




Supply Chain and E-Business
The Logistics Forum - AMR Research

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Topics

- **How Does E-Business Impact Supply Chain Management**
- **The Digital Marketplace and its Role in the Supply Chain**
- **Strategic and Global Outsourcing--New Ways of Partnering**





Participant Profiles

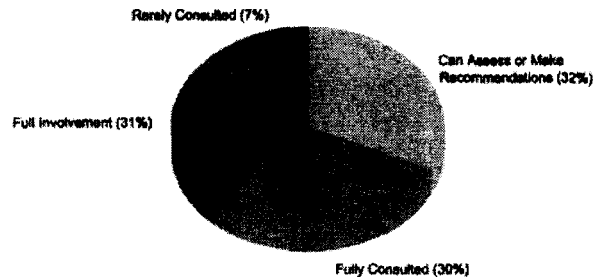


Figure 1: The Role of Supply Chain Managers in Developing the Organization's Overall Business Strategy (Survey Response)
Source: AMR Research and Richmond Events, Inc. 2000



The Impact of e-Business on Supply Chain

- **E-Business Generates a High Level of Interest**
 - Where is the value proposition of e-business relative to the supply chain? Can e-commerce make the supply chain experience more valuable?
 - What will e-commerce do to our supply chains?
 - What are the specific uses of e-business in transportation and logistics?
 - What are others doing to reengineer for e-business?
 - How do we better utilize e-commerce and assess the risks? How unique or common are our problems?





The Impact of e-Business on Supply Chain

- Currently, E-Business Is Not a Top Agenda Item

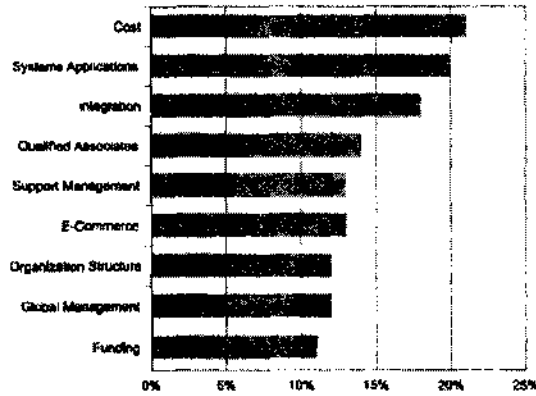


Figure 2: Top Issues Facing Supply Chain Professionals in Developing Logistics Strategy (Survey Response)
Source: AMR Research and Richmond Events, Inc. 2000



The Impact of e-Business on Supply Chain

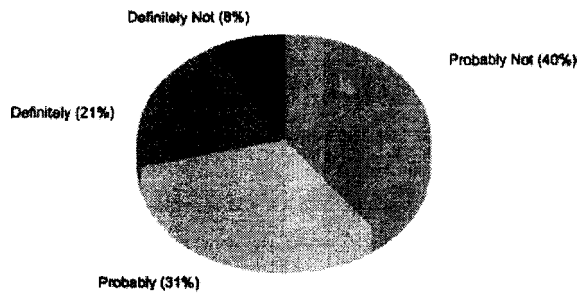





Figure 3: Company Is Currently Investing in Internet Capabilities To Improve Competitive Position Over the Next 2- to 5 Years (Survey Response)
Source: AMR Research and Richmond Events, Inc. 2000






