KPMG
KPMG Supply Chain Segmentation

Aligning supply chain operating models with customer expectations

KPMG Supply Chain Segmentation leverages a mix of data-driven models, data science, and deep supply chain expertise to reach a better way to align supply chain operating models with customer expectations while balancing cost and service levels.

The challenge

The current customer landscape has evolved with more personalized service requirements and increased demand for customized solutions.

This challenge is putting more stress on the business to expand and customize their offerings, making it increasingly difficult to equate cost/activity to value creation. As the traditional business model becomes increasingly incapable to support customer expectations, this has put a strain on the current operating model ('one size fits all' approach) and subsequent profitability of their product lines.

The solution

KPMG can help organizations through effective supply chain segmentation strategies including designing and operating distinctly different end-to-end value chains, optimized by a combination of factors (e.g. unique customer value, manufacturing and supply capabilities) to maximize net profitability across each segment. By segmenting end-to-end supply chains, companies can optimize profitability in fulfilling customer expectations.

KPMG Supply Chain Segmentation defines segmentations and sub-segmentations within the supply chain based on customers behaviors in three primary areas of: 'what they buy', 'how they buy', and 'how they expect to be served'.

It can identify and group customers that receive too little or too much service relative to their profitability (or revenue) characteristics. Based on these results, the client can increase profitability through use case analyses (service rationalization, price changes, etc.) produced in a prepopulated Tableau dashboard.

The solution also combines segmentation results with data mining platform Celonis to perform process mining for detecting inefficient processes and high process variability within customer segments. Based on the analysis, Celonis can demonstrate opportunities to improve the order-to-cash process flow which in return reduces process costs and improves customer service levels.

The KPMG approach

KPMG Supply Chain Segmentation leverages our supply chain analytics platform designed to help find opportunities to increase profits, even with the most difficult data conditions. Specifically, the platform can:

— ingest, cleanse and integrate large volumes of 'unstructured' data from different sources, formats, and system — include transactional, commercial, operational, financial, process, master data, etc.

— allocate all revenue and costs (end-to-end) to any unit of measure within the business — including every unique SKU, customer, order, facility, component, etc. — or combination This will finally allow to determine (with confidence) where value is being made and lost at the deepest levels of the organization

— select the most relevant attributes, using graphical user interface, from 'what they buy', 'how they buy' and 'how they are expected to be served' categories to perform segmentation

— analyze use cases with pre-populated Tableau workbooks to determine possible profitability improvement opportunities

— optionally feed process level cost data to Celonis to visualize and analyze the cost of process cycle time and number of process steps.

Potential benefits

— Drive revenue growth and improve profitability across your core businesses.

— Enhance customer service and experience, leading to improved brand perception.

— Support an agile supply chain delivery model to efficiently manage changing customer needs.

— Create efficient supply chain planning and reporting.

— Increase alignment between external customer expectations and responsive operations.

— Reduce costs across key supply chain segments.

— Increase SKU, customer, and supplier profitability.

Contacts

Chris Foster
Partner
KPMG in Australia
E: cfoster@kpmg.com.au
T: +61 2 9455 9016

Chris Gottlieb
Principal
KPMG in the US
E: cgottlieb@kpmg.com
T: +1 201 417 6025

Disclaimer: Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

home.kpmg/segmentation