Supply Chain Transformation:

From Tactical Implementation to Strategic Integration

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Designed to make things more connected and facilitate business efficiencies, the Internet of Things (IoT) now touches almost every market in every corner of the world, connecting people to businesses in ways unimaginable just a few years ago.

An interesting by-product of its growth is the expectation put on businesses to provide outstanding, personalized service to each individual customer, yet do it on a global scale. This has presented unique challenges for brick-and-mortar organizations and virtual-based businesses alike. It seems as if a company needs to be "always on," and ready to respond to the next customer request as personally as it did the last fifty times. This burden weighs heaviest on supply chain management (SCM).

Research suggests the link between customer satisfaction and business success is growing stronger by the day. A recent report from Gartner indicated that "89 percent of marketers compete primarily on the basis of customer experience — discrete moments that,

together, strengthen or weaken a customer's preference, loyalty and advocacy." (Gartner, 2016). For companies without a centralized means to access, and act on, supply chain data, this statistic can seem overwhelming.

So, how do you capitalize on this movement and not fall victim to process shortfalls or disgruntled customers.

Although data is critical to implementing a modern, demand-driven supply chain, the key is not just in managing the data; that's merely a step in the process. True value, and true business benefit, comes when a company optimizes its data and its relationships across the entire supply chain.

Make information actionable for improved efficiencies, transparent for enhanced serviceability, and streamlined for better profitability. Although some may balk at this seemingly daunting task, it's important to recognize that neither the data train nor customer expectations are slowing down.The way to meet these challenges is to unify business intelligence across the entire supply chain.

AN INTEGRATED SUPPLY CHAIN ENABLES YOU TO:

1. **Scale With Ease:** Gain the agility, flexibility, and scalability your business needs to power innovation and growth.

2. **Gain a More Complete Picture of Your Business:** Built-in business intelligence provides real-time insights into key business performance indicators for a unified view of the organization.

3. **Future-Proof Your Organization:** Today's software platforms enable improved agility and easy integration that carries your business forward.

What does your current supply chain look like?

When looking at your current organizational structure, can you identify what needs to change, and how that change can be applied across your entire process? Are there elements designed into the process itself that are limiting your supply chain from moving towards better profitability?

Some key factors are influencing a transformation in business intelligence, where all people and parts are moving forward together in a collaborative environment.

Global environments: The question is no longer should you be global, but how global do you need to be. Different financial concerns, such as real-time currency conversion, regional regulations to ensure legal compliance and even export guidelines, can further hinder globalization. If not managed properly, having a presence in multiple countries can actually hurt a company, yet globalization is happening to businesses of every size, and in every market.

Customer transparency: Customers expect seamless execution from order to delivery, wanting to be informed every step of the way. Companies need to manage those expectations and keep customers in the know. Today's logistics managers are looking for ways to improve supply chain operations through better integration and easier access to system data and provide actionable information on a global scale.

Scalability: In today's fluctuating supply and demand environment, being able to reduce waste and expedite order delivery means manufacturers need to respond dynamically to production requests using available data metrics, and apply solutions across the enterprise, even if that entails multiple time zones and inventory spread across three countries. It's critical that businesses mobilize internal resources to make the overall supply chain process move smoothly, and have a means to manage information from every region of the world.

Can a good strategy withstand a bad system?

Without a cohesive supply chain, managing both upstream or downstream disruptions is difficult for any business. The modernization of the supply chain, especially through the use of comprehensive cloud-based systems, is quickly broadening beyond the scope of manufacturer-generated data to include vendor insights as well as customer feedback.

Forbes has noted that "forward-thinking manufacturers are orchestrating 80% or more of their supplier network activity outside their four walls, using big data and cloud-based technologies to get beyond constraints of legacy ERP and SCM systems. (Forbes, 2015)

SMALL, MIDSIZE, AND ENTERPRISE

SMALL BUSINESS

An agile, cost-effective SCM solution   will scale rapidly and future-proof your company for long-term innovation and growth.

MIDSIZE BUSINESS

Accelerate entry into new markets, quickly add new product lines and easily engage with your customers.

ENTERPRISE

Enable your team to stay flexible and responsive across every industry, every business type (B2B, B2C or B2X) in every part of the world.

Many ERP system are adequate to handle internally-focused functions, but on a global scale, true supply chain management needs to happen at a higher level and in real time. Next-generation SCM platforms are optimizing global efficiencies through increased visibility that improves business intelligence. Real-time insights into company performance across all business functions are providing more intuitive decision-making from the executive level to the front lines of production.