The Impact of e-Business on Supply Chain

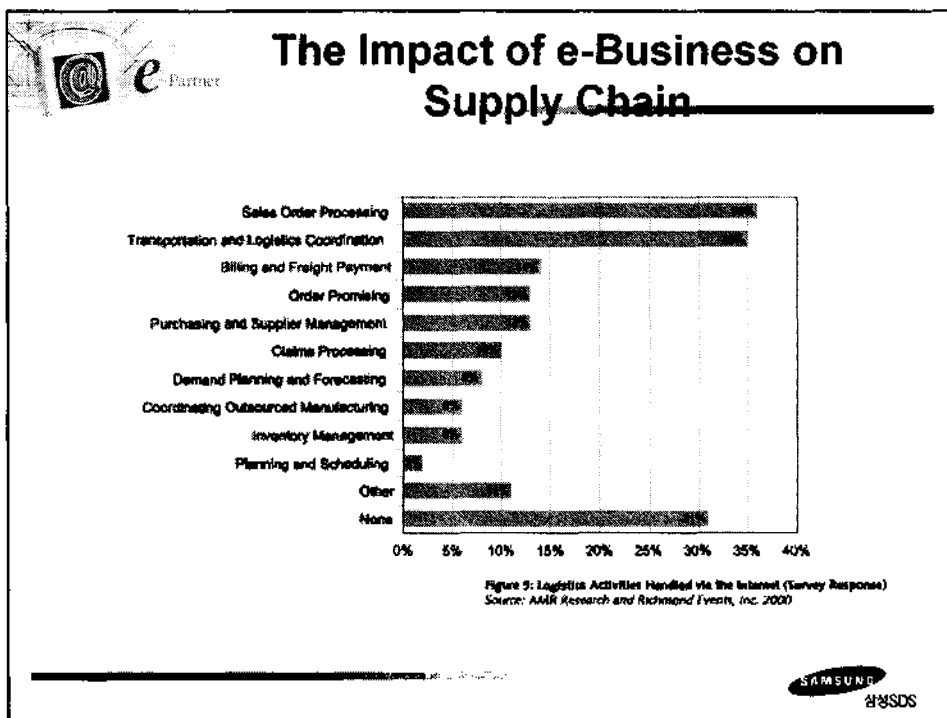
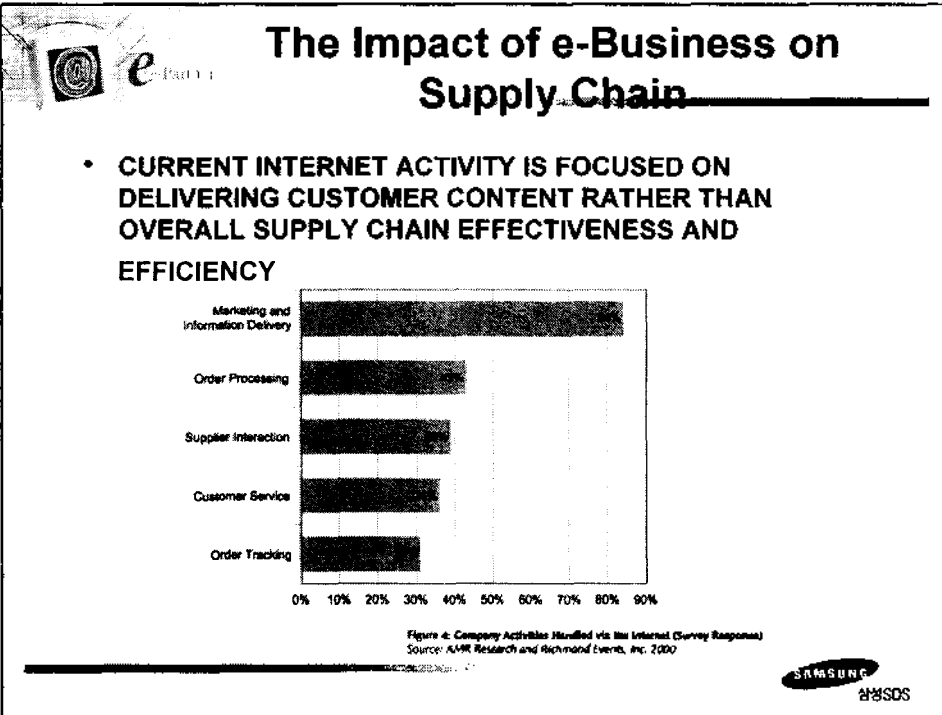
- **No Silver Bullets**
 - E-business is really business conducted in a new way.
 - It must support business goals, and over time, it must be integrated within overall supply chain business strategies.



The Impact of e-Business on Supply Chain

- **The Value Proposition for E-Business Is Still Lacking**
 - Enhances the customer experience for buying, inquiring, and obtaining services
 - Overcomes the barriers of time
 - Increases the overall supply chain visibility and speed of response
 - Extends geographic reach
 - Leads to better and quicker decision making through collaboration
 - Reduces overall supply chain transactional costs







The Impact of e-Business on Supply Chain

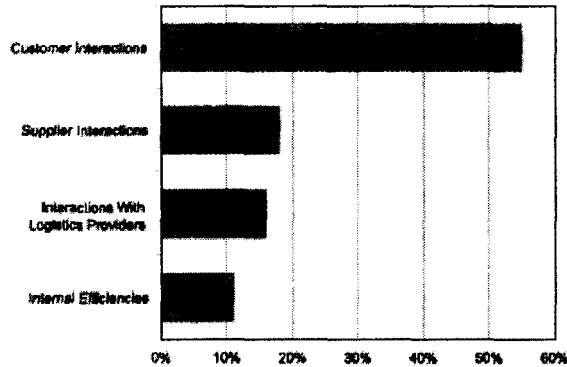


Figure 5: Top Priority for Using the Internet for Supply Chain Operations (Survey Responses)
Source: AMR Research and Richmond Events, Inc. 2000



To Do List - Mandatory (1)

