

Reverse RFP: A Call
for Business Leaders to
Test Outside-in Supply
Chain Concepts

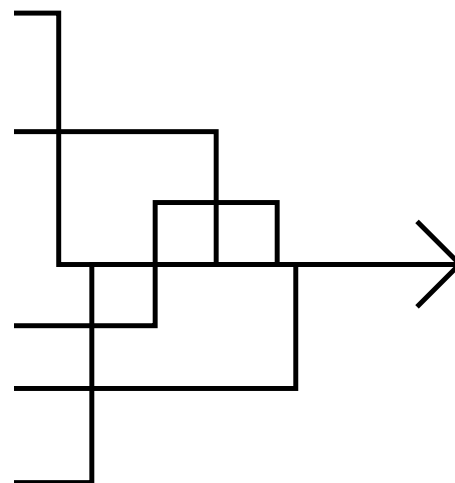
Contents

The Call to Action	3
Project Zebra	4
What Is An Outside-in Process?	5
Open-Source Principles	7
Pilot Scope and Description of Testing Methodology	8
Value for Business Leaders To Participate in the RFP	13
Selection	14
Success	14
Additional Terms and Conditions	15
Company Profiles	16



The Call to Action

Today's supply chain processes are inside-out and functional. With increasing demand and supply volatility, organizations respond based on historic data but struggle to sense. The dilemma? While the capabilities of sensors and analytics are growing, there is no way to adapt existing processes to sense and quickly respond. As a result, only 1/3 of business leaders are satisfied with the status quo. While business leaders see the need for change, companies are unclear on the right path forward.



The answer is a redesign of supply chain processes by business leaders. Project Zebra is an open-source think tank initiative to enable process innovation. As a part of this initiative, the advisory team – supported by Supply Chain Insights and o9 Solutions – is

launching a reverse RFP. The goal of the reverse RFP is to test and document the feasibility and value of an outside-in approach. Through a partnership with ASCM, the work will be documented using the SCOR methodology as an input into the improvement of the SCOR Model.

Project Zebra

The study of supply chain management is not black and white. Just as each Zebra is unique, each supply chain is different.

The initial project kicked off in November 2019. Throughout January-October 2020, seven business leaders, four academics, a SCOR master from ASCM, an influencer, and five o9 resources worked together to define two of twelve capabilities for the market-driven organization.

Market receptivity was high, with 150 sign-ups to the newsletter in the first week and 900 in the initial part of the program. The work also included an educational program globally available for supply chain programs. Sixty business leaders completed the program in the first quarter of 2022.

The business results are open and published on the project's [YouTube Channel](#).



What Is An Outside-in Process?

An outside-in process is a departure from inside-out — or a historic definition — of supply chain management. An outside-in process is a step-change in thinking requiring a redesign. As a result, traditional inside-out processes cannot be converted or evolved to be outside-in.

The start of an outside-in process is sensor or market data. Examples include, but are not limited to, weather patterns, geolocation data, rating and review feedback, consumption analysis, pallet and truck sensors, and smart devices. The focus is to improve reliability for the many moments of truth: order fill rate, on-time delivery,

schedule adherence, forecast-value added, first-pass yield, total costs, inventory effectiveness, or reduction of the bullwhip impact. The goal is to reduce market, demand, and process latency while driving insights to align/synchronize make, source, and deliver from the market (buyer) to market (supplier) bidirectionally.



What Is An Outside-in Process?

- **Unleashing the Art of the Possible. Redefining Market Potential.** The market potential for providers of planning technologies is the redefinition of decision support. While planning is a set of functional applications with acronyms like APS (Advanced Planning Solutions), CRM (Customer Relationship Management), SRM (Supplier Relationship Management), and TPO (Trade Promotion Optimization), the new world of outside-in decision support makes these solutions obsolete. The goal is a more comprehensive solution that senses and translates channel sales to give recommendations market-to-market (channel to sourcing with bi-directional orchestration).
- **Limitations in Current Technology.** Today's planning applications focus on optimization to drive better answers. The problem is that it is impossible to optimize randomness. With the rise in variability on both the supply and demand side of operations, business leaders struggle with the current systems' fit. As a result, there is a need for better and deeper math to improve outcomes.
- **Functional Definitions.** Today's leaders are seeking cross-functional solutions that are less functional and more adaptable. The problem? As organizations change and people move in and out of jobs, the initial solutions cannot evolve. With employee turnover, they deteriorate. Consequently, 90% of forecasting solutions degrade the demand signal. Many organizations would be better off to use the prior month sales (naive forecast) as a signal than the output from most systems.

