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Productivity, performance, profits: How data can drive competitive advantage in supply chains

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Forging links for better supply chains

The case for robust, flexible and adaptable supply chains in the manufacturing, warehousing and inventory sectors continues to grow.

Data-driven technology that provides an end-to-end overview of supply chain performance was once seen as something for only the big end of town, perhaps due to perceived factors such as high implementation costs or the management resources required.

However, widespread, fast and reliable broadband combined with cloud-based solutions are putting this technology within reach of more small-medium businesses (SMBs) and helping those with supply chains to make informed, evidence-based decisions to:

- optimise performance;
- improve forecast accuracy;
- better understand their workforce;
- improve employee engagement;
- supercharge productivity and efficiency; and
- better serve customers.

These use-cases for data-driven insights reach all corners of supply chains, and improved visibility can provide a competitive advantage by helping businesses to forecast future demand to help ensure product supply, improve efficiencies with greater visibility over operational stages, and provide a better customer experience through more accurate reporting of product availability and delivery.

82%

of global supply chain leaders plan to expand their cognitive analytics capabilities in the next two years[1]

56%

of global supply chain executives do not have access to real-time reporting[4]

13%

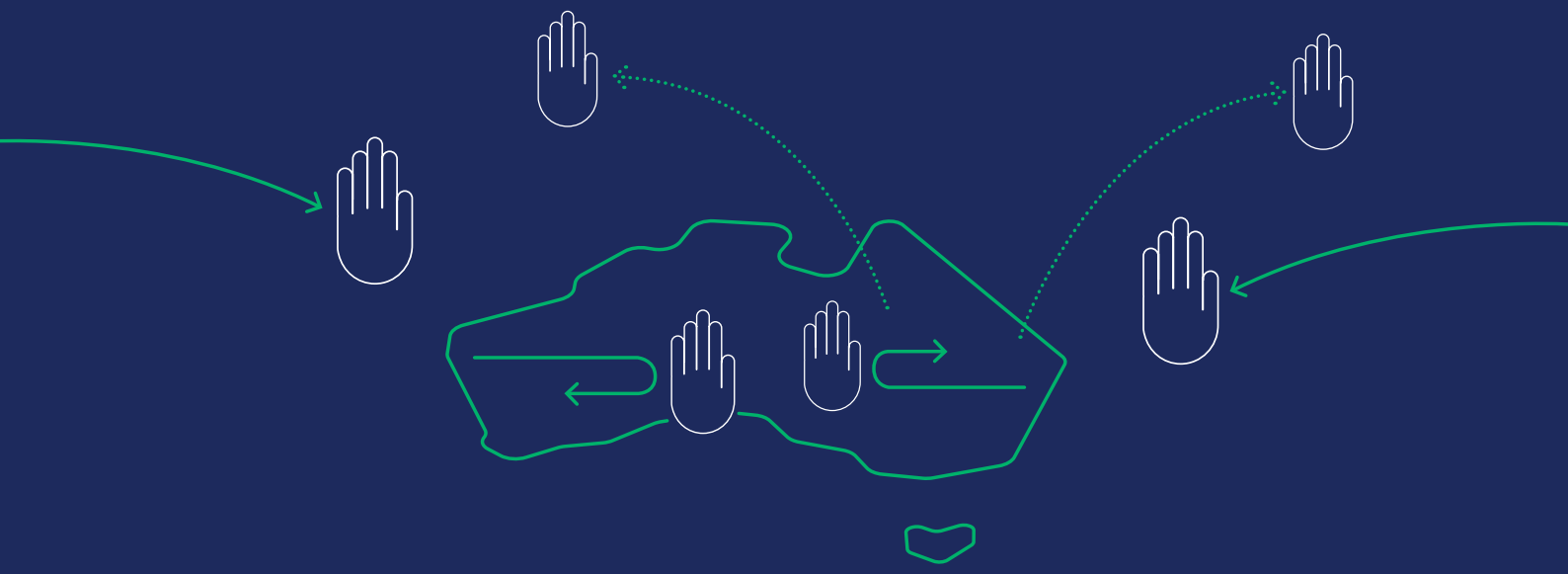
of global supply chain executives don't have complete end-to-end visibility of supply chains[4]

Why now?

In any business that relies on a supply chain, management by spreadsheet creates too much room for error, and the amount of time required to manually manage the process takes staff time away from other tasks that provide higher value.

