Significance of “Integrated Supply Chain Management” in Area of “Value Added Services Age”

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ABSTRACT
Supply chain professionals are always evaluating possible inefficiencies and shortcomings of their supply networks to improve their ability to deliver to the customer. This is especially true in today's fast-paced, highly competitive environment where supply chain performance can provide manufacturers with a necessary edge. Some of the demand of “Current Market of logistic and services” are : 1] Value-added and Technology related services 2] Existence of Visibility 3] Minimal Cost-Control effect 4] Forecast of Risk free trading and last but not the least 5] Technology Specific Demand.
Our White paper has discussed how the “Integrated Supply Chain Management” has become a key to fulfill all the need the clients. By using its “Focusing”, “Visibility”, “Strategic Planning”, “Distribution of Knowledge Module” etc the solution is robust and dynamic and can map all requirements.

KEYWORD
Value-added and Technology related services, Existence of Visibility, Forecast of Risk free trading, Minimal Cost-Control effect, Analyzed by front-line staff, Technology Specific Demand, Improved cash flow.

1. INTRODUCTION TO “INTEGRATED SUPPLY CHAIN MANAGEMENT”
In today’s rapid world, the need of automated system is raising according to human requirement. People in this competitive world wants to manage a every things in an automated way to enhance and increase the “Capability of Record Processing”, “Searching of Required Item”, “Making reports on the selected item”, “Querying the selected or particular item or items features”. Today’s Logistic, Healthcare, Retail, Manufacturing, Food processing, Consumer Product are also trying to automate almost all the process, leaving a sort of option of “Human Interactions”. These “Human Interactions” requires for -- 1]“Providing Input”, 2]“Error Reduction or Cross Checking”, 3]“Placing Data/Information Form one Environment of Application or Solution Package” to other unsupported “Solution Package”, 4] Configuration of “Certain Application”, “Server”, “Solution Package” or “Connection in between two separate “Solution Space”. These much of interaction also may raise “Time Issue” at the time of processing orders or transactions.
Apart from the “Technical focus” on cost reduction metrix there are couple of other sectors like “Project Budget Prediction”, “Prediction of Raw materials consumptions”, “Strategic Decisions”, “Information and circulation strategies “, “Production strategies” etc, which may lead the - 1]“Cost Run-over”, 2]“Fail or delay of Production Process”, 3]“Fail to achieve the Delivery Time line of finish products”, 4]”Excess or run out of raw materials even on high demand time”, 5]”Failure of Transport Process”, 6]“Ridicules in Client Relationship”, 7]“Concern with vendor relationships”, 8]“Facing obstacle in “Current Competitive Market” and “Loss of Goodwill” etc.
The analysts have introduced the tools with the “Build in and Customizable Solution Space” from their industry experiences along with – 1]“General Process Flow”, 2]“Enterprise Decision Making system”, 3]“Business Logic and Analytical System”, 4]“ Fact finding and most important Condition Captured System”. “Supply Chain Management” is one module of the whole such solution package called “Enterprise Resource Planning”.
The “Supply Chain Management” cycle start from—1] “Ordering of raw materials”, 2]“Gathering of raw materials”, 3]“Production of Finish Product”, 4]“Inventories the Finish Product”, 5]“Supply the product to Distributer”, 6]“Tracking or controlling the product supply or circulation to whole seller”.
In the wider view of supply chain thinking, these additional activities are now seen as part of the work needed to fulfill customer requests. Supply chain management views the supply chain and the organizations in it as a single entity. It brings a systems approach to understanding and managing the different
activities needed to coordinate the flow of products and services to best serve the ultimate customer. This systems approach provides the framework in which to best respond to business requirements that otherwise would seem to be in conflict with each other.