Shared information means less problems down the line and increased customer satisfaction, since manufacturers gain a clearer picture of the true landscape and can have a plan in place if an issue starts to arise. But there are some major obstacles to being able to share information on a global scale, so ask yourself:

- Does our culture foster an environment where others are given the ability to collaborate?
- Does our process have the means to share information cross-platform and with other parties?
- Does our global footprint hinder our ability to respond quickly and efficiently?

Even with the right mentality, making the shift is hard if you don't have the supporting infrastructure in place.

Common bottlenecks in current methodologies

Many legacy systems in place today weren't developed with the foresight of globalization, which brings into play different levels of complexity in terms of language barriers, industry and country regulations, tax implications, and other business processes.

Logistics Bureau, a leading Australia-based consulting company specializing in the field of supply chain and logistics has recognized that, "in many businesses, the supply chain has never been subjected to a design process, but has instead just…evolved." (Logistic Bureau, 2016)

As these systems developed, capabilities were layered on, but never truly integrated. Translate the invoice from English to Spanish. Apply a VAT if the order originates from the U.S., but ships to Germany. There was no thought put towards making the information work together; each system performs its duty and keeps the supply chain chugging along.

This is not efficiency, it is merely function.

Mobilize information to benefit your business

Scalability, both up and down, needs to be sewn into the fabric of supply chain management to position a company for properly managed production cycles. Fluctuating supply and demand no long needs to be feared, but can instead be predicted and responded to in a way that allows a business to utilize the right resources at the right time.

Each touch point, from sourcing to order delivery, offers an opportunity to gather insights on how to improve business operations. Better efficiency starts with better communication, which leads to more trust for everyone involved.

By collaborating with vendors and suppliers, a manufacturer gains deep insights into what elements of their supply chain needs help and what areas are contributing to an improved process. Access to partner data allows for proper planning, and response to, the many types of orders placed that encompass different quantities, specifications and destinations.

Centralized, cloud-based systems are collecting this growing amount of data to build a strong supply chain, so businesses can not only react better to hiccups in production, but develop proactive strategies that minimize disruption when it happens. This methodology gives companies real-time information that can be applied locally, regionally or at the corporate level, making for a very flexible, responsive business model.

Don't confuse comprehensive for complex

Cloud-based SCM systems have increased the number of tools available to manage system processes, with much of the complex data analysis and financial processing happening on the back end of the system. A well-designed SCM will offer easy, seamless management of transactions across the enterprise.

In the case of NetSuite's OneWorld, all dashboards and order entry modules follow the same visual structure and entry process, reducing employees' training, ramp up time, and need for technical support. Once you know one type of entry method, the others follow the same pattern.

The holy grail of the supply chain is the single sales order in a system, and modern SCM platforms are moving companies closer to that goal. With a unified approach, where personnel, inventories, and data is mobilized to best meet the needs of the customer, it's feasible that one order could be processed across multiple locations. For example, you have a customer that orders 100 widgets in a single transaction. Twenty may be delivered locally and 50 could be shipped to another location from a supplier closer to the destination, while another 30 might drop-ship direct from the manufacturer, all of which is invisible to client.

Businesses are no longer forced to make the tradeoffs traditionally associated with SCM systems, such as customer service versus cost, inventory management versus sourcing, delivery versus quality, etc. The decision-making process becomes forward-looking, where companies are able to use existing assets and optimize inventory as it makes sense for their business model.

In addition, financial improvement increases overall business value through better inventory and data management. Research from Deloitte explains that

"without effective visibility into their supply chains, executives potentially have a significant blind spot in their enterprise risk management structure, from which substantial legal, financial, and reputational exposure could emerge." (Deloitte, 2014)

Today's SCM platforms are able to unify multiple facilities at different points along the chain to enable creative resource management. The need for businesses to optimize efficiencies is not a passing fad. By identifying the shifts happening today, and putting the right infrastructure in place, you can set a supply chain strategy that positions you for operational excellence and significant business growth.

Ed McMahon, CEO of EPEC Engineered Technologies, has seen firsthand how implementing a comprehensive SCM system can benefit business. "[It has done] everything from taking steps out of our entire process to helping us develop

an e-commerce platform to helping us have a product lifecycle management system that we never had in place… It's really changed how we go to market. That's really changed how our customers look at us and what a lot of our competitors have had to do to keep up with us."