Planning: The use of optimization to drive better outcomes. Traditionally planning solutions were functional producing a better answer for a function. However, functional outcomes throw the supply chain out of balance.

Decision Support: The combination of math engines, rules and policy management to unleash new opportunities and improve cross-functional coordination.



Open-Source Principles

"Define Supply Chain Business Models for the Public Good"

In project Zebra, the group is attempting to use new forms of analytics to redefine and improve supply chain processes. The work is open source. The working principles:

- The project is open to technologists, manufacturers and retailers.
- The model designs are non-excludable and non-rivalrous.

- Use of the software in any context does not reduce its availability to others.
- Users and contributors have no committed responsibility to the project, or future work.
- Use of a license that conforms to the Open Source Definition is necessary but not sufficient to deliver on our mission.

Investopedia defines a public good as "a product that one individual can consume without reducing its availability to another individual, and from which no one is excluded." Our mission is not to produce "public goods" but to "provide software models for the public good."

Project Zebra's focus is on testing open-source business models that are at the intersection of new analytics and the redefinition of decision support processes.



Pilot Scope and Description of Testing Methodology

Process: To participate in the pilot testing, each manufacturer **must apply by April 1st, 2022**. To be considered, each company submits a completed PowerPoint using the Reverse-RFP template. (Insert link from website) The final selection of two companies is based on a cross-industry panel of technologists, academics, and business leaders from the Project Zebra advisory group.

The first step in the application process is to select from one of the two proposed pilots as outlined in this document. These pilots are designed to test the Project Zebra concepts in a six-to-eight week timeframe. The testing is designed to be a form of open-source research. As a part of the application process, each participant agrees to share the business results with the industry and agrees to the

concepts/principles of open-source innovation.

Eligibility: Manufacturers and retailers have the opportunity to apply. The process is open to any company regardless of size and geolocation. Each participant will choose one of two potential use case frameworks:.

Option 1. Build a Demand Visibility Signal and Orchestrate the River of Demand

- **Goal:** Determine the impact of demand shifting on profitability, growth, customer service, and inventory levels.
- **The Product Build:** A Demand Visibility Signal for supporting roles to understand the impact of demand shifting and shaping in bifurcated trade. (Bifurcated trade is any form of market incentive to try to increase baseline lift. Examples include, but are not limited to rebates, special packages, cross-promotions, trade promotions, or coupons.)
- **Relevant Roles:** The design of the pilot focuses on providing

an operational signal for Sales Operations, Chief Operating Officer, Chief Revenue Officer, Demand Manager, Chief Marketing Officer, Chief Financial Officer, Chief Manufacturing Officer. The sensing will be weekly and daily providing quick alignment for cross-functional action.

- **The Work:** Select a section of the business that is meaningful and is active in bifurcated trade programs. For example, for a consumer products manufacturer, this might be a sales account team with a specific retail relationship.



Step 1.

Using historical data – sales and shipment history, point of sale data, and archived forecasts –determine the number of demand streams and the Coefficient of Variation (COV) for each stream.

Using historical data for 8-12 months determine the Forecast Value Added Methodology (FVA) of the current demand planning and relevant processes.

Map historical trade events for the time period

Using market data, model baseline or market potential for the company by demand stream. Build an operational model to match product attributes to customer attributes using multiple signals. Test for fit and compare to a shipment/order analysis.

With this history, evaluate the effectiveness of each bifurcated trade event. Classify on a scale of demand shaping versus shifting and the impact on the balanced scorecard of profitability, inventory levels, customer service, and growth. Answer the question, *“Did these activities shape demand and raise the incremental volume?”*

Calculate the historic bullwhip effect for each product, category, and region—distortion and amplification. Calculate the latency across the hierarchy.

Use the insights to build a demand visibility signal for the relevant roles showing in vitro bullwhip, demand shaping effectiveness, demand shifting impacts, latency, and the demand requirements in both the tactical (outside lead time) and operational (within lead time) time-horizons by role. Show the relative relationship between sales forecasting and budget and allow each role to set alerts. The pilots will not constrain the operational forecast with either the sales or the financial forecast.