2. REQUIREMENT OF AN “INTEGRATED SUPPLY CHAIN MANAGEMENT”
Supply chain professionals are always evaluating possible inefficiencies and shortcomings of their supply networks to improve their ability to deliver to the customer. This is especially true in today’s fast-paced, highly competitive environment where supply chain performance can provide manufacturers with a necessary edge. The basic need the “Supply Chain” today is seeking are:

1. Changed Market demand of “Value-added and Technology related services”: Globalization is accelerating, leading to large structural shifts for global supply chain organizations and new challenges to successfully manage supply chain performance. While past globalization initiatives focused on manufacturing and assembly, future globalization will also target product and technology development. By 2010, the need for greater supply chain flexibility will overtake product quality and customer service as the major driver for improving supply chain strategy. Many supply chain leaders have developed effective strategies to improve global flexibility.

2. Existence of Visibility: Visibility must be holistic and supported by appropriate decision-making tools that can help turn information into action. Providing information does little good without the capability to do something with it. Information, in this context is only powerful when it can be:
   - Consolidated for a multi-enterprise view across the complete supply network.
   - Analyzed by front-line staff using real-time manufacturing and supply chain analytics and data modeling for “what-if” scenario simulations; and Shared and collaborated on with parties internal or external to the organization.

3. Minimal Cost-Control effect: Pressures to reduce cost and penetrate local markets are the two key drivers of accelerated globalization.
   The demand of the organizations are the strong Response Management competency, organizations are armed with a key competitive differentiator. Having the process and technology in place that can demonstrate a company’s ability to offer superior responsiveness (and therefore superior operations performance and customer service) to changes in demand, supply and product is an extremely compelling value proposition given today’s marketplace.

Despite average cost reductions of 17% per globalization initiative, many companies have difficulty realizing savings in management costs. The gap between planned and actual benefits is caused by internal barriers that prevent full support of globalization efforts, and external network partners that fail to achieve expected performance.

4. Assurance of Risk safe transfer: Product quality and safety, as well as supply chain delivery and security, are the most critical concerns when expanding the supply chain globally. Four major risk mitigation strategies—including the deployment of company resources at supplier locations—are employed.

5. Forecast of Risk free trading: Logistic organization or Manufacturers need to transition from a supply chain driven strictly by forecasts to a demand-driven one. Companies are looking to establish a Response Management competency, whereby action teams throughout the supply chain are empowered with the right visibility and tools to quickly and effectively respond to demand changes as they happen - leading to such benefits as more accurate order promising, lead time reductions, and lower inventory levels and risk.

Big disadvantage of this traditional approach is that each manager will develop their own style of risk management system and documentation, each of which will need their own especially trained team. The staff or operators who are required to implement all risk procedures for the activities that they do will have a different format for each system and this can be confusing.

6. Acceleration of supply chain maturity, enabled by advanced supply chain practices, appears to have reached a plateau. Among those surveyed, supply chain maturity differs significantly across geographic regions and industries.

7. Technology Specific Demand: Long gone are the IT spending heydays. Today’s mantra? “Make do with less.” With much of the focus on keeping ERP running, IT departments have little interest exploring uncharted IT projects that require large dollars and precious resources they simply do not have.

3. CURRENT MARKET TREND OF “INTEGRATED SUPPLY CHAIN MANAGEMENT”
The worldwide market for supply chain management (SCM) software is expected to grow by 8.5% per year for the next five years, according to a study by ARC Advisory Group. The market was $5.5 billion in 2005, and ARC predicts it will reach $8.3 billion in 2010.

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According to Gartner, spending on SCM software reached $6 billion in 2007, increasing an eye-popping 17.6% over 2006. As was the case in 2005 and 2006, SAP remains the market leader with 22.4% market share, but Oracle and JDA Software have made significant gains as well. Market consolidation continues with 25 acquisitions and mergers reported for 2007, but certain best-of-breed vendors who continually deliver customer value in their applications remain as market participants, or market entrants.

