

Supply Chains with Backbone

For today's complex global supply chains, how does a company achieve a single version of the truth for order and inventory visibility?

Beyond the Reach of ERP

ERP systems promise to provide this, but in reality they rarely do. If having an effective logistics operation is a core requirement for your business, ERP solutions simply do not go far enough. Additional best of breed logistics systems are needed to extend visibility out into warehousing and transport activities, using warehouse management software (WMS) and transport management software (TMS).

Many organisations have compromised by integrating their ERP system with WMS and TMS solutions, using custom interfaces to update the order and inventory information in the ERP. However as organisations grapple with inventory spread across the world and global supply chains for order fulfilment, this approach can fall short.

Outsourced Operations

Companies are increasingly outsourcing their warehousing and transportation, often using different providers in different regions of the world. This means that inventory and transport movements are spread across a number of warehousing and transportation systems. It may even involve working with small transport operators, who have only a mobile phone to update you on delivery progress.

To achieve an accurate record of inventory in real-time in these circumstances requires a single unifying system that can be easily accessed via the internet.

Continuity of Vision

Whilst it is preferable to operate on a single ERP system, in reality larger companies are often running more than one ERP, perhaps due to acquisition or migration to a new system.

How do you ensure a consistent and reliable view of your logistics operation during these periods of transition, which can last for a period of many months or even years?

Systems Collaboration

Collaboration with suppliers from a system viewpoint means companies can benefit from up to the minute information on progress of purchase order fulfilment.

Take for example, an OBS Logistics client which manufactures cane furniture in the UK based on frames supplied from Indonesia. Systems collaboration in this case means that as the supplies are ready for despatch in Indonesia, the UK operation is notified immediately.

This in-transit inventory can be tracked as being held in a 'moving warehouse' and is used to plan customer order fulfilment, enabling deliveries to be planned with the customer. This streamlined approach increases visibility, enabling an improved delivery management service to the customer.

Single Version of the Truth

It is clear that supply chain information can be spread across a number of disparate systems, with no central place to go for a single version of the truth when it comes to global inventory and order information.

It is possible to link the systems using a multitude of bespoke interfaces, where one system is selected as the custodian of the information. This approach is, at best, difficult and costly to achieve. It can also prevent companies from taking advantage of system enhancements and is complex and expensive to maintain (see figure 1).

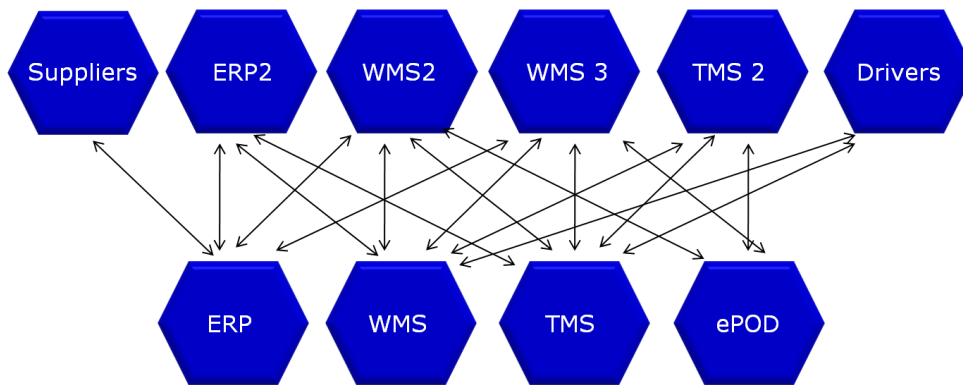


Figure 1 - Integration is complex and costly to implement and maintain

Creating a supply chain backbone brings together the information from these disparate systems in a central supply chain tracking system which provides the flexibility to grow with your business without the costs of bespoke development.

Supply Chain Backbone

CALIDUS TTM is a good example of a supply chain backbone (figure 2). It takes data from the various supply chain systems using standard interfaces (APIs). Using a web portal, customers, suppliers and staff can view a single version of the truth for orders currently being fulfilled; forward orders; inventory being stored; in transit inventory.

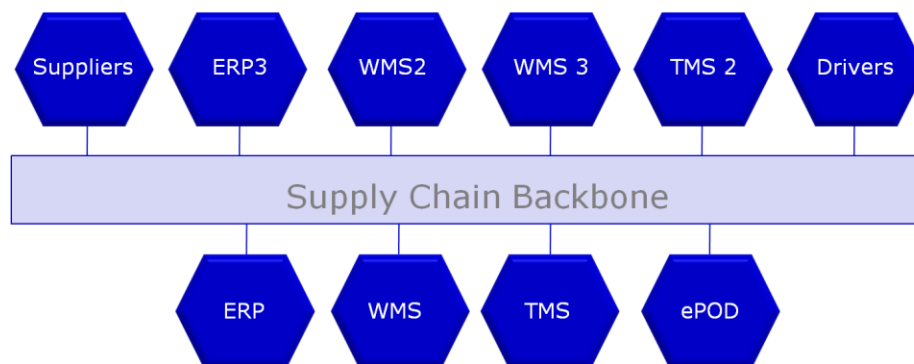


Figure 2 - Up to date inventory and orders - a single version of the truth

CALIDUS TTM will work with most ERP and logistics management software systems, including the best of breed *CALIDUS* TMS and WMS and ERP systems from the leading vendors, including Microsoft Dynamics NAV.

Ideally ERP and logistics systems should have the processes and data structures to support the required visibility. As an example, many TMS systems have no knowledge of the products and orders being moved, they simply work at consignment level. With *CALIDUS* TMS, we track at consignment, order and order line/product levels. Clearly this is important for both inventory and orders visibility.

Interestingly the Supply Chain Backbone can have other, unplanned benefits. A global consumer goods manufacturer deployed *CALIDUS* TTM to monitor the service provision of their third party logistics provider. The solution achieved that aim, and it also enabled regional product teams to promote the products that they actually had in stock in each region, thereby reducing inventory levels and increasing sales – so a good supply chain backbone can also improve your marketing. The system was deployed as a fully hosted service that enabled the client to adopt the solution without a significant impact on their existing systems infrastructure.

Fit for the future.

As often happens, addressing one industry need gives rise to further demands. Once you have a single up to date version of the truth for your global inventory and supply chain you are then ideally placed to use that information for stock planning, to generate stock movements, raise the right supplier orders and drive the demand to manufacturing facilities.

Could your supply chain benefit from a backbone? It probably could.

OBS Logistics Ltd is a UK headquartered company dedicated to providing operational business solutions to the supply chain sector. With offices in Europe and Asia, the company employs in excess of 100 professionals devoted exclusively to developing and supporting software applications for the warehousing, transportation and related industries. The *CALIDUS* supply chain, transport management and warehouse management systems are implemented in 57 countries.



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