.9% between 2015 and 2022.² According to Cisco, by 2018, 59% of cloud workloads will be SaaS workloads, up from 41% in 2013.³

Why the race to the cloud? Because companies can see how much native cloud solutions have to offer. Manufacturers and distributors are no exception—they're adopting cloud-based supply chain solutions at a rapid rate. According to Gartner, nearly 30 percent of companies already use at least one cloud solution for supply chain. Expect more adoptions in the next few years, with companies that are at a high level of supply chain planning maturity more likely to adopt than their less sophisticated counterparts. These companies understand the business value of a cloud supply chain solution—benefits such as configurability, ability to support multi-enterprise planning, scalability, and use of analytics. Gartner believes that nearly 20 percent of companies that are at stage 1, 2, or 3 of supply chain maturity will consider at least one cloud-based supply chain solution over the next 12 months. Among companies at stage 4 or 5 maturity, that number rises to 60 percent.

Gartner's research illustrates the impact that cloud-based supply chain planning solutions will have in the years to come. You can look up and down the list of core supply chain functions and see what percentage of companies are prepared to move these activities to the cloud:

- Supply chain planning and sales and operations planning (S&OP): 30%
- Supply chain analytics: 43%
- Supply chain visibility: 43%
- Supply chain collaboration: 55%
- Supply chain mobility: 45%
- Supply chain big data and prescriptive analytics: 41%

¹ McGrath, B. and Mahowald, R. P. "Worldwide SaaS and Cloud Software 2015–2019 Forecast and 2014 Vendor Shares." IDC. August 2015.

² TMR. "Software as a Service (SaaS) Market - Global Industry Analysis, Size, Share, Growth, Trends and Forecast 2015 – 2022." Report. October 13, 2015.

³ Cisco. "Cisco Global Cloud Index: Forecast and Methodology, 2015–2020." White paper. 2016.

Today's companies obviously want something different from their software. Sure, they still crave robust features and fast performance at a reasonable price. In other words, they want value, as they always have. But the way they measure value has changed. As technology continues to give us a more connected world and new competitors spring up everywhere, manufacturers and distributors are realizing that time to value is even more important than overall value. In other words, the speed with which they can begin to reap financial benefits sometimes trumps the dollar value they'll ultimately achieve in the long run. So they're looking for solutions that accelerate planner productivity by enabling timelier plans and scenarios.

We at Demand Management believe native cloud solutions can not only deliver faster time to value by making your planners more productive, but also enable a greater payback in the long term by providing the scalability, high performance, ease of configuration, and seamless upgrades you need. That's why we embraced the cloud as we rebuilt our entire product platform.



HOW CLOUD CAN GIVE YOU A FASTER TIME TO VALUE

Rather than delivering incremental improvements to your business processes and allowing you to achieve a payback based on multiplying small cost savings many thousands of times, the cloud enables you to make major enhancements to the way you do business. This results in fast, measurable cost savings. Here are six reasons why Demand Solutions DSX—our cloud supply chain planning platform—can deliver value quickly.

1

Global Presence

Planning on rolling out your supply chain platform worldwide? Using a cloud-based solution can help. Installing centrally and then sending a link and logon credentials to hundreds or thousands of users around the globe is much faster than implementing your new solution on perhaps dozens of local servers. In other words, it's the most effective way to support your planning system of record requirements.

Because we partner with Microsoft and leverage the Azure platform, we can deploy your solution at Microsoft data centers around the world. This allows us to keep your solution much closer to you than if you were to use a generic hosting provider to host a non-native cloud-based solution. Microsoft's footprint for global deployments is second to none. With a generic hosting provider, you would be at the mercy of their geographic limitations, and performance might suffer as a result.

From our standpoint, the partnership works perfectly. We can let Microsoft focus on deploying, hosting, and performance while we focus on our true area of expertise: developing supply chain planning solutions that help companies drive profitable growth.

