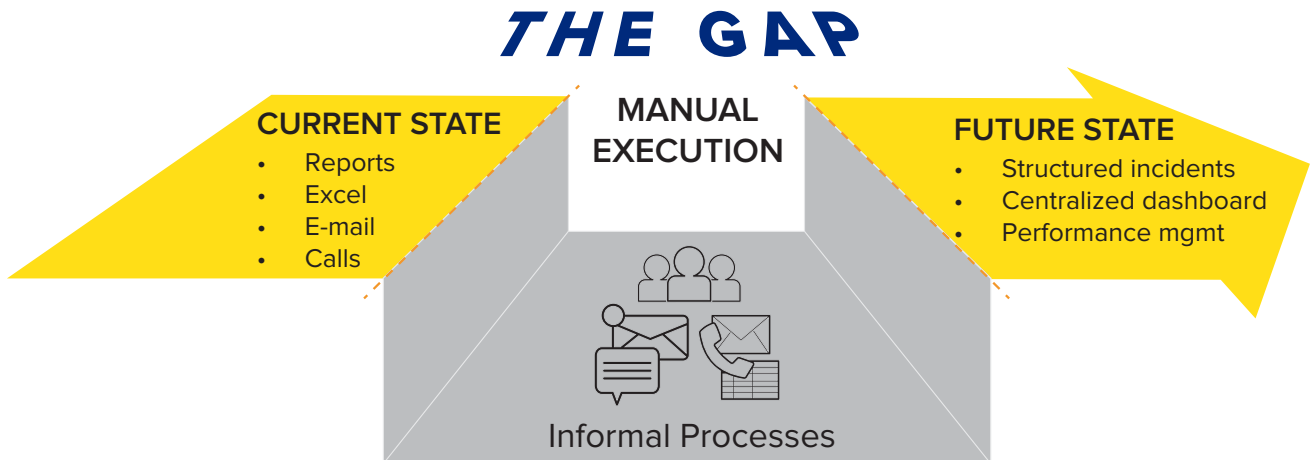


The Gap Between S&OP and Reality

There is a central contradiction in all the efforts to digitize supply chain these days, and it's summed up by this quote from a recent Gartner report: "There's sales & operations planning (S&OP), and then there's the real world." In any supply chain organization, there's the concept of a planning time fence, which separates their operations between planning and execution—between the flexible or "liquid" zone, in which you have time to change purchase orders and production plans, and the fixed or "frozen" zone of supply chain execution within lead-time. This is what Gartner refers to as sales and operations execution (S&OE).



The reality is that supply chain teams spend the majority of their time and effort within this S&OE zone, fire-fighting exceptions such as shortages, disruptions, delays, and production short-falls. For some companies, exception management can take up as much as 80% of the supply planning team's capacity. The contradiction here is that for decades, companies have been investing almost entirely on automating processes in their ERP implementations and planning tools, and building advanced visualizations, forecast models and simulations, all to optimize the plan. And that's left the customer-facing part of supply chain teams scrambling in the execution phase to prevent

shortages and missed commitments with nothing but email, spreadsheets, and conference calls.

These inefficient manual execution processes are not just frustrating for your teams and your customers, they represent a huge gap in the data you need to automate supply chain. Fire-fighting activity isn't actively measured by anyone, or easily measurable with today's systems and practices. But without exception management data for AI systems to learn from, there can be no emergent insights about how to optimize your end-to-end operations, and therefore no autonomous supply chain.

	S&OE frozen zone within planning time fence	S&OP liquid zone outside planning time fence
TIME SPENT	80%	20%
INNOVATION INVESTMENT	5%	95%