Solidifying supply chain's seat at the table

Traditionally, executives have not paid much attention to the supply chain, even though it impacts a significant percentage of revenue. No longer an afterthought, the supply chain is now being recognized as a significant contributor to a company's bottom line.

As Deloitte research also points out, "it has never been more true that companies cannot compete without strong operations…A supply chain leadership position is now

DRIVING DESIGN METHODOLOGY THROUGH COLLABORATION

As the company that invented cloud-based computing, NetSuite is well-versed in helping businesses optimize efficiencies by mobilizing all available resources into a centralized, fully available platform. When it was time to expand its flagship software suite to enable global optimization across an enterprise, the company didn't want to assume it could anticipate all the intricacies of doing business globally throughout several different markets.

So, it turned to the people who use their software day in, day out — its customers. By listening to the people that perform specific job functions and work in various areas of supply chain management, NetSuite gained a unique perspective on building a solution based on how people actually work.

Allowing its customers to help drive the design process, the company was able to recognize challenges faced as a business scales upward. The first step was to identify not just the areas that could benefit from a new design methodology, but how the people that interacted with the system needed it to work.

"We identified nine core areas for development, based on surveys, feedback, and evaluations that took place at

The supply chain is the life blood of the operations for virtually all distributors and manufacturers, particularly for global business. A poorly run supply chain means missed customer order shipments, excess inventory in the wrong places, and increase costs—resulting in disgruntled customers. (Technology Evaluation Center's TEC Spotlight Report, NetSuite, November 2017)

selected customer locations," explains Gavin Davison, product marketing manager for ERP at NetSuite, who was on the ground floor of these efforts. "From there, we mapped out supply changes, documented the largest problem areas and came up with a list of features to develop that would solve the issues. The biggest benefit was having the conversations with our customers about how they actually used their ERP system and what frustrations they were facing."

This process created a normalized view of what customers thought a supply chain should look like, and was the catalyst for the development of the supply chain operational efficiency (SCOPE) initiative. It also led to the development of the specific design features, as well as the creation of the SC Control Tower. Similar to air traffic control, it shows all relevant data across the supply chain and shows what is happening from a single screen.

Davidson continued, "We're fortunate that, as a part of Oracle, our growth and agility mindset is fully supported. Bringing a globalized SCM platform to our customers has quickly become a reality."

Ed McMahon,
CEO of EPEC
Engineered
Technologies

structure, there's one IT person responsible for ensuring the security of data passing along the entire enterprise, of which SCM is only a part. By implementing cloud-based systems, backed by a solid team devoted to monitoring data security for this slice of the business alone, you have increased your data security measures tenfold.

D. Keeping pace with a faster supply chain. There's no doubt that the supply chain is having more demands placed on it from all aspects of business. To stay aligned with the speed at which business is moving, SCM platforms are incorporating advanced features that focus on function, not the process. This makes for tools that employees can use effectively.

E. Regional compliance within a global organization. With real-time visibility and multi-currency flexibility built into the SCM platform, businesses can be assured of regulatory, legal, and financial compliance.

Leverage available data for optimized business efficiency

Many of the roadblocks to an effective, forward-looking supply chain are being eliminated using intuitive data analysis, comprehensive financial management and optimized inventory usage provided by cloud-based SCM systems. Widespread resources are no longer part of the problem, but can aid in reducing business inefficiencies. Regionalized, real-time data availability enables more dynamic response and better operational costs as well.

Organizations today demand a global system that is flexible enough to accommodate dynamically changing business needs. The right SCM system for your business will help you manage IT costs and optimize accounting efficiencies, while streamlining order management and the procurement processes. Your customers will benefit from expedited deliveries, personalized service, and peace-of-mind that will keep them coming back for years to come. ∎

seen as a strategic role, whereas a decade ago it would have been considered a tactical one. (Deloitte, 2014)

Implementing a modern SCM solution comes with some challenges, the same as any fundamental change made to an established infrastructure. But common concerns are often easily laid to rest.

A. The need for technical knowledge in traditionally "non-technical" roles. With an easy-to-use, integrated interface, many SCM platforms reduce technical complexity and make using the system's advanced functionality feasible.

B. Limited time and resources to provide a value-driven strategy. Streamlined, real-time analysis takes the burden off personnel to manage system data, enabling them to focus on forward-looking, big picture insights that will fuel overall efficiencies.

C. Concerns over data security. In a typical business