EY perspective on the future for supply chains and impact of digital on business transformation
Today’s presenters

A Nanda
Moderator
Director, Ernst & Young Advisory Pte Ltd

Rodrigo Cambiaghi
Partner, Ernst & Young (China) Advisory Limited

Nathan Roost
Partner, Ernst & Young Australia

Kamal Prasad
Partner, Ernst & Young Australia

Jon Wilson
SAP
The digital disruption era is forcing companies to reinvent themselves and become agile to sustain, adapt and grow.

Digital is disrupting traditional strategies and business models.

The "shelf life" of Fortune 500 companies has decreased from 61 years in 1958 to 18 years today today.

90% of Fortune 500 companies disappeared since 1955.

50% of Fortune 500 companies disappeared since 2000.
Key organizational challenges supply chains face today

► Variability of demand
► Disjointed technology and limited access to real-time information for supply chain efficiency
► Tracking and maintaining diversified product portfolios
► Increasing regulation requiring traceability across the end-to-end value chain
► Large and extended global supply chain footprint (manufacturing/distribution)
► Diversified and ever expanding product portfolio, including 1:1 customer customizations
► Changing technology platforms to the cloud presents challenges to the solution landscape for procurement, planning and logistics
We need to deal with the myriad of complex supply chain challenges that lie ahead.

What has made supply chains successful to date will not achieve the needs of the future.

We have to think differently!
Today’s agenda

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<td>Changing face of supply chain in Asia-Pacific and introduction to EY agile business supply chain</td>
<td>How does EY supply chain reinvention framework stimulate EY agile business?</td>
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<td>How does EY agile business supply chain help business through the changes?</td>
<td>How is SAP working with their customers to help them use SAP to shape the “supply chain of the future”?</td>
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Rodrigo as the leader of the EY Asia-Pacific agile business supply chain strategy:

01 How are you seeing the changing face of supply chain in Asia-Pacific?

02 What is EY agile business supply chain?
While the overall economy presents moderate to low enthusiasm, investment continues to grow in digital enabling capabilities.

<table>
<thead>
<tr>
<th>Region</th>
<th>Description</th>
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<tbody>
<tr>
<td>Australia and New Zealand</td>
<td>Registered weaker than expected economic growth in 2018 despite stable macroeconomic policies. 2019 GDP growth estimates 2.7%</td>
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<tr>
<td>China</td>
<td>Gradual slowdown resumes driven by financial deleveraging and initial drags from trade conflict. 2019 GDP growth estimates 6.5%</td>
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<tr>
<td>ASEAN</td>
<td>Growth expected to moderate to 5.0% in 2019, though resilient domestic demand could offset slowing exports. 2019 GDP growth estimates 5.2%</td>
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<table>
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<tr>
<th>Region</th>
<th>Growth Estimates</th>
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<tbody>
<tr>
<td>Asia-Pacific cloud service</td>
<td>12%</td>
</tr>
<tr>
<td>Australia machine learning</td>
<td>34%</td>
</tr>
<tr>
<td>China addictive manufacturing</td>
<td>87.5%</td>
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<tr>
<td>ASEAN artificial intelligence</td>
<td>75%</td>
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- The Asia-Pacific data center colocation market is projected to witness investments worth around $10 billion by 2023, growing at a CAGR of more than 12% during 2017-2023.
- Machine learning patents grew at a 34% compound annual growth rate (CAGR) between 2013 to 2017, the third-fastest growing category of all patents granted.
- Last year, the output value of China’s 3D printing industry hit nearly 8 billion yuan ($1.12 billion), up 87.5% year-on-year, highlighting the strong momentum.
- AI adoption rates stand at 14% in Southeast Asia as compared to just 8% last year, marking a clear move by companies to embed AI/cognitive intelligence into their operations.
EY agile business supply chain

Enterprise strategy
EY teams help our clients rethink their business strategy and operating model for the digital age.

Incubation and innovation
EY teams establish an end-to-end innovation capability to incubate new ideas and business models.

Continuous experience implementation
EY teams analyze the world of the customer, then help design and implement new experiences.

Digital operations
EY teams align, enhance and automate operations and supply chains to deliver on the promise of digital.

Digital trust
EY teams scan the digital risk horizon and help our clients build agility to respond to digital risks.

EY teams have established five distinct digital transformation offerings reflecting the set of challenges the clients face to create agile capabilities and enabling platforms.
EY agile business supply chain

Agile business - Transformation
An outcomes-based end-to-end transformation that covers multiple business functions, focuses on innovation, value and speed, it is enabled by leading SAP technologies (e.g. S/4HANA, Leonardo, Cloud solutions, etc.) with other emerging technologies as required.

Agile business - Supply chain - enabled by SAP S/4HANA Enterprise Management, Ariba, SAP IBP
EY teams transform procurement and help companies discover and collaborate with partners across the globe. EY teams reinvent and digitalize integrated planning and companies’ supply chain to simplify lead-to-cash process, i.e., sell, deliver and close everywhere with business insight.

Agile business - Finance - enabled by SAP S/4HANA Finance
EY teams assist clients with transforming their financial systems and processes to the new SAP S/4 HANA ERP solution including performance management and analytics, integrated planning budgeting, forecasting and reporting and integration with their other line of business applications.