The report reveals the following scenarios for all market giant of SCM:
- SAP’s SCM revenues grew by almost 32% in 2007 according to Gartner.
- Oracle and JDA on the other hand present a different scenario in their 26% and 67% respective market growth rates.

In 2008, SAP now holds 22.4% of the supply chain management (SCM) market, totaling $1.3 billion in revenue, up from 20% last year. Oracle holds 16%, totaling $955 million in revenue, up from 15% last year.

The companies have added couple of new attribute to their new solution space. The most important attribute is introduction of “Integrated Supply Chain Management System”.

The “Integrated Supply Chain Management System” provides “Service Provider” to incorporate with emerging markets and the growing availability of Software as a Service (SaaS). Companies are moving off spreadsheets, and SaaS is making SCM accessible to companies that otherwise couldn’t afford it, Gartner says. Companies can also approach SCM by adopting modules specific to their needs.

“Integrated Supply Chain Management” incorporated another more important feature that all customers were seeking for during past decades. All the logistic and mainly “Retail” organizations were wanting to

1] Track the data related with all phases and with external entities in a single repository and has the ability to provide a suitable secure interface.

2] The other main requirement was to integrated the data and “Positional Information” of goods to be store and accessible in system.

4.WHY CUSTOMER LIKE “INTEGRATED SUPPLY CHAIN MANAGEMENT”:
The “Integrated SCM” include the enhancements for tracking with additional focus on increasing network visibility and improved collaboration and planning across the business network. This collaboration across end to end business processes that span traditional company, department and software boundaries are now being demanded by customers.

The other features that made “Integrated Supply Chain Management” more likely solution for the customer are as follows:-

- **Closer collaboration with business partners to improve visibility**: Enhanced capabilities for outsourced manufacturing in SNC to improve supply network inventory and work order collaboration. Enhanced replenishment collaboration (vendor-managed inventory) with new and broader capabilities and a unique menu approach displayable in various levels of detail, depending on the supplier’s needs.

- **Enhanced planning to improve efficiency**: Enhancements to advanced planning and optimization, mainly in supply network planning as well as production planning and detailed scheduling to help businesses create new innovative planning scenarios that optimize capacity utilization and help ensure timely delivery.

- **Increased customer satisfaction** – It offers a common information framework that supports communication and collaboration. Integrated SCM enables you to better adapt to and meet customer demands.

- **Compliance with regulatory requirements** – Organization can track and monitor compliance in areas such as environment, health, and safety with “Integrated SCM”.

- **Improved cash flow** – Information transparency and real-time business intelligence can lead to shorter cash-to-cash cycle times. Reduced inventory levels and increased inventory turns across the network can lower overall costs.

- **Higher margins** – With Integrated SCM, company can lower operational expenses with more timely planning for procurement, manufacturing, and transportation. Better order, product, and execution tracking can lead to improvements in performance and quality – and lower costs. Organization can also improve margins through better coordination with business partners.

- **Greater synchronization with business priorities** – Tight connections with trading partners keep supply chain aligned with current business strategies and priorities, improving your organization’s overall performance and achievement of goals.

**CONCLUSION**

Future supply chains are likely to be more dynamic in nature, and consist of collaborative value networks in which productivity and efficiency are constantly maximized. Purchasing firms need to ensure that costs and risks are equitably shared across the supply chain. Risk management has become a strategic imperative – particularly for manufacturers operating in global supply chains.

The top most priority of the customer is its “Risk Reduction” which can take input from any of the data repositories in a
system with making interface with any kind of application, irrespective of Web or Console or stand alone applications etc. Secondly its “Strategic Advantage Providing Module” and “Planning & Forecasting Module” help us to implement a strategic partnership with client and vendor. Helps to make a full utilized plan module along with forecasting system. The “Decision Making System” plays here a big role. Last and not the least all these modules are integrated and capable to be incorporate with any other solutions. Hence it is cost effective and “Client Centric Solution Oriented”.

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