

CSCMP hottopics

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Smarter Supplier Onboarding and Collaboration: An IBM point of view

By IBM supply chain solutions

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SUPPLY CHAIN AGILITY

A company's value rests, in large part, with its suppliers. For example, over 50% of the value creation in manufactured products comes from suppliers.¹ Your ability to collaborate effectively with the suppliers you have, while quickly onboarding new suppliers, is essential to driving competitive advantage in good times and being resilient when times are tough.

But there are challenges. The global pandemic is the ultimate example of what happens when companies in certain industries don't have visibility beyond tier 1 suppliers and can't quickly onboard new suppliers to address unpredictable but urgent business needs. This new reality is spurring many companies to reassess the balance between globalization and localization across their supply chain ecosystem.

So, how do you optimize these essential supplier relationships for near-term success and long-term staying power?

Start by prioritizing digitization of essential manual processes. It's hard to be agile if you're relying on manual forms, fax and email for business transactions.

Once core processes are digitized, you'll need to ensure frictionless connectivity with the suppliers you already have. Digital transactions are the lifeblood of your supplier relationships and a sustaining force that keeps your business healthy and strong. With a secure and reliable way to exchange information and with deeper visibility into supplier transactions, you can detect issues before they impact your business and drive efficiencies.

With digitization and frictionless connectivity as a foundation, you can then apply technologies like AI and blockchain to design intelligent workflows that help you build a smarter supply chain. You can forge trusted partnerships faster, gain insights to respond effectively to changes in your marketplace or ecosystem, and anticipate new opportunities to drive innovation quickly.

Finally, simplify your approach to identifying, validating and onboarding new suppliers. Easy, seamless and intuitive onboarding processes – regardless of your suppliers' technical capabilities – create satisfying experiences that set the tone for mutually-beneficial relationships. What's more, depending on the industry or product, when you need to find and begin transacting with new suppliers quickly, you'll have the ability to pivot to continue business as usual or adapt to shifts in demand.

ONBOARDING AND COLLABORATION PAIN

Unfortunately, despite its importance to the reliable flow of goods and services, supplier onboarding and collaboration continues to depend on manual processes and paper-based communications. As supply chains become increasingly complex, global networks comprised of large and growing volumes of suppliers, the pain of these limitations is too great, hindering competitiveness.

Outmoded onboarding

Suppliers typically engage with many different buyers. With each new business relationship, suppliers must answer dozens of questions about their capabilities, financial status, compliance with trade regulations and fair labor practices, pending litigation – and the list goes on. Because there is no standard questionnaire, the onboarding process is even more time-consuming and error prone.

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Buyers have similar challenges finding and vetting potential suppliers. Multiple teams do extensive research to validate information, ensuring all the boxes are checked and responses meet their standards. At many large enterprises, it can take three to six months to onboard a new supplier.² When you're trying to manage supply pressures, logistics limitations, or sudden demand mix changes, that's simply too long.

Compounding the challenge – supplier information changes over time. If it is only refreshed annually, you're operating using old information, which creates inefficiencies and, worse, exposes your business and stakeholders to unnecessary operational and regulatory risk.

Transaction blind spots

Day-to-day collaboration with suppliers brings additional complexity. Most companies rely on a tremendous amount of paper-based and point-to-point communication to enable Electronic Data Interchange (EDI) transactions with their suppliers. So, answering simple questions is hard. "What's the status of my order, shipment or invoice?" becomes an hours-long endeavor involving multiple emails, Excel spreadsheets, and a trail of individual business documents that often require technical, EDI expertise to interpret the data and piece together answers. When working with non-EDI-enabled suppliers, transactions are even more subject to error and slow commerce down. Over 66% of companies still use email, phone, fax and postal mail for B2B transactions with at least 30% of their trading partners who aren't digitized.³

So, what happens when things don't go as planned? The pain intensifies for all participants. In fact, 73% of supply chain professionals still use spreadsheets to predict, record and report on supply chain disruption, which means they're often playing catch-up.⁴ Without transaction visibility and digitization, analytics and real-time insights are out of reach. Every day that passes is a day of lost opportunity to gain revenue, reduce costs and increase customer satisfaction.

How can supply chain leaders address all these challenges in a way that drives agility, resiliency and differentiation for the long term?

BUILD SMARTER SUPPLIER RELATIONSHIPS

Smarter supply chains flex with your business and whatever the market brings. They minimize the complexity of supplier onboarding and collaboration so you can add suppliers faster, as needed. But you can't build a smarter supply chain on manual processes. Digitization is key.

