



BEST PRACTICE GUIDE

# Creating a connected and collaborative digital ecosystem in the fashion industry

The modern consumer, often referred to as the conscious consumer, expects more than a transactional relationship with the brands they purchase garments from. They want an authentic, personalized, and seamless shopping journey that reflects the specific context of how and why they choose a brand. These desired brand attributes require control beyond brick and mortar supply and present challenges to the fashion brand's entire supply chain. A label is no longer reason enough to secure a sale. Customers want to know more about the companies from which they are buying, and have developed more sophisticated expectations around the environmental impact, product sustainability, and circularity that constitutes a modern brand experience.

So why does it matter? The shift in demand toward holistic brand experiences is forcing fashion brands to adapt to new circumstances and expectations by creating more resilient, connected, and transparent value chains that deliver on the brand promise, regardless of industry challenges. In a [McKinsey fashion report](#), industry experts Elizabeth Hunter, Sophie Marchessou, and Jennifer Schmidt wrote: "Being on-trend no longer guarantees sales and profitability in the fashion sector," arguing that customer insights are now a crucial facet of entire production process, from design to distribution.

To capture and execute on these customer insights, brands must have a connected and collaborative infrastructure across the value chain. This is no small undertaking, as it requires brands to create and nurture a digital ecosystem that lets partners link systems, processes, data, departments, employees, and other participants from the outside-in to form a unified, end-to-end network. These collaborative networks do more than just address consumer needs, and can help brands create a more resilient and innovative operational strategy.

However, coordinating complex supply chain activity across time zones, trading partners, and information systems remains a challenge for many organizations due to an absence of the right technology. Adding to this challenge is the global health pandemic that has accelerated the need for transformation by disrupting supply chains from source to store, forcing fashion brands to reimagine their business models in order to succeed. Those that are slow to react, unable to change, or don't foresee their inaction leading to their demise will be left behind. For the companies that survive the pandemic, the shape of the post-Covid apparel industry is likely to be [digitized, connected, and collaborative](#).



### There's more than one reason to connect

An established digital ecosystem lets brands reduce design-plan-manufacture cycles, improve supply chain planning accuracy, enable end-to-end inventory visibility, and help manage financial orchestration and liquidity. This helps ensure that the right products get to the right place, at the right time—on budget, and aligned with sustainability efforts that appeal to customers socially and environmentally. Additionally, a connected supply chain can improve visibility of key production metrics such as water usage and chemical content, all of which can be shared with consumers.

Collaborative networks connect complex systems of enterprises, applications, service providers, data sources, and devices involved in a fashion brand's value chain and host them on a cloud-based platform for optimal performance and accessibility. Cloud-based systems facilitate the communication, performance, scale, security, and computing power needed to leverage technology solutions across the entire design to the manufacturing cycle.

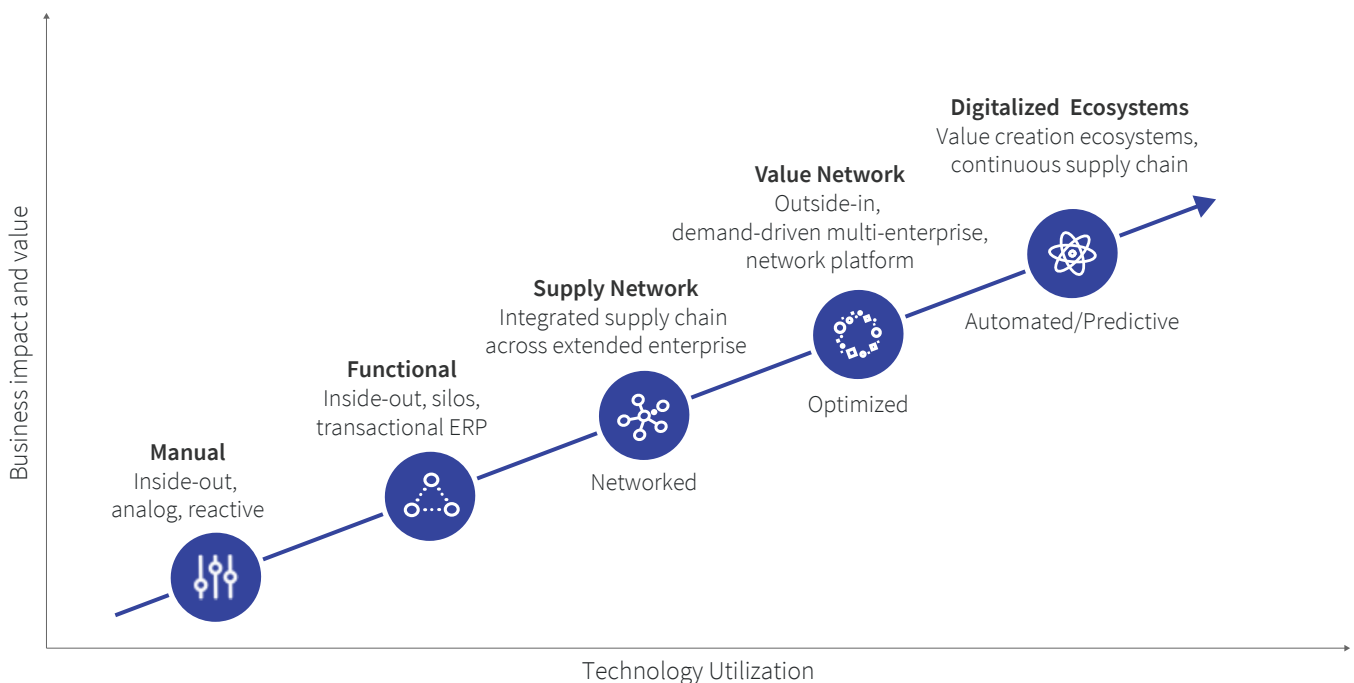
A collaborative network focused on frictionless partnering can address the key elements needed to capture and execute on today's quickly changing customer insights:

- 1. Precise demand prediction:** Enhanced visibility means a more sophisticated understanding of customer behaviors that can be communicated to designers, suppliers, and manufacturers in real time, making it easier than ever to adapt to sudden market changes.
- 2. Risk mitigation:** More valuable insight into source manufacturing gives brands better control over sourcing, transportation, and planning—even in times of uncertainty, such as a pandemic.
- 3. Better visibility through shared communication:** Collaborative networks help brands stimulate their communications by engaging all links of the supply chain. This eliminates silos and gives brands better control of who sees important messages exactly when they need to see them.

- 4. Optimized supply chain:** The supply chain should boost productivity, not hinder it. Collaborative fashion networks enhance supply chain governance with full transparency and can be used to increase efficiency and productivity—especially with the introduction of other advanced tools such as artificial intelligence.
- 5. An evolved workforce:** People are the power behind any brand. Better equip your workforce with the tools and knowledge needed to perform optimally, every time. Blend talent science-based technology and clearly defined roles to make your workforce more connected and resilient than ever before.

The case for leveraging available technology solutions to create a robust collaborative network is especially powerful in the fashion industry. A digital ecosystem can turn a fashion brand into a nimble, agile, and resilient operation that creates fulfilling customer experiences while nurturing a strong growth and operational strategy.

### Companies will mature by leveraging technology solutions across changing business models and scopes



## Determinants of success

### Engage your greatest assets

The fashion industry is constantly shifting in response to social and environmental factors, as well as supply chain disruptions. That sense of inconsistency has caused a deepening divide between brands, suppliers, and manufacturers. The isolation of each link in the supply chain has already upended many fashion brands, and without digital transformation via collaborative networks, many more stand to lose their position. As [another McKinsey report states](#), digitization and better data governance will enable better logistics, planning, and even customer acquisition.

Despite the appeal of digitization, don't get distracted by the bells and whistles of a digital ecosystem. Systems integrations, operations, and technology are important, but the real power and primary determinant of success is collaboration between the network's participants. Regardless of the area of operation, people are the foundation of any successful strategy. All participants must embrace the platform capabilities, enable best practice processes, and collaborate to produce the best outcome for all.

Digital ecosystems empower the business, but the network effects enabled by communication, collaboration, and access to information across multiple enterprises, are the most likely to become a brand's greatest asset. The health of the collaborative network determines how successful the brand will be.

## Best-in-class supply chain management

### Manage today, build for tomorrow

The [Gartner Supply Chain Symposium/Xpo™ 2020](#) focuses on cost optimization, supply chain maturity, supply chain digital transformation, and acquisition of top supply chain talent as key factors for dealing with today's greatest supply chain challenges. Each of these concepts can be addressed by a collaborative network. The primary goal of supply chain leaders is to maximize service, optimize cost, and working capital—a task that is best accomplished by enhancing visibility across the value chain. Visibility requires organizations to break down barriers and create connections that enable collaboration across network participants to drive agility, velocity, and resiliency.