Customer expectations are also increasing, putting additional pressure on logistics firms to be better, faster and more accurate. Those not yet set up to exploit the power of data-driven insights through cloud platforms or applications are missing an opportunity to glean detailed insights that can contribute to a more agile and adaptive supply chain – one that's capable of moving quickly to meet changing customer needs and responding to sudden market shifts.

Greater real-time visibility of supply chain performance has many benefits, particularly when expectations and requirements are constantly shifting in unpredictable ways.



"The new normal is going to be characterised by a lot of uncertainty. We don't know what demand is going to look like in three months or six months, so there has to be agility around ordering and there has to be agility around supply chains generally."

Hamish Browne, Chief Technology Officer, Wiise

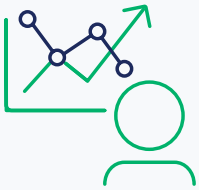
Increasing access in remote areas

Remote and distributed work are becoming the new normal, and cloud-based technology provides capacity to make all systems and data available anywhere and at any time. This is supported by the delivery of the **nbn**™ network initial build, which has enabled access to many underserved locations across the country, and has helped to support broader remote working activities.*

Understanding customers

Data offers previously unimaginable insight into buyer behaviour, revealing patterns, trends and profiles that can be used for targeted marketing campaigns, product development plans, service offerings and more.

*Read the disclaimer in full at the end of this document.



Forecasting demand accurately

Where once businesses were able to forecast based on past performance, the pandemic has changed everything. Markets are no longer acting as they always have, meaning businesses must pivot on customer demand. A strong way to develop a real-time understanding of the directions in which customers and markets are moving is via real-time data.

Improving workforce and customer safety

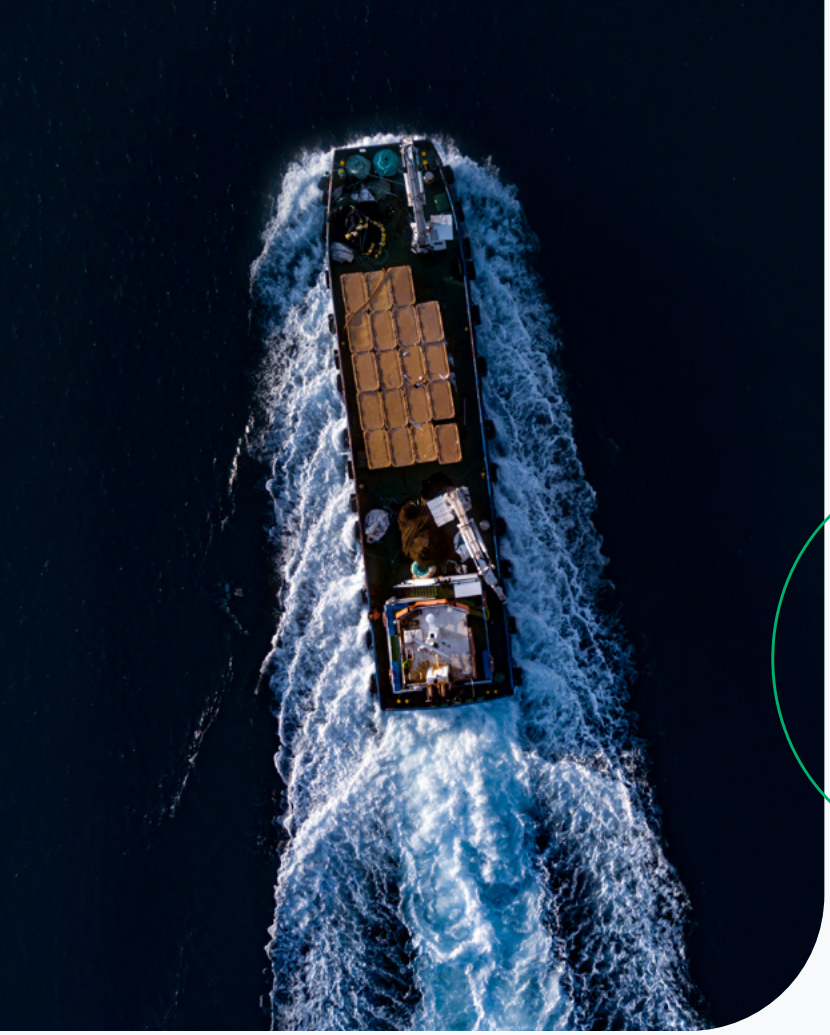
Technology introduces processes that are increasingly vital for a business' continued operations, such as contactless payments and other social distancing measures. Automation removes some human-to-human interactions, such as a truck driver handing over a delivery receipt. In the current environment, removing such contact could help a business keep operating.

