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Supply & Demand Chain[®] *Executive*

Solutions-based Intelligence for Supply Chain ROI



2008's "Next-wave"
Providers of Supply Chain
Services and Solutions



RIVERLOGIC™

River Logic



2008 Supply & Demand Chain Executive 100

100 ways to innovate your supply chain with the providers of next-wave supply chain services and solutions

In the mid-1990s, the U.S. Council on Competitiveness used the term “innovation ecosystem” to describe the system of interconnections and interdependencies that bring individuals and enterprises together to drive the advances in science and technology that keep the economy moving forward. In a sense, the innovation ecosystem was a supply chain of ideas, supported by talent, investment and infrastructure, and aimed, ultimately, at creating new products and services.

In this magazine, we concern ourselves, appropriately, more with the supply chain of things – the ecosystems of partners that get those new products to the consumer by transforming raw materials into finished goods and moving those goods out to customers. But innovation remains an intrinsic component of our coverage, for our readers look to us for information on

the innovative technologies, services and processes that are giving leading enterprises their competitive edge.

For that reason, this year’s “Supply & Demand Chain Executive 100” focuses on supply chain innovation. We looked for solution and service providers that are helping to drive supply chain innovation by providing their customers/clients with unique software, solutions and/or services that address those clients’ primary current and future supply chain challenges.

The result of this year’s “100” process is a listing of “next-wave” innovations in supply chain software, solutions and services that we hope the readers of *Supply & Demand Chain Executive* can take advantage of in their own organizations to improve the performance of their own supply chains.



As River Logic sees it, supply chain executives have embraced and benefited from a host of supply chain technologies, but these systems have failed to link strategic decisions and operational planning to financial performance. In response, River

Name: River Logic
HQ: Dallas, Texas
URL: www.riverlogic.com
Founded: 2000
Enabling: Integrated Business Planning, S&OP, Activity Based Modeling, Product Portfolio Optimization, Network Design, Open/Close, Production Planning, Inventory Planning and Decision Support

Logic offers its Integrated Business Planning (IBP) approach, based on its Enterprise Optimizer® (EO) solution, to provide a unified, holistic view of the business, offering a single model that can bring alignment to the supply chain and addresses the company's strategic goals within its operational framework. For its pioneering work in helping its customers meet their "next-wave" supply

chain challenges, we are pleased to include River Logic in the 2008 Supply & Demand Chain Executive 100." — Editorial Staff of *Supply & Demand Chain Executive*

Linking Strategy with Operational Planning

Supply Chain executives have embraced and benefited from a host of supply chain technologies including SCM and SCP. However, these systems failed to link strategic decisions and operational planning to financial performance. Additionally, corporations continue to invest billions of dollars in business intelligence (BI) to maximize corporate performance. Yet, according to McKinsey, resource allocation continues to be suboptimal. The same study revealed an astonishing 80 percent of a firm's important strategic decisions are being made outside the strategic planning process. This practice further widens the gap between strategic and operational planning.

While these systems sometimes connected select supply chain functions with the finance department, this connectivity was relegated to an "input" into the budgeting and forecasting process. Without better connectivity and a deeper understanding of how supply chain performance impacts other departments as well as the collective enterprise, these systems cannot optimize performance.

Policy decisions are also typically used to link strategy with operational planning. Today, policy is optimized for process metrics (e.g., order fill rates, throughput, market share) or financials within a silo (e.g., logistics costs). Without understanding departmental interdependencies and their deterministic processes, managers cannot establish policies that link strategy and operations in a way that maximizes the financial performance of the entire organization.

At the strategic level, senior executives typically do not interact with supply chain systems. Therefore they are forced to make key

decisions with limited understanding of the financial ramifications and related risks associated with their decisions. Consequently, decisions around capital investment allocations, mergers and acquisitions, plant closures, distribution and logistics, product mix, go-to-market channels and organizational structure require mountains of spreadsheets filled with assumptive, non-integrated data. The data, which are usually assembled from a number of systems including ERP, SCM, BI and financial planning, do not provide a holistic and accurate understanding of the financial impact.

The Next Wave of Supply Chain Innovation: Integrated Business Planning

River Logic pioneered Integrated Business Planning (IBP) with the launch of Enterprise Optimizer® (EO). EO bridges strategy and operations by simultaneously analyzing market, process and financial variables, and then determining which actions provide the highest return for the enterprise.

Enterprise Optimizer® provides a unified holistic view of the business. EO's single model brings unprecedented alignment to the supply chain and addresses the company's strategic goals within its operational framework. This drives connectivity and optimization across the enterprise regardless of job title, function or department.

In addition to modeling operational and financial constraints, EO is the only system capable of determining the financial impact of any decision, scenario or set of scenarios; therefore EO delivers more integration, more insight and more impact.

Best practice organizations use Integrated Business Planning as the core planning driver for operational planning, S&OP,

Top Tip: Integrated Business Planning (IBP) strengthens the supply chain and improves decision making across the enterprise by providing strategic network design, profitability modeling, and optimization of policy and resources.

and financial budgeting and forecasting. These best practices enable companies to simultaneously optimize operational plans, S&OP (or capacity planning in services) and financial planning initiatives for the best economic impact while maintaining acceptable levels of risk.

Key advantages include an accurate, holistic understanding of the economic impact from the plan. Other advantages include "what-if" scenarios and optimization of the entire set of decisions according to economic impact – while managing pertinent information for each department. This, in turn, drives organizational acceptance, guides behaviors and improves objectivity.



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