2

Eliminates Hefty Maintenance Fees and Difficult Upgrade Decisions

There's a surprising reality that very few IT departments talk about—but we've found it to be true in our decades of dealing with customers: very few companies are actually on the latest version of their business software. Most companies skip upgrades, let their guard down on product maintenance, and may even fail to install critical security updates. When it comes time to make a major upgrade to get new functionality they really want, these companies then face a lengthy, costly upgrade process. Companies are often forced to apply multiple upgrades before they can take advantage of a new release. These upgrades can take months, costing the company valuable time and money.

With Demand Solutions DSX deployed on Azure, these considerations become obsolete. We maintain and upgrade the software continuously. You reap the benefits every time you log on. All of the development work we do in the background is included in your subscription fees. And because cloud software is meant to be configured rather than customized, you can rest assured that when a major upgrade does come up, you won't have to spend hours rebuilding interfaces and integrations. Your involvement will be minimal, as will the disruption to your business processes.

3

Responds Well to a Changing Workforce

According to Microsoft, 67 percent of employees now use their own devices to access both company and personal data. It would be easy to say this is a function of more millennials entering the workforce, but even their more seasoned colleagues crave the convenience of being able to get work done from anywhere. Today's employees expect to be able to reach any information from any device, anywhere. Your company's supply chain tools and data are no exception. They need to be just as accessible on a personal iPad as they are on a desktop computer at your headquarters. Demand Solutions DSX provides the kind of accessibility that supports planner productivity.

4

Responds Well to the Changing Complexity of the Supply Chain

There's a growing complexity to the global supply chain. But this complexity doesn't just come from the fact that a more connected world means there are more potential suppliers within reach, more customers in your sights, and new competitors springing up all the time. There's also greater complexity within the four walls of your company.

If you're embracing S&OP or integrated business planning (IBP), you're under more pressure than ever to increase collaboration across what have traditionally been disconnected departments. You have to include sales, marketing, finance, and a host of other teams in all your supply chain decisions, even as you work to make stronger connections with suppliers and distributors halfway around the globe.

Whether you're trying to give greater access to a stakeholder in another time zone or in the next building, Demand Solutions DSX can help. Because the solution is in the cloud and accessible to anyone with user credentials and a browser, you can exchange information with anyone, anywhere, at any time. DSX supports productivity and timeliness—helping you make sure the right stakeholders get access to the plan or scenarios they need when they need them.



Responds Well to Changing Team Structures

We mentioned that Demand Solutions DSX can help you solicit input from a stakeholder in the next building. But nowadays, that stakeholder is just as likely to be working from home rather than sitting in one of your company facilities. The aging of the workforce and greater openness to flexible work schedules have changed the makeup of the typical employee base.

The advent of email made it more possible for people to collaborate from home or on the road—but by now, we can all admit that sending spreadsheets back and forth isn't true collaboration; it's simply broadcasting of static information. Demand Solutions DSX lets all stakeholders have access to a field sales forecast or production schedule through any browser. Multiple stakeholders can even provide their input at once, without anyone needing to wait for an updated file to be sent by a traveling colleague.

It doesn't matter how centralized or decentralized your organization may be. DSX gives you the flexibility and centralized technology to ensure everything remains coordinated across departments.



Delivers on the Need for Upstream & Downstream Collaboration

It's all well and good to discuss the need for closer collaboration with stakeholders inside and outside the organization, in all corners of the world. But true collaboration is more than just rolling out a solution, granting everyone access, and expecting them to learn the ropes. If you provide suppliers and customers with a solution that's not intuitive to them, the best-case scenario is that you'll have to go through a painful learning curve before they get up to speed. The worst-case scenario is that they'll reject the system and go back to their spreadsheets.

Demand Solutions DSX supports multi-enterprise planning by providing an easy-to-use interface that's exactly the same for your employees and those of your key suppliers. Anyone who works in a company today probably uses the internet extensively for personal tasks. Put a web interface in front of them, and they'll be much more likely to be able to complete work tasks too, with minimal need for end-user training. With web-based applications, there are no surprises. Everyone knows what they're getting and can figure out how to complete a task.

