

Boost Financial Performance With Supply Chain Visibility



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By exposing transaction data from end to end, organizations make quicker decisions, lower costs, and achieve better customer service.

Many people still associate supply chain visibility with tracking physical shipments and assets. But there is another, even more important, aspect to visibility: the capability of viewing the data associated with problematic supply chain transactions.

With pandemic, war and weather events increasingly causing disruptions, now, more than ever, organizations need to be able to anticipate and react to supply chain anomalies — and data visibility is critical to that effort. Successfully navigating supply chain difficulties yields lower costs, smoother supply chain operations, more satisfied customers and better financial performance.

“Visibility may be viewed from several different angles,” says Michael Rabinowitz, chief executive officer of CoEnterprise, provider of a supply chain collaboration platform. “When it comes to transportation visibility, it’s all about getting goods from Point A to Point B. But there is also inventory visibility — and that is really focused on the order lifecycle.”

At every step of that cycle — from generating the order to fulfilling, shipping and paying for it; receiving it into a warehouse and properly placing it; arranging for transportation; getting it to a store, and selling it to a consumer — a variety of individuals playing different roles and using disparate information systems generate large volumes of data, all of which is important in understanding the ins and outs of supply chain operations and of individual transactions.

“They all need to work in unison to make sure that the whole process

works,” says Rabinowitz, and that includes the people, the systems and the data.

Access, visibility and insight into data make the difference between being proactive or reactive supply chain managers. “The data surrounding transactions provides insights into how and whether product ends up on shelves,” says Jeannine Calandra, product management at IBM. “Having visibility into all of the processes raises awareness of issues quickly, so managers know what challenges need to be addressed.”

Solving the problem of supply chain data visibility may ultimately revolve around selecting the right system, but before that ever happens, companies need to confront an organizational barrier. “Traditionally, the access to data has been very IT-focused,” says Calandra. “But more and more companies are now seeking to empower their business users with access to data. In order to make that happen, you need a solution with user-friendly types of tooling, such as dashboards, which eliminates the need to wade through various data files and logs.”

For example, business users commonly want to know the status of shipments — whether a customer’s order arrived, and when. “That data should be accessible by simply logging into a tool at the user interface,” says Calandra.

In order to provide the visibility that supply chains require, data platforms have been developed that sit on top of supply chain processes,

enabling them to access data from disparate systems from end to end, and to receive signals from those processes. “When an order is placed, fulfilled and shipped, and arrives at a warehouse, data is received, ingested, and analyzed, and the results are exposed on a single screen from a system that orchestrates and correlates all of the data together,” says Rabinowitz. “These solutions collect the data natively in real time, store it at scale within the cloud, and have reporting and analytics built in to create insights for users. They also have the ability to discern potential problems within supply chain processes based on historical information.”

The holistic view that these platforms enable is, therefore, independent of the underlying solutions that are generating the data. “It’s inputted from multiple providers and different legacy systems,” says Calandra, “It’s a window into tracking all of the data in a very business-friendly way.”

Supply chain resilience is an issue that has achieved prominence in recent years. And data visibility is critical to achieving the capabilities that allow organizations to overcome adverse supply chain conditions. “Some black swan event can disrupt the process of moving product and putting it on shelves,” says Rabinowitz. “Several years ago, there was a leak at a nuclear power plant in Japan. There have been typhoons and hurricanes that have disrupted manufacturers from making and shipping products.”

That’s why the first principle of supply chain resiliency, for Rabinowitz,

is to diversify sources of supply. Furniture manufacturers, for example, need supplies of wood, metals and fasteners. “A South American producer may be a manufacturer’s largest supplier of wood, but they may not be able to deliver if there’s a disruption, like a storm or a labor strike or some socio-economic issue, within the country,” he explains. “But you don’t want to wait until there’s a problem. You want to be able to foresee that there’s a potential issue within that country or region, so you can order ahead of time from another supplier.”

By the same token, it’s important to have more than one IT infrastructure supplier. “You want to have several different systems and cloud providers so that if one of them experiences a disruption, you can go elsewhere,” says Rabinowitz. “The same consideration applies to systems as it does to suppliers.”

Automating business processes provides a degree of supply chain resilience, according to Calandra. “We counsel our customers to digitize supply chain processes as much as possible,” she says, “and that involves onboarding as many partners as possible to a digital infrastructure, so that all data flows into the same system.”

Some companies are still challenged by relying on manual processes or by doing business with smaller suppliers that are laggards when it comes to digitization. “There are automation solutions that provide an answer,” says Calandra, “such as working through a web portal or using optical character recognition to digitize faxes and other documents.”

The scalability of supply chain data systems also contributes to resilience. “We often hear from customers that they need to onboard trading partners and scale up quickly,” says Calandra. “Some companies may start by doing business in an

automated fashion with a few hundred partners, but that may grow to the thousands over a short period of time. Scalability of systems is one of the biggest challenges, because delays in getting partners on board increases time to revenue.”

As companies seek to diversify their sources of supply in the quest for resilience, they also experience greater supply chain complexity. “A greater number of supply chain partners introduces more requirements and the need to adapt and meet them,” says Calandra.

This increased complexity is expressed in several ways. One is for increased data translation capabilities — which modern supply chain collaboration platforms provide — so that data formats from disparate systems are compatible and can be understood holistically.

Many companies must also respond to mandates for new and different data transmission modalities. Supply chain networks have traditionally shared data through file transfer protocols such as SFTP and AS2. But in recent years, the requirement for application programming interfaces (APIs) — which are considered to be superior for real-time transactions — have emerged, and supply chain collaboration platforms are adding those capabilities in order to do just that.

“This is something that is evolving very rapidly,” says Calandra. “Being able to meet those needs so that you can continue to do business regardless of the file sharing requirements, and all under the same umbrella of service, is pretty impactful.”

How does supply chain data visibility improve financial performance?

Supply chain collaboration platforms eliminate system failures due to the existence of incompatible data. “Data problems sometimes arise when one party’s back-end

system can’t ingest data,” Calandra explains. “That can have a negative impact on that transaction, and it may even appear that the system is down.”

The same connectivity eliminates data tangles that can impact payments. For example, says Calandra, if a ship notice doesn’t appear in a customer’s system when it arrives, it causes reconciliation challenges. “Data visibility enables organizations to head off issues like that and address them before they cost a lot of money.”

Data visibility also empowers businesses to reduce and quickly resolve supply chain bottlenecks. “It helps organizations resolve issues quicker and closer to real time,” says Calandra. “It’s very important to reduce bottlenecks and promote smooth supply chain flows, and automation goes a long way to help with that.”

Smoothing out supply chain kinks, in turn, allows organizations to improve customer service and realize increased customer satisfaction. “It means that organizations are spending less time resolving issues and more time on things that will grow the business,” says Calandra. “That reduces overhead and costs and improves financial performance.”

All of which have the effect of enhancing enterprise competitiveness. “You always have to be thinking forward,” says Rabinowitz. “You have to be thinking about how to implement technology advances to make faster decisions, make better recommendations to supply chain partners, and provide better answers and service to customers. That’s how to make sure that you’re staying ahead of the curve.”

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