While most companies have had digitization on their roadmap for years, 63% of CEOs report that recent events are accelerating transformation.⁵ The good news is that as these leaders move forward, they'll unlock opportunities to simplify supplier interactions, transact at the speed of business, and forge more strategic relationships.

With a modern, multi-enterprise business network that enables reliable, frictionless, secure and scalable information exchange, partnerships become opportunities to deliver better customer and business outcomes. New supplier relationships are established and start delivering value immediately. Insights and predictions flow through the veins of the business network and, with the assistance of AI and analytics, can be put in context and accessible for business users to take action. With a foundation of transparency and trust increased by blockchain, buyers and suppliers can begin working together quickly, collaborating to proactively manage disruptions wherever they come from, and even turning them into opportunities.

Companies are:

- **Reducing the time, cost and risk associated with qualifying, validating and managing new suppliers.** With permissioned access to a shared view of information and an immutable audit trail built on blockchain, buyers and suppliers operate with full transparency and trust to simplify and accelerate onboarding.

For a leading, global procurement organization, finding, validating and onboarding suppliers was a cumbersome effort that involved time-consuming and labor-intensive due diligence tasks. The process required nearly 70 steps and could take 35 days or

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more to complete. Using a blockchain-based supplier management platform they now onboard 75% faster and have reduced onboarding cost by 50%. And suppliers can manage, control and share their profiles securely. As business and market conditions change, the procurement organization can quickly find new suppliers with speed and confidence.

- **Simplifying collaboration to resolve disruptions, drive efficiencies, and increase supplier satisfaction for critical order-to-cash and procure-to-pay transactions.** A global business network provides security-rich, cloud-based connectivity so buyers can engage with suppliers to onboard in hours or days, not weeks – even with non-EDI-enabled suppliers.

As a result of acquisitions, fast-growing industrial manufacturer [Southwire](#) is expanding its network of smaller freight companies. These partners provide a cost-effective way to serve local markets, but they often lack EDI capabilities. Switching from a manual, paper-based invoice process to a digital solution with a web portal that allows partners to simply log in and send invoices, they've accelerated processing time by 40%, strengthening supplier relationships. At the same time, they've doubled the number of trading partners while freeing up 40 hours a week for the company's transportation team to focus on value-added activities.

- **Scaling to handle exponential spikes in transactions with quality and speed.** A single, always-on platform, available on premise or through hybrid cloud, automates and consolidates complex B2B and EDI processes even in the most demanding environments.

A global leader in supply chain solutions, [Li & Fung](#) oversees logistics for China's Singles' Day – the biggest shopping event in the world. They integrate with 15,000 suppliers and thousands of customers using a single platform that provides automation and data visibility to catch issues, allowing them to standardize and save costs. With flexibility to scale to handle ever-increasing transaction volumes as well as exponential spikes – peaking at 1.5 million transactions per hour on Singles' Day, four times the volume of the previous year – Li & Fung operates with speed and accuracy to meet service level agreements consistently.

- **Increasing transparency and trust to proactively address disruptions and innovate business models.** Blockchain enables multi-party visibility of an immutable, secure, shared record of real-time digital events across the supply chain. Working together, buyers and suppliers are optimizing supply chain performance and the customer experience.

[CEVA Logistics](#) is helping General Motors shift from producing cars to ventilators. Using an AI-enabled business network with built-in blockchain capabilities, CEVA can offer its customer frictionless connectivity with countless new suppliers to quickly and cost-effectively obtain the hundreds of unique parts needed to make nearly 30,000 ventilators. Together, they're helping close the gap on critical medical equipment shortages across the US.

- **Getting ahead of supplier issues quickly to mitigate risk – even in times of crisis.** Business users, such as order management and accounts receivable personnel, can self-serve to dig deeper into their EDI data. They're identifying patterns that wouldn't otherwise be obvious to resolve issues, like payment delays, faster.

[The Master Lock Company](#) is cutting through the complexity of tracking transaction status manually. They are finding answers to customer questions in minutes using business terminology rather than IT technical jargon. Business users, such as order management and accounts receivable personnel, can self-serve to dig deeper into their EDI data to identify patterns that wouldn't otherwise be obvious to resolve issues like payment delays, and faster too.

Start building smarter
supplier relationships
that deliver more
value to your
customers, suppliers
and business today,
and allow you to
respond faster to an
ever-changing world.



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- **Changing how work gets done so that it is more efficient and effective.** Intelligent workflows and digital solutions transform traditional processes. This includes providing new opportunities to find and manage the right suppliers, assuring secure and reliable information transfer, enabling transparency and visibility to meet changing consumer expectations, and creating a practical path to trusted supplier collaboration.

