

# Harmonizing Your Company's Digital and Physical Operations



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# Introduction

The widespread use of digital systems and tools has transformed the way companies do business. That's why many organizations have a digital presence along with physical operations.

While the specifics of a company's digital and physical infrastructure can vary based on their industry, size and product or service offerings, it's in every business's best interests to strongly align them. With the right strategy, it's possible to increase

efficiency, reduce errors and improve transparency.

Keep reading to learn about key areas of opportunity related to digital and physical harmonization, the benefits of an aligned business structure and more.



# How harmonized operations support key business goals

When digital and physical systems work together effectively, companies realize potentially transformational advantages.

Complete visibility into operations is an especially powerful and overarching benefit. Consider the supply chain for a retail business as an example. Maintaining two completely separate processes to source, transport, sell and deliver the same or similar products to customers is highly impractical in most situations. It can quickly lead to disadvantages like increased spending on warehousing space, separate orders for similar products that reduce a company's ability to

act on volume purchasing discounts offered by their suppliers and more.

For that reason, few if any retailers have fully siloed brick-and-mortar and ecommerce supply chains. However, without full integration of digital and physical operations, similar issues could still arise. If the staff in charge of monitoring inventory levels don't have total visibility into both in-store and online sales, the business could require additional storage space for inventory due to excess purchasing — or face issues distributing products depending on the channel through which they were sold.

Without a full understanding of demand and complete data for forecasting future expectations, businesses can still be left in the dark when it comes to building an inventory strategy and seizing opportunities for savings.

Harmonized operations, whether for the supply chain or any other operational area, provide a single stream of data that all stakeholders can access, review and analyze. When every staff member, manager and executive can work from the same complete and accurate information, it's that much easier to make effective decisions in an efficient manner.





# How companies can bring together digital and physical functions

Modern technology offers businesses the opportunity to gain an unprecedented level of insight into operations across physical and digital spaces. There isn't one single solution for every type of business, however. Finding the right system to support your company's goals and needs while aligning with the unique nature of your industry must be a top priority.

## Digital twins

In manufacturing, and increasingly in a variety of other industries, the digital twin concept has shown great promise for harmonizing the relationship between digital and physical processes.

A digital twin is an extremely accurate virtual representation of a physical process, product or system. The twin can be a model of anything from a single, specific product type to a complex business workflow or the totality of a company's operations.

An effective digital twin is built on a complete set of information

about the existing physical process or product, with new data regularly informing changes and updates. To function effectively, a digital twin must be an exact model of the real-life concept or object it represents. As companies adjust their processes to ensure twins effectively capture all relevant information, siloes based on data related to physical or digital operations must break down. This can be a benefit in and of itself, as organizations take a more holistic approach to collecting and sharing data.

With this information in hand, it's possible to model and forecast a wide variety of scenarios related to the twin's real-life counterpart, as well as predict likely results. These processes provide valuable context for addressing potential issues and making useful improvements without major disruptions on the work floor, or in any other part of the business.

The end result is a better product, process or business system in the real world.



## Omnichannel strategies

Although the specific systems used in retail to combine digital and physical operations can vary — lacking a simple foundational concept like the digital twin — they share a similar goal: streamlined experiences for customers and the company as a whole.

That could include implementing a unified inventory system across all sales channels. Customers can be confident that the item they want is in stock when it's listed as available, regardless of

how they make their purchase. At the same time, the company doesn't have to attempt to reconcile multiple sources of information to understand its stock levels. Instead, it can rely on a single source of information for everything from purchasing to analyzing customer interest.

Retailers can also implement systems to consistently identify customers across all of the channels they use to interact with a business. With stable profiles in

place, businesses can empower their clients to take actions like buying online and picking up in store, or placing an order for an out-of-stock item during a store visit and then receiving it at home later on. Companies can use these unified customer profiles to better understand the full spectrum of interactions shoppers have with the organization, and do so through a single stream of information that is accessible to all stakeholders.





# Creating a more harmonized business environment

While a variety of solutions exist for bringing digital and physical operations together and creating a more informed and connected work environment, the funding needed to implement such systems can be a major obstacle for many companies.

Comerica Bank is proud to offer a **suite of financing and loan options** designed specifically for the needs of middle-market businesses. Our bankers take the time to learn about your company's current operations, goals and financial position, then recommend the solutions that most strongly align with them.

Want to learn more about securing the funding needed to harmonize your business's digital and physical operations? **Get in touch** with our team today.





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