

CSCMP hottopics

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Welcome to the Decade of Supply Chain: a Digitization Roadmap

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A few years ago, unless you worked in supply chain, most people wouldn't have known what the term meant. But the next few years will change that, because the 2020s will be the Decade of Supply Chain.

In this decade, supply chain (or as we prefer, the value network) will gain increased visibility not only within organizations that are built on them, but in the public consciousness. Global economic, regulatory, and climate change volatility is creating shockwaves that are being felt by people who used to treat fully stocked shelves as a given. Case in point: the impact felt on businesses from COVID-19 is news not only in trade publications, but is being widely reported in the mainstream media.

In business, there are many signals pointing to an imminent breakthrough for supply chain:

- Increased emphasis on supply chain and logistics factors as a business differentiator
- The rise of supply chain titles in the C-suite (Chief Supply Chain Officer, Chief Procurement Officer, etc.)
- Increase in programs devoted to supply chain at top business schools

In the 1980s, anyone who was into computers was called a geek or a nerd, but now it's the 'in' thing to be good with tech. Similarly, as our CEO Richard Martin says, supply chain managers should "get ready to become the cool kid on the block."

But with that increased visibility comes additional pressure. Supply chain managers will need to have every advantage they can get, and today that means fully digitized E2E (end to end) supply chains.

As I know from experience, there are still multi-billion dollar companies out there who are managing procurement and asset life cycles using spreadsheets and paper invoices. It's a not-so secret fact that B to B supply chain is lagging far behind B to C innovators like Amazon and Uber. Time that should be spent in analysis and forecasting is spent doing copy-paste grunt work. Those multi-million dollar ERP implementations that enterprises shell out for are not being used because they're not user friendly, and don't deliver what supply chain managers need.

So supply chain managers, cognizant of the imperative to deliver, are clinging to what works no matter how inefficient those systems are. Supply chains are unbelievably complex, and when it comes to making them work, results trump efficiency.

Time is running out, however, and companies that have started digitizing a few years ago are starting to pull ahead of competitors. It's these forward-thinking companies that will be well positioned to take advantage of technologies like AI, machine learning, and IoT as they mature.

For any organizations that haven't started their digitization journey, we've prepared this roadmap to help you create a plan tailored to your organization's needs. While not a literal timeframe, these steps will help you kickstart the conversion of your supply chain to a fully digital entity.

The 2020s will be a complete roller coaster ride, but with the right tools your organization will be able to come out of it with a more efficient and adaptable network.



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1. PLANNING, PILOT PROJECTS, AND SETTING THE STAGE FOR CHANGE

Most organizations cite an almost epic level of resistance to change as a major reason they've been slow to adopt digital technologies. This resistance has come out of too many multi-day training sessions for ERP systems, and too much time spent trying to find workarounds in systems that are just not designed for supply chain.

That being said, one of the first steps on the road to digitization is to start getting the message across that change is needed in order to cope with future market volatility and to fully leverage maturing technologies.

No matter what system or systems you use, following a good project management process is essential. This includes stakeholder consultations and requirements gathering at the start to help achieve that all-important buy-in.

Passive resistance will fade if you start with a pilot project and woo your team with a system that actually works for them. In order to do that, new systems will need to:

- Follow logical workflows used by your team, with no need for complex workarounds
- Be easy to use, requiring only a one- or two-hour training session
- Have immediate response on customer support requests
- Automate repetitive tasks, freeing staff time for analysis

As the old saying goes, "nothing succeeds like success".

2. ENSURE ASSET AND INVENTORY ACCURACY

One of the best ways to start digitizing is with asset records. Start with what you own, where it is, what is it doing, how old is it, how often it is maintained, etc. This is a project that can seem daunting, but can more manageable when you leverage technologies like:

- Digital scanners for paper records
- Systems that can import spreadsheets
- Systems that can be easily used via mobile device
- Drones to help locate items in warehouses or in storage yards

There's also a small feature that can help prevent the "garbage in, garbage out" syndrome: a system with an autosuggest. If someone starts creating a duplicate record, seeing the existing name will tell them where to find the record that already exists. They can then determine if that record needs to be expanded.

As part of the transition, newly purchased assets will go to digital data entry before being deployed. Over time, your team will start to trust the digital records more than the original spreadsheets or paper files.

3. STEP UP YOUR ASSET DISPOSITION GAME

Once your enterprise's asset records are digitized, you'll start noticing assets that are surplus, or otherwise ready for decommissioning. Finding the online markets to dispose of these assets will not only help offset the costs of your digitization project, they may generate free cash that exceeds costs of digitization.

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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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The key is to go beyond the scrap market for better ROI, and start selling to refurbishers, resellers, and even back to OEMs.

4. WORKFLOWS

Asset record digitization and disposition are the easy wins that will help provide to supply chain teams that digitization can make their lives easier, not harder.

The next steps are to start layering on workflow-oriented solutions to help you manage procurement, compliance, and full asset life cycles.

Procurement, in particular, involves a lot of duplication. When sending out an RFQ, it's common to get information from suppliers in a format that has to be rearranged in order to be understood. This is laborious enough with costing information; when you get to technical evaluations it can be a nightmare. Choose a solution that removes that tedious reformatting work.

5. CROSS-PLATFORM INTEGRATIONS

No one system can realistically manage every function your business relies on (can you imagine a supply chain system trying to out-salesforce Salesforce?). The goal is to have as few systems/platforms as you can, and to seamlessly integrate those solutions into one corporate view of everything.

This integration can be done through an application/program interface (API), which basically allows different systems to talk to one another, ideally without help from a developer. So when you're out shopping for tools, one item on your requirements list should definitely be an API.

6. INTEGRATE OTHER MATURE NEXT-GEN TECHNOLOGIES

By the middle of the decade, we think that technologies like AI and machine learning will have matured enough to be of practical help with tasks like pattern recognition and forecasting.

This will not mean there will be no need for supply chain professionals. For many years to come, we will still need to use human business expertise and judgment in deciding whether or not to act on recommendations.

THE MAKE OR BREAK DECADE FOR SUPPLY CHAIN

The 2020s will be a complete roller coaster ride, but with the right tools your organization will be able to come out of it with a more efficient and adaptable network. But it will require leadership that's committed to building systems that are more efficient, scalable, and people-friendly.