For each role, build proactive alerting.



	Sensing	Alerts
Chief Marketing Officer	Changes in baseline to plan Effectiveness of each trade program on baseline signals	Demand shifting occurrences Growth opportunities
Sales Operations	Changes in baseline to sales plan Effectiveness of each trade program on baseline signals	Demand shifting occurrences Growth opportunities
Chief Operating Officer	Changes in baseline to sales and financial plans Effectiveness of each trade program on baseline signals	Demand shifting occurrences—relevant waste Growth opportunities Operational performance to S&OP and to financial budget Impact of baseline on the balanced scorecard
Chief Financial Officer	Changes in baseline to sales and financial plans Effectiveness of each trade program on baseline signals	Demand shifting occurrences—relevant waste Growth opportunities Operational performance to S&OP and to a financial budget Impact of baseline on the balanced scorecard
Demand Manager	Forecast Value Add (FVA), Shifts in Coefficient of Variation (CV), Demand shaping versus shifting, Distortion and Amplification	Alerts on where to correct the modeling and trade activities
Chief Manufacturing Officer	FVA and Bullwhip impacts on planned orders	Suggestions on corrections on planned orders based on market sensing
Inventory Manager	FVA, Shifts in COV, Demand shaping versus shifting, Distortion, and Amplification	Alerts on where to correct inventory plans



Value Assessment

At the end of the pilot determine:

- Insights on bifurcated spend effectiveness. Tie to margin, inventory, net sales and operational costs.
- The value of demand visibility alerting and demand stream analysis by role.
- The FVA, COV, and latency by tested demand streams
- The value of using market drivers versus order/shipment data. (Comparison)

Case Study Option 2: Bi-Directional Orchestration

- **Goal:** Improve the execution of the S&OP plan through bi-directional orchestration within the operational period. Test well-defined scenarios and orchestration levers to streamline decision-making.
- **The Product Build:** An S&OP bi-directional orchestration layer to improve the execution of S&OP plans.
- **Relevant Roles:** Sales Operations, Chief Operating Officer, Chief Revenue Officer, Demand Manager, Chief Marketing Officer, Chief Financial Officer, Chief Manufacturing Officer, Plant Manager, Inventory Manager.
- **The Work:** (Define and execute a canonical of playbooks – within the operational period of S&OP execution.)
- **Define:** Playbooks, scenarios, and orchestration levers for the S&OP process. Balance the trade-offs against the balanced scorecard of Customer Service, Revenue, Margin and operations costs.
- **Workstreams:** Build playbooks, test playbooks on the impact of the Market Knowledge Graph. Determine orchestration levers and build predefined scenarios. Within the Company determine the number of demand streams and the COV of variation for each stream. Using historical data for 8-12 months determine the FVA of the current demand planning solution. Assess the effectiveness of current inventory programs for the 8-12 months based on the demand insights. Determine the best-balanced scorecard.

Use the insights to build a S&OP orchestration layer that can sense channel and supply shifts

and make recommendations to each member of the team of how to align to a scorecard to

optimize the balanced scorecard. For each role, build proactive alerting.



	Sensing	Alerts
Chief Marketing Officer	Changes in baseline to plan Effectiveness of current plan on customer service	Growth opportunities Customer service issues Recommendation on how to orchestrate demand shaping activities to improve the plan
Sales Operations	Changes in baseline to sales plan	Growth opportunities Customer service issues Recommendation on how to orchestrate demand shaping activities by account to improve the plan
Chief Operating Officer	Changes in baseline to sales and financial plans Effectiveness of each scenario to optimize the balanced scorecard Dashboard of orchestration activities	Operational performance to S&OP and to the financial budget Impact of baseline on the balanced scorecard Proactive identification of opportunities to execute the S&OP plan within the lead time
Chief Financial Officer	Changes in baseline to sales and financial plans Execution of playbooks and the impact of market data on market potential.	Operational performance to S&OP and to the financial budget Impact of baseline on the balanced scorecard Proactive identification of opportunities to execute the S&OP plan within the lead time
Demand Manager	FVA, Shifts in COV, Demand shaping versus shifting, Distortion and Amplification	Alerts on where to correct the modeling and trade activities to execute the plan
Chief Manufacturing Officer	FVA and Bullwhip impacts on planned orders Impact of playbook scenarios on future product plans.	Suggestions on corrections on planned orders based on market sensing Proactive alerting on orchestration levers Proactive alerting on planning master data elements
Inventory Manager	FVA, Shifts in COV, Demand shaping versus shifting, Distortion, and Amplification	Alerts on where to correct inventory plans based on playbooks