## The three-pronged approach

### The “how” after the “why”

You know that you need to build a collaborative network, but how do you do it? Any successful network platform must be established on a technology framework deployed in the cloud, with shared data and processes that allow participants to work seamlessly and in real time. A scalable infrastructure and easy-to-use user experience are essential elements. In addition to the usual compute, storage, and networking portions, it must also have at its core industry-specific capabilities in enterprise resource planning (ERP), product lifecycle management (PLM), and supply chain management (SCM).

ERP, PLM, and SCM form the base enablement platform to digital transformation across key operations in planning, sourcing, manufacturing, and distributing products. These processes are critical to operational improvement and business success.

## Product lifecycle management

### Prioritize products

The first step in reinforcing your collaborative network is to establish a strong product lifecycle management process that helps manage collections, sustainable fabric compositions, and design specifications.

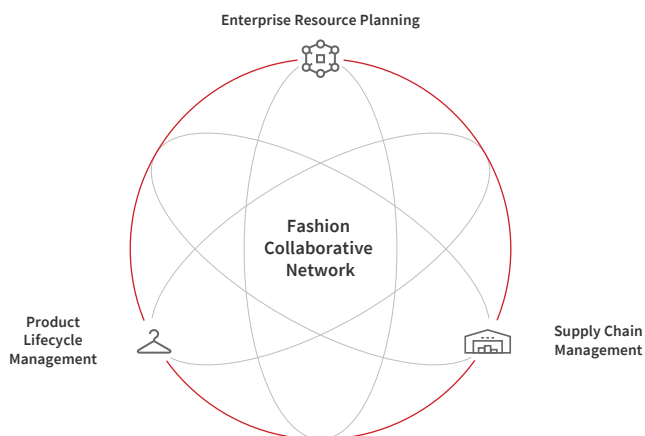
### Collaborate, don't complicate

Your PLM strategy or process should incorporate information, data, and feedback from other essential systems departments to prevent and break down silos across all areas of operation. A strong product lifecycle management process can help you solve problems associated with miscommunications, development time, quality assurance, longevity, and time to market.

Ultimately, the PLM process should help you optimize the design to the sales process by:

- Managing planning, design, and development
- Providing designers with creative ideation
- Encouraging real-time collaboration with suppliers
- Deploy digitization of design and development with 3D design

As industry thought leaders like Just-Style Managing Editor [Leonie Barrie](#) have observed, companies can reap rich rewards with a PLM system, achieving faster time-to-market and deploying a core data hub that brings together planning, design, sourcing, production, logistics, and replenishment.



## Enterprise resource planning

### Flexible by design

Chances are, your brand already relies on an enterprise resource planning solution to house foundational functions and master data. But can it withstand the rapid developmental, transactional, and digitized industry of the future? To meet the rigorous demands of supply, demand, financials, inventory management, and the needs of a collaborative network, the ERP solution employed by your company needs to have the flexibility to meet changing business models, encapsulate industry best practice processes, and integrate in real time with other key applications. Just as your people need to be connected in a collaborative network, so do your technology solutions. In this three-pronged approach to transformation, your PLM, ERP, and supply chain management need to be connected and provide real-time collaboration.

### Collaborate your way to greatness

Among the leading components of a transformational ERP is the ability to act as a key component in the collaborative network. Collaboration isn't just between two people—it is the confluence of people, processes, systems, products, functionalities, and technologies working together to achieve a common goal. A cloud-based, networked enterprise resource planning solution could be the last ERP upgrade your company will ever need. When you create your collaborative network of people, technology, and processes, you're investing in technology that can be updated in conjunction with other network solutions, helping you prepare your business for the future while succeeding in the present.

In today's fast-moving and increasingly competitive business environment, being "good enough" is simply not good enough. A modern ERP will provide fashion brands with enterprise-wide visibility, agility, flexibility, and the ability to collaborate and achieve unprecedented productivity levels.

**“ Companies that were already using cutting-edge tools such as 3-D product design, virtual sampling, digital material libraries, and AI-supported planning have fared better than their peers during the crisis. Their designers and merchandisers can react faster to market trends, significantly reduce both sample costs and time-to-market, and collaborate remotely across teams.”**

**MCKINSEY & COMPANY,**

“Fashion's Digital Transformation: Now or Never”<sup>1</sup>

As teams leverage improved communications and cross-functional data from the collaborative network, they can reduce cycle time and increase accuracy, which is often lost in times of urgency. Native social tools within a modernized ERP system allow teams to share rich information across regions, time zones, and departments with devices supported by the network.