HOW DEMAND MANAGEMENT EMBRACED **THE CLOUD**

For Demand Management, realizing that we needed to rewrite our entire product platform as a native cloud solution—rather than simply tweaking it for cloud hosting—was a major turning point. We then had to decide which specific web technologies to use, and how to use them.

Practically every supply chain planning software vendor has recognized the trend towards the cloud. Most have made an effort to deliver products that meet these needs—but not all have made the move effectively. In charting our course, we had to evaluate our technology options carefully and select what we thought was the most reliable and cost-effective way forward.

Many supply chain planning vendors have taken the easiest road: they've simply retrofitted their existing platforms to be accessible in the cloud. This usually consists of hosting the platform on company servers—or partnering with a hosting provider—and letting clients access it online. While this approach sounds simple and logical, it comes with significant drawbacks. First of all, it presents problems for any company that wants to make heavy customizations to the platform. Each upgrade of the software will introduce the need for a painful process of rebuilding customizations and testing integrations to other platforms to make sure they still work. This approach also locks the vendor into using antiquated technology, which only gets more complex and expensive to maintain as time goes by and developers' skill sets change. Only native cloud planning solutions can deliver the capabilities that supply chains at a higher stage of maturity really need.

Demand Management took a different approach. We decided to rebuild our entire product platform on web technologies. This gave us some clear advantages. First of all, we knew that there would never be any need to maintain duplicate versions of our software—an on-premises version and a cloud version. There's one version and one version only, which makes development simpler and more cost effective.

Second, embracing the latest web technologies enables us to deliver software that takes full advantage of those technologies to run faster and better. Contrast this to vendors that are still trying to make outdated technologies work better—and are devoting endless money and resources into these solutions. The future is in the cloud. We'll be there—and we'll be passing along our cost savings to customers.

Additional advantages come in the areas of platform, security, integration, and business.

PLATFORM BENEFITS

When we decided to rebuild for the cloud, we had to choose a platform. We chose Microsoft Azure as the platform on which we would run our cloud applications. Microsoft Azure is an open, flexible cloud platform that enables us to build, deploy, scale, and manage our applications across Microsoft's data centers around the world. Azure lets us build applications using the languages, tools, and frameworks of our choice. It also enables us to manage our cloud environments from a dashboard, and to spin up new ones quickly as customer needs dictate. We can deploy each new customer implementation in a configured environment that we've tested extensively. When it comes to performance, there are no unpleasant surprises on Azure. You reap the benefits of the millions of dollars that Microsoft has invested in its technologies.

When we began developing in Microsoft Azure, we needed to make a leap of faith. Our fortunes from that point on would rest on Microsoft's commitment to developing and enhancing its platform. But throughout our decision process, Microsoft gave us assurance that they were fully committed to Azure. They were open with us about their development plans, allowed us to tour a data center, and showed that they were eager to build a partnership with us. This convinced us that in the years to come, Demand Management customers would be able to reap the benefits of the latest cloud technologies every time they logged onto our solutions. At the same time, we had full confidence that we would be able to focus on developing supply chain planning functionality while leaving SaaS infrastructure in Microsoft's very capable hands.

SECURITY BENEFITS

Many manufacturers and distributors that are considering moving their supply chain planning to the cloud have questions about security: What kind of technology will be used to protect our data? If our data is accessible to stakeholders around the world, won't it also be more vulnerable to hackers around the world? Can cloud vendors really promise a safer data environment than what we've built behind our own corporate firewall?

We considered these questions carefully before choosing Microsoft Azure as our cloud platform. As one of the world's leading technology companies, Microsoft has extensive resources to devote to security. While no technology provider can absolutely guarantee that a breach will never occur, we felt completely confident that Microsoft's security investment and expertise would far surpass our own as well as that of most of the customers we serve.

Microsoft knows that unless customers trust the cloud, they won't be able to realize its many benefits. That's why they've certified their cloud platform with 62 different compliance standards, exceeding any other cloud platform provider. Microsoft is also investing more than \$1 billion in cyber security research and development. These are just some of the reasons why 90% of Fortune 500 companies now trust the security, privacy, and transparency of Microsoft's cloud.