Value for Business Leaders

To Participate in the RFP

This RFP is a reverse Request for Submission to participate in the testing. Due to the required resources and commitment,

this process is limited to only two participating companies. The selection is based on the submission of a response based

on an organization's capabilities to fulfill the promise of the Project Zebra testing.

The Schedule:

03.16	Launch of the process
04.1–04.15	Presentations by interested parties
04.15	Final Selection
04.15–05.15	Onboarding and data collection
05.15–07.15	Testing
07.15–08.15	Value Analysis
08.15–09.01	Case Study Write-ups
09.13	Presentations at the Zebra Executive Retreat



Selection

The final selection of participants is based on the analysis by the review committee. The review committee is composed of one academic, two business leaders, and three representatives from O9 Solutions. The selection criteria are:

- Demonstrated Capability to Innovate 20%.
- Open to Share Outcomes Publicly 20%.
- Committed Business Leadership 35%.
- Availability of Data and Data Scientist Talent 25%.

Each applicant will be asked to submit a formal response to the reverse RFP process based on the defined scope and the reverse RFP process. The presentation materials to be submitted to (insert link) Preference for Selection Is Based on the Following

Principles:

- Completion of the Outside-in Project Zebra Workshop.
- Adoption and iteration of the Zebra definitions/scope.
- Agreement to the Schedule and Willingness to Share the Value Proposition in Public Forums.
- Open content sharing.

Success:

We define success as releasing a set of educational materials to unleash the new market potential to redefine and improve supply chain business processes.



Additional Terms and Conditions

Neither o9 Solutions, Inc. nor Supply Chain Insights LLC (together, the "Issuers") make or assume any contractual obligations by issuing this RFP, receiving and evaluating applicant responses, or negotiating or making preliminary selections. Neither the Issuers nor any applicant shall have any liability or

obligation of any nature whatsoever to the other party unless and until a definitive agreement is executed and delivered by each of the parties with respect to the subject matter herein.

The Issuers make no representations or warranties as to the accuracy or

completeness of any information furnished by the Issuers or on their behalf. Neither Issuers, their affiliates, nor any of their representatives, shall have any liability to applicant or any of its representatives relating to or arising from applicant's use of any information of the Issuers.

All costs associated with the compilation of a submission shall be the sole responsibility of the applicant. Please recognize that by responding to this RFP applicant will be making an investment of time, energy, and talent solely on a speculative basis.



Company Profiles

About o9 Solutions

o9 Solutions is a leading AI-powered platform for integrated business planning and decision-making for the enterprise. Whether it is driving demand, aligning demand and supply, or optimizing commercial initiatives, any planning process can be made faster and smarter with o9's AI-powered digital solutions.

o9 brings together technology innovations—such as graph-based enterprise modeling, big data analytics, advanced algorithms for scenario planning, collaborative portals, easy-to-use interfaces, and cloud-based delivery—into one platform. For more information, please visit www.o9solutions.com.

About Supply Chain Insights

Founded in February 2012 by Lora Cecere, Supply Chain Insights, LLC's mission is to deliver independent, actionable, and objective advice for supply chain leaders. The goal is to help

leaders understand supply chain trends, evolving technologies, and which metrics matter. For additional information, visit www.supplychaininsights.com.

About ASCM

The Association for Supply Chain Management (ASCM) is the global pacesetter of organizational transformation, talent development and supply chain innovation. As the largest association for supply chain, ASCM members and worldwide alliances fuel innovation and inspire accountability for resilient, dynamic and sustainable operations.

ASCM is built on a foundation of world-class APICS education, certification and career resources, which encompass award-winning workforce development, relevant content, groundbreaking industry standards and a diverse community of professionals who are driven to create a better world through supply chain. To learn more, visit ascm.org.

