

POINT BUYING GUIDE FOR SUPPLY CHAIN NETWORK OPTIMIZATION

Below, we've highlighted the eight most important factors to consider when evaluating a network optimization technology vendor. With these eight points, leaders will be able to narrow down their vendor list and have a highly-informed view of the market. The checklist is also intended to help buyers compile or customize their own request for information (RFI) document.

1

SOLUTION TYPE

The access to network optimization tools range from the single-user, singular-use packaged solution to multi-use, multi-user platform offerings that can address a wide range of decision-making challenges.

When organizations optimize the network, there are several analytics approaches they can use. The two most common approaches are to apply either heuristics or optimization (e.g., linear programming) to solve for the "best" outcome or decision. It's important to understand the pros and cons of each.

2

ANALYTIC CAPABILITIES

3

DIGITAL PLANNING TWIN

A digital planning twin is a digital representation of some real-world entity or system, usually a representation of assets and processes within or across a business. Digital planning twins are designed to create plans that can optimize the use of assets, like when to run upgrades, how to go about repairing machines, etc. It effectively allows companies to understand the impact that changing one or more aspects of the business (e.g., adding or removing a manufacturing plant) has on the rest of the business. Most network optimization technology will utilize a digital twin that only represents the supply chain network. However, it's important to understand the increasing need to represent a business beyond the supply chain network. We refer to the ability to go beyond the supply chain network as an advanced planning twin.

Financial modeling takes the guesswork out of understanding a decision's impact on financial metrics. Any network optimization solution will offer some sort of financial impact analysis, but the key difference is to understand at what level of detail cost/revenue are being modeled and determining what level of detail is best for your specific planning needs.

4

FINANCIAL MODELING AND IMPACT ANALYSIS

5

MODELING GRANULARITY

The level of granularity that a supply chain model uses during network analysis is crucial to network optimization. It can impact 1) the accuracy of a network's predicted impact on KPIs and 2) the frequency at which a team can re-work network plans. Being able to more frequently analyze a network will naturally lead to better performance of the network since supply chains never sit still.

The future of advanced analytics is insights generated by collaborative planning and what-if analyses. When more users can visualize optimized opportunities, decision-making is no longer a siloed process.

6

USER EXPERIENCE

7

SCENARIO ANALYSIS

Also related to user experience, scenario analysis is about using technology to quickly and frequently run "what-ifs" to develop optimal plans for current or potential states of the network. One of the most significant benefits of scenario analysis is it allows organizations to make rapid decisions when circumstances change. Thus, it's important to consider whether the scenario analysis supports broader collaboration and enables users to make fast decisions.

The familiarity of a network design solution is important because it can impact ease-of-use and implementation time. It can also impact implementation costs and resource requirements if in-depth training on proprietary tools is required.

8

FAMILIARITY

In the end, there is no one-size-fits-all network optimization solution. Supply chain leaders need to have a good understanding of their needs but also the available features and capabilities within the technology market. This guide is designed to help teams take a more hands-on, informed approach to selecting a network design solution, rather than simply relying on the most well-known tool. With an ever-increasing number of smaller, emerging technology firms, it's become more important for leaders to understand the technology market and the overall buying decision. Failing to do so will greatly hinder the potential value and return on technology investments.

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