It's worth addressing a common concern here. Supply chain professionals often ask us for our security certifications. Unfortunately, we can't provide any organization with an automated compliance solution for, say, SOC 2. And no other software company can provide you with automated compliance. Achieving regulatory compliance is a matter of building and maintaining the right business processes. All we can do is provide you with the tools to achieve and maintain compliance. By building our solutions on the Microsoft Azure platform, we believe we've given you the best technology for keeping your data secure and safeguarding its privacy.

INTEGRATION BENEFITS

One of the perceived pitfalls of cloud software has been integration. With on-premises applications, the implementation process is typically longer and more complex, but at least you can build any integrations you want to the other applications in your data center. How can you connect your cloud supply chain planning platform to your other cloud-based or on-premises solutions?

Demand Solutions DSX provides a highly flexible integration tool that lets you tailor your integration methods to your level of IT sophistication. We offer a wide range of options that let you exchange data with everything from legacy ERP systems to the most modern cloud-based business solutions. In addition, Microsoft Azure offers file sharing capabilities that have made it easy for Demand Solutions customers to import data. And because Azure data centers are located all around the world, our customers never have far to go to their integration point.

FUTURE-PROOFING BENEFITS

Prepare your business to benefit from the innovations that can help you build the supply chain of the future. Because Demand Solutions DSX is built for the Microsoft Azure platform, it's ready to take advantage of all Azure services as they become available. Migrating to Azure Cosmos DB allows you to elastically and independently scale your throughput and storage across geographic regions. It positions you to take full advantage of the big data that it generates by using machine learning and advanced analytics—enabling you to find the correlations that impact your supply chain.

BUSINESS BENEFITS

The business benefits of the cloud are no longer a secret. Demand Solutions delivers benefits in several key areas.

- **Total cost of ownership (TCO):** Demand Solutions DSX comes with a lower deployment cost than a typical on-premises solution, and no ongoing maintenance fees. Rather than paying massive license fees up front, you sign a subscription contract and pay a monthly fee as you go. There's no hardware to buy because the software runs on Microsoft Azure. And there's no extra work for your IT team to keep the system running well.
- **Return on investment (ROI):** The cloud can deliver greater value over time. Your cloud-based supply chain planning solution can easily scale to support your growth. Because your vendor handles upgrades, you get all the benefit of new versions without the extra work or added cost. The cloud also fosters greater collaboration across divisions and even beyond the walls of your organization—meaning your stakeholders will get more value from the solution for years to come. And because cloud solutions feature a highly intuitive browser-based interface, user adoption is typically more widespread than with solutions that come with a learning curve.
- **Organizational efficiency:** In the cloud, the information your stakeholders need is at their fingertips—not stuck in a data silo that they can't access. This means your employees can spend less time downloading, correcting, re-entering, and uploading data, and more time doing what you hired them to do. Meanwhile, your IT team can avoid the hassle of installing software on numerous computers and focus on adding strategic value to your business.

THE DEMAND MANAGEMENT DIFFERENCE

Whether you're interested in moving your supply chain planning processes to the cloud or simply want to run your business more efficiently and at a lower cost, choose a vendor that can help you get there quickly. We at Demand Management invested in rewriting our entire product line as a cloud-based platform. Rather than simply making our previous solutions available as hosted solutions, we now offer applications that are designed to put supply chain planning functionality at the fingertips of your stakeholders around the world.

As powerful as our platform is, it's also flexible enough to let you go live on your terms. You can replace your existing functionality all at once with a "Big Bang" approach, or deploy functionality in phases to minimize disruption to your business. As you grow, you can easily scale up your implementation to support your customer base.

There's a reason Gartner rated Demand Management as having the highest ability to execute of any vendor on the Magic Quadrant for sales and operations planning system of differentiation: we've proven our ability to support S&OP and help companies make the journey to IBP. Your peers are making this leap. Will your company be next? Contact us today to find out what a cloud supply chain planning solution can mean for your future.

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