

Business intelligence benefits

IT and business intelligence solutions can deliver cost reductions to the supply chain says Claire Umney, general manager, AEB (International)



“Business intelligence involves more than the tracking and tracing of processes.”

Modern-day Supply Chain Management (SCM) involves comprehensive business strategies to streamline and automate processes, improve service delivery, increase operational efficiency, reduce stock and waste, optimise customer satisfaction, expand the network and grow the business.

These areas also represent significant cost cutting opportunities. But despite the key importance of the supply chain to the balance sheet, many businesses are not as efficient as they ought to be. It is estimated that US consumer product firms and retailers lose \$40 billion annually (3.5% of sales) due to supply chain inefficiencies. In the UK, retailers and manufacturers were expected to lose sales of around £300 million over a 5-year period, purely due to bad data. That’s why SCM has become a major focus for board level decisions and future growth strategies, and a crucial factor in today’s business plans.

The key to managing the supply chain effectively, responding to a dynamic environment in the best way, and keeping costs down is visibility - the ability to track every stock movement. Without visibility, companies face possible operational bottlenecks, excess inventory and rising costs.

But the complexity of today’s supply chain makes it increasingly difficult for companies to get a clear picture of where their goods are at any point in time. Outsourced manufacturing, third-party logistics, dynamic product ranges, distributed operational responsibilities, disjointed and varied IT systems, and large numbers of business partners in a single supply chain all contribute to muddying the waters.

In order to achieve real-time visibility, companies need to pool data from various systems and partners.

Having the right IT infrastructure enables companies to connect suppliers, service providers, customs authorities, carriers, distribution centres and customer sites, and to bring this data into a single, accessible platform for reporting and analysis. With such visibility platforms in place, businesses can monitor supply chain progress and events in real-time and quickly react to any emergencies identified by the system.

The ability to make longer-term, strategic decisions comes, however, when visibility platforms are combined with powerful business intelligence tools that allow detailed analysis of data

gathered over time for planning, budgeting and forecasting. Business intelligence involves more than the tracking and tracing of processes. It is a bird’s-eye view of process parameters, costs and performance indicators, allowing for informed decisions that can structurally improve business. Gathering all this data requires excellence in logistics execution. The more advanced the logistics execution and in-depth processing of data, the more detailed and accurate the business intelligence.

But where does ‘excellence in execution’ come from? Any IT solution should offer features that help to realise cost-saving opportunities and increase accuracy and reliability, such as Order, Warehouse and Transport Management, and Collaboration & Visibility. This is the basis for gathering business intelligence, such as order processing times, number of false or incomplete deliveries from suppliers, turnaround or shelf life of items in the warehouse, freight spending for each transport, and number of delayed deliveries for each forwarder.

All this data is aggregated in different ways to match the specific needs of various departments, e.g. sales, marketing, procurement, finance, manufacturing, operations and IT, as well as external supply chain partners. To serve all these departments it is necessary to integrate data originating from the Enterprise Resource Planning (ERP) systems. Ultimately, it’s all about providing the right information to the right party at the right time. This defines the value of the information.

Based on the continuous collection of data, business intelligence provides historical, current and predictive views of business operations including the five KPIs of the supply chain: reliability, flexibility, ability to respond, costs, and efficiency of asset management. The result goes beyond resolving single failures in the supply chain towards achieving more reliability, accuracy and cost effectiveness in the supply chain.

As the strategic dimension of the supply chain becomes evident, decision makers require combined visibility and business intelligence to meet global challenges. Only by harnessing the analytical and predictive power of business intelligence based on data gathered in real-time visibility platforms, can companies achieve sustainable growth and a competitive edge.

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