Providing better customer experience

Better network connectivity and access to cloud-based services can also help SMBs provide a more seamless online experience for customers and boost retention efforts. Rather than having to call or email, customers expect answers on-demand and greater transparency over what's happening with their order. They also expect accurate information about stock levels, so as to avoid the dreaded message that a product they ordered is actually no longer available.

Automating time-consuming processes

The process from placing to fulfilling or receiving an order can be long and complex, including phone calls, emails and data entry. Or it can be completely automated, allowing staff to focus on higher-value work.



> **“We’ve all been able to focus on the areas we were hired for, rather than just administration.”**
>
> **Amy Turner, ICT & Procurement Manager at Pro Seafoods**

Case study: Pro Seafoods

Companies that have embraced technology are now comfortably achieving much more with far less. Consider the story of Pro Seafoods, an Australia-wide supplier and importer of ethically sourced, sustainable seafood.

When the business was going through a growth spurt, it became clear that the old way of tracking things wasn’t sufficient.

“It involved dozens of Excel spreadsheets and dozens of emails a day,” says Amy Turner, ICT & Procurement Manager at Pro Seafoods.

“We wanted to grow. We wanted to bring in more product lines [....] But we couldn’t do this with tracking our inventory and sales on an Excel spreadsheet. It was just too open to error and too manual.”

The business found about 80% of staff time was consumed by admin tasks. If it grew much more, staff would be overwhelmed and customer experience would suffer.

Turner says that’s when they implemented new technology, including cloud-based enterprise resource planning (ERP) software Wiise. Since then, the Pro Seafoods staff has spent just 20% of their time on admin.

“We’ve all been able to focus on the areas we were hired for, rather than just administration,” Turner says.

Staff are happier, customers are enjoying an improved experience, and the business has grown exponentially without any additional resources – apart from technology. Please note that Pro Seafoods is a customer of Wiise and is not connected to services over the **nbn**™ network.

End-to-end analytics

The future of supply chains is definitely digital, and layers of enabling factors make rich data insights more accessible for SMBs.

For example, better connectivity Australia-wide via the **nbn**™ network allows for more widespread use of Internet of Things devices and cloud-based services – even in remote locations.*

Greater network flexibility and connectivity combined with cloud-based ERP solutions can help businesses adopt new innovations quickly and scale efficiently – important steps to meeting the needs of a digital-first business.

> **"A lot of businesses have been working off a piece of paper. Having real-time visibility over your inventory is absolutely key to business success. I'd even go as far as saying that, especially for an SMB, that type of visibility is a new currency within a supply chain."**
>
> Henry Brunekreef, Director, Operations Advisory and National Leader, Supply Chain Management for KPMG Australia

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Anatomy of a data-driven supply chain[3]

Demand forecasting:
Analysis of sales data, market trends, competitors' data and economic factors.

Inventory planning:
Fully automated replenishment systems combined with demand forecast data get the right stock in the right place at the right time.

Warehousing:
Use of an ERP system to identify accurate inventory levels, delivery mismatches and incoming deliveries.

Distribution:
Real-time optimisation of distribution hubs, plants and warehouses.

Delivery:
Monitoring of delivery routes, weather and traffic – all in real-time – to get goods from A to B as efficiently as possible.

Scheduling:
Increased real-time visibility of inventory levels, demand and manufacturing capacity to improve scheduling accuracy.