A large home improvement retailer is using a blockchain-based solution to build a new foundation of trust and a culture of collaboration between retailer and vendor. They're saving time and money with shared visibility into trusted, secure data that allows them to work together to solve problems in real time and accelerate the procure-to-pay process. Even better, with faster resolutions and stronger relationships, they can spend more time innovating and delivering on promises to customers.

BE READY FOR WHAT'S NEXT

The future of supplier onboarding and collaboration rests on the capabilities of multi-enterprise supply chain business networks, direct connections with strategic suppliers, and purpose-built blockchains for complex supply chain processes. Tomorrow's onboarding and collaboration solutions will continue to build on digitization, trust, transparency and intelligence to improve data quality, ensure information immediacy, and optimize processes. They will:

- **Extend even further** to include more participants in the B2B transactional processes, enabling carriers to be active participants in resolving delivery disruptions, and certifiers and other partners to validate the financial and legal status of suppliers, faster. Linking all parties across the end-to-end transactional flows will drive new levels of efficiency, reliability and confidence in the delivery of goods and services.
- **Deliver widely trusted data** accepted by government agencies to reduce audits, simplify B2B and B2G procurement and ensure compliance with trade and customs regulations. Time saved resolving disputes and completing repetitive paperwork will be spent more strategically, for example, by driving innovation, optimizing processes and expanding into new markets or regions.
- **Become even smarter.** As AI continues to self-learn and build knowledge over time with more data, it will pinpoint recommendations and next best actions for each unique supply chain and supplier relationship. Organizations will gain confidence to apply AI in new ways to extend human capabilities even further, for example, by automatically initiating recovery processes to mitigate impact to the business and customers.
- **Create new value** through new capabilities developed with members of the ecosystem that not only deliver strategic and operational performance benefits, but can also be commercialized. Whether you're streamlining processes or co-creating entirely new offerings, collaboration with trusted partners in a secure, digitized platform will reveal opportunities for efficiencies and drive innovation.

TAKE THE NEXT STEP

You can minimize the complexity of supplier onboarding and collaboration, and IBM can help.

Enable frictionless connectivity and collaboration with suppliers and quickly engage with 800,000 preconnected trading partners – in hours or days, not weeks – to increase efficiencies and reduce costs. IBM Sterling Transaction Manager and IBM Sterling Catalog Manager digitize and automate manual B2B transactions with non-EDI-enabled suppliers to save time and money by reducing errors, cutting costs and improving supplier satisfaction.

Provide line of business users with **visibility into B2B transaction lifecycles**, in real time and in context. Understand the performance of order-to-cash and purchase-to-pay processes with embedded AI that provides actionable insights. Securely extend visibility to suppliers across multi-enterprise ecosystem with blockchain capabilities that build trust and transparency.

About CSCMP Hot Topics

Issues of *CSCMP Hot Topics* may include early results from ongoing research being conducted for CSCMP or other organizations; new supply chain practices, thought-provoking ideas, or emerging trends; discussions of changes in the broader business and regulatory environment that may impact the supply chain and logistics field.



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Enable the integration of business documents and processes [across your B2B network](#) through an always-on, scalable and secure B2B integration gateway that provides frictionless connectivity with your partners and suppliers by leveraging hybrid cloud.

[Simplify and automate partner onboarding](#) with your direct connections through a self-service onboarding platform with a central repository. Significantly reduce the time and resources required to onboard new partners, while managing and maintaining existing partners including built-in security certificate monitoring to assure reliable, secure information transfer.

Drive supply chain agility with supplier onboarding that's fast, simple and more secure. Developed in collaboration with partner Chainyard, [this blockchain network](#) provides permissioned access to pre-verified supplier information to improve supplier qualification, validation, onboarding and lifecycle information management.

Start building smarter supplier relationships that deliver more value to your customers, suppliers and business today, and allow you to respond faster to an ever-changing world. Choose an implementation approach – on-premise, cloud or hybrid – that protects your current investments and integrates with new technologies.

[Explore supplier onboarding and collaboration solutions.](#)

Sources:

¹ IDC Technology Spotlight, sponsored by IBM, "The Path to a Thinking Supply Chain," Doc. #US46651820, 2020

² <https://spendmatters.com/2020/02/06/top-12-ways-to-speed-up-supplier-onboarding/>

³ Vanson Bourne Research Study

⁴ <https://www.thebci.org/resource/bci-supply-chain-resilience-report-2019.html>

⁵ <https://fortune.com/2020/05/06/pandemic-innovation-impetus-ceo-daily/>