Agile business - Risk - enabled by SAP GRC
EY teams provide clients with an agile and digitized risk management approach and extend the support to their organization far beyond the identification and reduction of risk.

Agile business - Customer - enabled by SAP Hybris
EY teams focus on marketing and sales transformation, business impact analytics, organization management, cost reduction and strong business case development based on the strengths and weaknesses of companies and total cost of ownership (TCO) view.

Agile business - People - enabled by SAP SuccessFactors
EY teams provide clients with a detailed human resources (HR) transformation offering that aligns people and business strategies, helping them with SAP SuccessFactors.
Nathan Roost - EY Asia-Pacific Supply Chain Reinvention Leader

Nathan as the leader of the EY Asia-Pacific supply chain reinvention solution:

01. How does EY supply chain reinvention framework stimulate EY agile business?
EY supply chain reinvention framework and suite of SAP-centric solutions helps companies fundamentally reinvent the supply chain driving agility and innovation.

<table>
<thead>
<tr>
<th>The reinvention framework provides a solution with flexibility across industry value chains</th>
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<tr>
<td><strong>0</strong> Supply Chain Intelligence</td>
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<tr>
<td><strong>1</strong> Strategic Architecture</td>
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<td><strong>2</strong> Integrated Operational Excellence</td>
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<td><strong>3</strong> Supply Chain Resilience</td>
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Key enablers:
- Advanced analytics, artificial intelligence (AI), cloud, big data, blockchain and machine learning
- Autonomous supply chain, automation, robotics
- Global trade and the financial supply chain
- Workforce of the future
- OT/IT cyber threat
EY supply chain reinvention framework and suite of SAP-centric solutions helps companies fundamentally reinvent the supply chain driving agility and innovation.

<table>
<thead>
<tr>
<th>Supply chain network and trade flow optimization</th>
<th>Integrated digital planning</th>
<th>Supply side optimization and procurement</th>
<th>Smart factory</th>
<th>Digital logistics and fulfilment</th>
<th>Smart services and after-market</th>
</tr>
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<tbody>
<tr>
<td>Omni channel optimization</td>
<td>Simplified and coordinated plan</td>
<td>Spend visibility and integrated spend analytics</td>
<td>Integrated detailed local execution</td>
<td>Real-time operational insight &amp; visibility</td>
<td>Support digitalization in all industries</td>
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<td>Collaborative sales force automation</td>
<td>Accurate response to customer demand</td>
<td>Driver to perform comprehensive data and vendor clean-up</td>
<td>Increased overall equipment effectiveness</td>
<td>Finding optimized modes and routes</td>
<td>High performing, secure and reliable platform</td>
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<tr>
<td>Real time customer insights</td>
<td>Quicker reactions to changes in demand</td>
<td>Unified catalogue solution</td>
<td>Align operations with changing conditions</td>
<td>Effectively managing freight rates, charges and contracts</td>
<td>Optimize assets and reduce downtime</td>
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<td>Transparent Service Process and Operations</td>
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**SAP C4 HANA**  **SAP IBP**  **SAP Ariba**  **SAP MII**  **SAP EWM**  **SAP HANA**
Kamal Prasad - EY Oceania Agile Business Supply Chain Leader

Kamal as the leader of the EY Oceania agile business supply chain solution:

01 How do you see EY agile business supply chain helping business through the changes?
EY agile business supply chain helps business to rethink, evolve and align their “supply chain” to market and disruptions.

**Responsive**

to changing market dynamics and business needs

**Insightful**
in providing accurate, timely and actionable information to stakeholders

**Efficient**
in delivering quality service at a competitive cost while being flexible to demand
Jon Wilson - Global CoE, SAP Digital Supply Chain

SAP has in recent years undergone its own massive transformation of its technology platform.

01 How is SAP working with Partners, CXO’s and customers to help them use your new technology to shape the supply chain function of the future?
The Intelligent Enterprise
The foundation of a Digital Supply Chain

The Intelligent Enterprise features 3 key components:

1. Intelligent Suite
2. Intelligent Technologies
3. Digital Platform
Design to Operate
From silos to a connected supply chain
Delivering Results
SAP Digital Supply Chain enables

1-2% top line revenue growth

5-10% better order fulfillment metrics, and improved customer experience

5-15% better inventory turns and inventory efficiently through improved visibility

28% decrease days in inventory with a pull-based production schedule driven by actual demand

8%-10% reduction in maintenance costs through predictive maintenance
SAP is the digital business platform for an agile supply chain.

- **Intelligent Suite**
  - SAP Ariba
  - SAP Concur
  - SAP Fieldglass
  - SAP SuccessFactors
  - SAP S/4HANA
  - Digital Core
  - Digital Supply Chain
  - Customer Experience

- **Intelligent Technologies**
  - AI
  - Machine Learning
  - Analytics
  - IoT

- **Digital Platform**
  - Cloud Platform
  - Data Management

- **SAP Cloud Platform**
  - End-to-End and Integrated
  - Broads portfolio and out-of-the-box integrations

- **Digital Transformation**
  - Market leading cloud platform to drive digital innovation and transformation

- **Vibrant Ecosystem**
  - Open, global ecosystem of applications and solutions leveraging AI/ML, IoT, Blockchain and cybersecurity

- **Leading Class**
  - Proven industry best practices and capabilities

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Continue the agile supply chain conversation

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