Beat your benchmarks

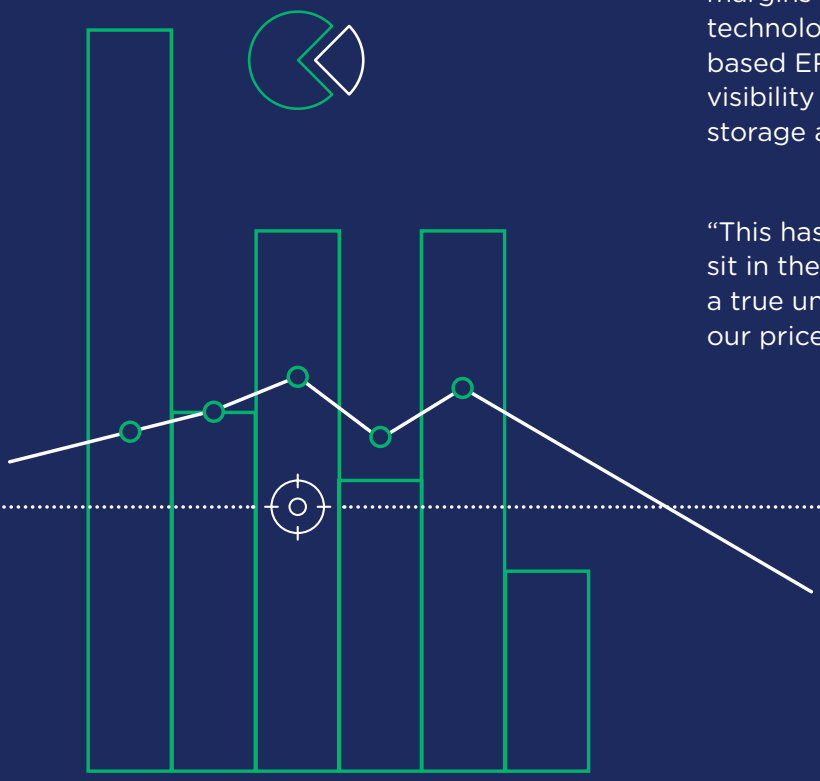
As performance is optimised, it's important to constantly iterate as nothing is set and forget. Benchmarking shows how you're tracking against pre-set goals, as well as performing compared to the market. Most importantly, it gives the management team clear information about whether the business is doing better than it has in the past.

Without reliable data, benchmarking is impossible. Greater network connectivity is an important foundation to make sure data demands are met, and cloud-based ERP technology can transform this data into richer insights for numerous benchmarking efforts, including:

- Delivery cycle time
- Staff satisfaction
- Productivity
- Sustainability
- Customer experience
- Profit margin per product.

Pro Seafoods ICT & Procurement Manager Amy Turner found it was only possible to accurately manage their costs and margins once the company had the right technology in place. For example, cloud-based ERP software has given them greater visibility over spending on transport, cold storage and packaging per product.

"This has helped us understand where we sit in the market and, because we now have a true understanding of costs, we can set our prices more appropriately," she says.



Industry insights: Impacts of COVID-19

Caleb Sexton, Head of Information Technology at Five Senses Coffee, says supply chain disruption in the time of COVID has required entirely new processes to be implemented.

What has been the major operational learning for you as a result of the COVID challenges?

Caleb Sexton: Being part of a company that sources materials from the other side of the world on a seasonal basis, I'd suggest some of our biggest learnings came from seeing just how much havoc could be wrought on our supply of green coffee.

The delays we've had in shipments, causing us to have to adapt our core products, are almost a weekly occurrence at this point. On top of supply delays, the USD volatility we saw a few months ago meant we had to think outside the box when it came to ensuring we had constant supply.

What does your new normal look like?

CS: I'm sure I'm not alone when I say the new normal for us is not knowing what's around the corner when it comes to delays from our suppliers, delivery delays to our own customers, and general volatility introduced by local or international restrictions due to COVID. It means we have to constantly be ready to adapt to an ever-changing landscape.

What technologies are helping you to do good business in an uncertain time?

CS: Anything that helps us get and share information faster, both internally and externally, to allow us to make decisions faster. Reducing the time-to-decision will be a consistent focus in the coming months. Monthly reporting? Forget it! I need weekly reports at the latest.

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For more on surviving and thriving in these disrupted times, visit the Australian Business Continuity website.

*An end customer's experience, including the speeds actually achieved over the **nbn**™ broadband access network, depends on the **nbn**™ access network technology and configuration over which services are delivered to their premises, whether they are using the internet during the busy period, and some factors outside of **nbn**'s control (like their equipment quality, software, chosen broadband plan, signal reception, or how their provider designs its network). Speeds may also be impacted by the number of concurrent users on the **nbn**™ Fixed Wireless network, including during busy periods. Satellite end customers may also experience latency.

Sources

1. The road to everywhere: The future of supply chain, KPMG, November 2019
2. Supply chains new world order: COVID-19 and the acceleration of economic nationalism, KPMG, May 2020
3. How big data is shaping the supply chains of tomorrow, KPMG, 2017
4. Leveraging data analytics for supply chain process improvement and risk management, KPMG, 2018

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