The benefits of networked processes and enterprise planning resources don't stop at transformation. Networked product lifecycle management, enterprise resource planning, and supply chain management work in tandem to:

- Reduce cycle times
- Increase accuracy
- Enhance visibility and proactivity
- Improve business flexibility
- Reduce multiple system upgrades
- Analyze and report on third-party data
- Forecast for improved planning
- Better inform cost and risk management
- Bring the value chain closer to the customer

## Supply chain management and collaboration

### Supply chain as a competitive advantage

The third prong of this strategic approach to networked transformation and collaboration for brands is the introduction of a networked supply chain management and collaboration tool. Supply chain partners are an extension of your brand's business and are essential when it comes to delivering quality products to the customer on time and budget. While partners are not employees, they are an essential component that can determine the success of the brand.

Supply chain speed, flexibility, and intelligence must increase if you're to survive the growing volatility in both demand and supply, and all this must be achieved without compromising product quality and sustainability. Only digitization and the visibility it offers can transform the supply chain from a cost center to a competitive advantage.

### The intelligent supply chain

Supply chain management solutions must deliver intelligent, real-time supply chain orchestration by connecting companies to their supply chain partners and digitally transforming processes from planning to delivery—both within and outside the enterprise. By connecting systems, trading partners, and devices, while digitalizing supply chain processes end to end, companies gain real-time visibility and empower data-driven decisions that allow them to optimally deliver to their customers on time.

### You can't manage what you can't see

Visibility is the foundation of supply chain excellence. For companies to run their supply chains optimally, internal and external silos must be removed and replaced with transparency via intelligent information. Using an advanced, cloud-based network can connect all supply chain partners, events, and devices, companies can achieve end-to-end visibility with actionable insights that are delivered in real time. This makes it easy to respond to disruptions, seize opportunities, and orchestrate and fulfill demand from anywhere in the supply chain.

### It starts with the collaborative network

It's often cited that **80% of supply chain data** exists outside of any single enterprise. Resilient companies don't act as a single or separate organization. Within a collaborative network, all participants work as interconnected, agile networks that can respond more effectively to their unique business challenges. The network approach—one that models complex relationships among partners and service providers, bridges the gap. Visibility, collaboration, and management are the true nexus of any mature supply chain.

If you're trying to forge a modern supply chain, you need three fundamentals to underpin your operations:

### Visibility into supply chain processes beyond your enterprise

- Demand planning
- Logistics
- Warehousing
- Quality

### The ability to collaborate seamlessly with your trading partners

- Design
- Production
- Stronger relationships

### Data infrastructure to wield technologies like AI and IoT that make the entire supply chain smarter

- Data management

By bringing together the core extensions of the three-pronged approach, fashion brands can share information in real time, make cost-effective decisions, monitor trends, and prepare for the needs of wholesale partners, retail stores, eCommerce, and a diverse array of channels to market from a single, interconnected platform. Through co-innovation, an interconnected global commerce network, and collaboration, you can share your mission with every business along your value chain network. That means sharing the benefits, and improving the incentive for each player in your network to strive for excellence.

## End-to-end success with engagement and collaboration

### Threading the needle to success

As organizations grow to introduce new products or clothing lines, acquire other companies, shift priorities, and change channels to market, key stakeholders can be left out of the conversation. A networked approach to running your company can solve these problems. Collaborative networks work because they engage internal and external partners, workers, and stakeholders, helping to incentivize and execute supply chain processes more effectively than ever before.

New insights will continue to emerge as consumer behaviors shift and production opportunities evolve, but a continuously synchronized and updated network can keep you agile from sketch to store by making critical information accessible to colleagues, organizations, suppliers, and customers. Collaborative networks work to improve customer service, maximize margins, and minimize loss attributed to miscommunications such as missed inventory targets, downtime, spoilage, and other challenges.

Today, aligning strategy with execution by establishing real-time global visibility into operations is more urgent than ever. It helps foster a more collaborative enterprise-wide feedback loop that tells stakeholders whether they are staying on plan while also alerting them to emerging challenges.

## Jumpstart your fashion collaborative network

Collaborative networks present a massive opportunity for fashion brands seeking longevity in the industry, but they can't be created overnight. A collaborative network is required to support the very processes that give brands a competitive advantage while nurturing these assets to ensure future success. Omni-channel success doesn't happen with the introduction of a single strategy. Sustainability, quality, planning, and sales must be supported by a dynamic network that works in tandem to engage everyone involved in the manufacturing process.

1. "Fashion's Digital Transformation: Now or Never"

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