- **Understand your individual company needs and opportunities.**
- **Understand customer and vendor needs.**
- **Meet key customer individual requirements and be able to service those requirements.**
- **Understand the competitive environment.**
- **Set a strategic direction.**
- **Know the tools that are available, as well as anticipated. Differentiate between hype and reality.**





To Do List - Mandatory (2)

- **Maintain flexibility. Leave your options open. Create a living and flexible plan.**
- **Develop a contingency plan.**
- **Maintain an environment of continuous improvement.**
- **Be prepared to move like a butterfly and sting like a bee (Mohammed Ali analogy).**
- **Be truthful when you measure performance.**
- **Manage change. You cannot afford to let change occur only in functional silos.**
- **Maintain accurate data.**



To Do List - Mandatory (3)

- **Develop proper training and education.**
- **Get the right people "on the bus".**
- **The Information Technology (IT) group can't drive the business; business strategy must drive e-business. The IT and finance groups must support the strategy.**
- **The process and system developers must live with and take ownership of the new system.**
- **Be truthful in your database, and kill the old-boy network of workaround.**
- **Enable and facilitate the business strategy. Business is the driver--Not e-business.**





e-Partner

To Do List - Optional

- **Exceed customer needs.**
- **Collaborate with suppliers, customers, and competitors. (There are a lot of variants to consider.)**
- **Combine middleware and legacy applications rather than implementing a new e-business system.**
- **Be on the bleeding edge.**
- **Be a pioneer (such as Amazon.com).**
- **Take degrees of risk.**
- **Outsource or perform in-house.**



e-Partner

Supply Chain Implications

- **Orders—increased volume, with reduced size**
- **Credit—replaced by finance companies**
- **Pricing—the need for one worldwide pricing structure**
- **Procurement costs—the total procurement spending is huge, but most of it is very specific to prenegotiated agreements**
- **Aggregation—opportunity is relatively small and lies in the area of reduced transaction costs, and perhaps access to more suppliers**
- **Standardization—the impact is described as enormous**
- **Manufacturing—significant change in structure, driven by shorter cycle times and increased need for scheduling information**





The Impact of e-Business on Supply Chain

- Commitment is still lacking

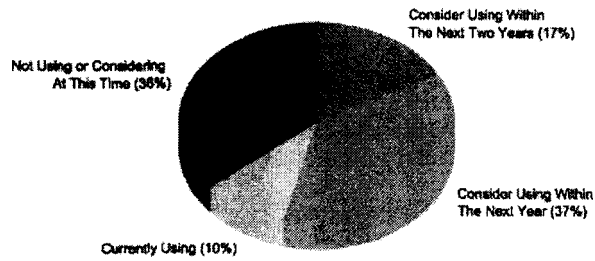


Figure 8: Electronic Trading Exchange Usage (Survey Response)
Source: AMR Research and Richmond Events, Inc. 2000



Trading Exchanges

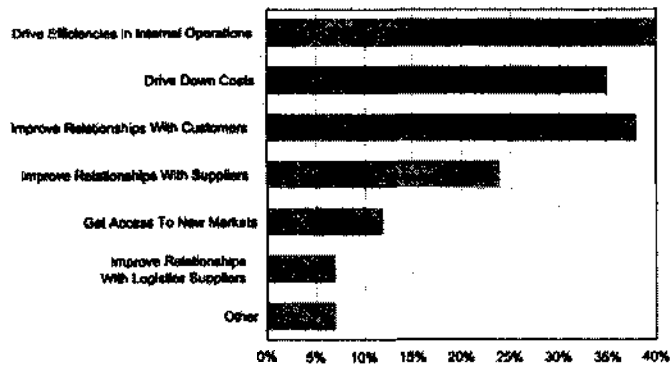


Figure 9: Primary Motivation for Using Electronic Trading Exchanges (Survey Response)
Source: AMR Research and Richmond Events, Inc. 2000





e-Partner

STRATEGIC AND GLOBAL OUTSOURCING

- **Global Outsourcing Is a Strategy, Not a Single Partnership**
- **Having the Right Approach**
- **Managing Quality Is an Obstacle**
- **Need for a Good Qualification Process**



e-Partner

Conclusion

- **SUPPLY CHAIN MANAGERS ARE NOT AGGRESSIVELY STEPPING UP TO E-BUSINESS**





Recommendations

- **Include e-business as part of your top three supply chain agenda items.**
- **Continue to seek out additional learning opportunities, both with early adopter or e-business-oriented companies, e-business consultants, system integrators, and colleagues in supply chain management.**
- **Broaden your perspectives on e-business beyond customer interaction and supply chain cost savings.**
- **Consider some form of electronic marketplace adoption as part of your supply chain strategy.**

