Aankhen Inc.

Three Myths of Supply Chain Visibility

Executive White Paper

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Executive Summary

Inefficiency in supply chains is like rust. Once it starts it is difficult to stop and eventually leads to a failure in the chain. Supply Chain visibility is key to spotting the inefficiencies and proactively eliminating the inefficiencies before they cause failures.

Supply chains have to operate faster and faster every day to meet new consumer expectations. Same day delivery is now a reality for some, while others are trying to get to next day delivery. Amazon, Wal-Mart, and other retailers are setting the pace, slicing time off of shipping. You better be careful when '*liking'* a product on the internet, it may show up at your door! That's how fast good supply chains can be.

The performance bar is being raised and a new normal being established. Same day delivery and free shipping has many implications: buyers can wait another day to place an order and expect instant delivery. The entire supply chain has to step up its performance to meet those expectations. You cannot deliver what you don't have and you don't want to overstock. Information latency will cause bullwhip effects. These trends will impact your supply chain. If you are thinking about this, improving your supply chain visibility must be a key factor in your strategy .

If your supply chains extend to emerging high growth markets, what you cannot see will cost you. Smart visibility solutions will help you minimize first mile/last mile problems.

What is supply chain visibility?

There are many interpretations of supply chain visibility depending on your role in the supply chain. In the context of this white paper, supply chain visibility is supply chain information presented to a user in text, graphical, audio or visual formats for use in making business decisions.

The scope of visibility in this paper is limited to physical supply chains involving the movement of physical goods from one location to another location.

This white paper addresses 3 common myths with reality checks from our point of view and recommendations for your consideration to build better, faster and smarter supply chains.

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Myth #1: We all mean the same thing when we say 'visibility'.

Reality: Visibility is a point of view at a point in time. Everyone has one. It may change with time.

Answer to a simple question like 'Where's my stuff?' can result in multiple versions of truth from different sources and systems at different times. Carrier reports on time delivery, customer reports late delivery. Different versions of truth create conflicts and contention in providing quality customer service. In supply chains these result in increased safety buffers, lead times, safety stock, higher costs and poor customer service. The net effect: every inefficient link in the chain increases the costs for everyone in the network.

Visibility varies with the role of the user. A supplier, buyer, banker, 3PL, Customs Agent looking at the same data views the data from their context and past experiences influencing their decision at that point in time. For a supplier '*Shipped'* may mean the goods are loaded into a container/trailer. For a buyer it may mean the shipment has left the factory premises. There could be a gap of several days between reality and the two interpretations to sync.

In an omni-channel fulfillment involving multi-tiered supply chain networks, the effect of disconnects based on interpretations and decisions can be expensive. Getting everyone and all the systems they use on the same page is a challenge. Business-to-business (B2B) collaboration has addressed this somewhat using EDI, but new visibility requirements demand connecting many more end points dynamically which is not possible with EDI.

In emerging high growth markets, the options for implementing existing first world solutions are limited. New innovative approaches are required to meet the needs of those growing markets.

Recommendation: *Consider capturing accurate data without human touch eliminating bad data at source by using automated data capture devices and making the data available to all users and systems in near real-time eliminating data latency, duplication and versions of truth.*

Myth #2: We have all the visibility we need.

Reality: As enterprises age so does agility and visibility. Changes take longer to implement and support new business requirements.
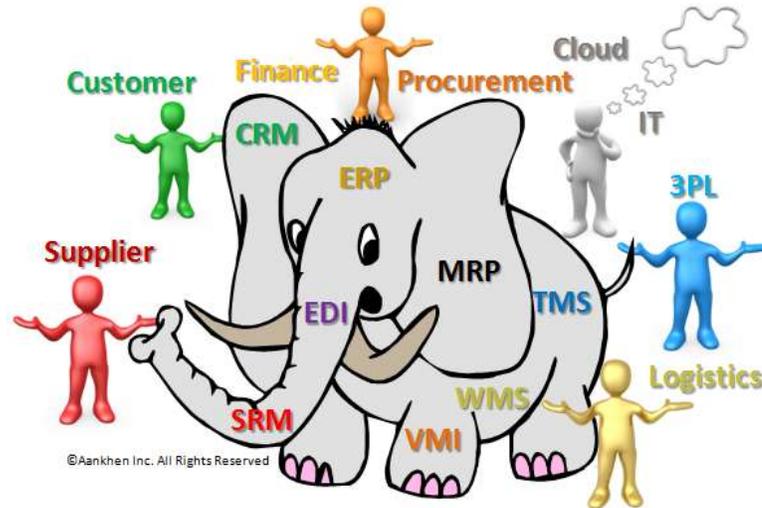
You may have the best ERP, Planning, WMS, TMS and B2B EDI systems. But, the systems are only as good as the data in them. Bad data distorts visibility. More data does not mean more visibility. Visibility has an amazing effect on improving the quality of data in systems.

Visibility is not limited to current real-time events and data only. It is the ability to look into the future. It is not about shipments which have not arrived or were not delivered, but about which shipments will not arrive or be delivered on time *before* they are shipped. The ability to see further into the future provides an opportunity to proactively manage it and gain a competitive advantage.

Globalization, Outsourcing, Off-shoring/Near-shoring, Omni-channel fulfillment create new requirements and demand continuous change.

New data required for decision making now resides outside the enterprise in other systems or in the cloud. The data is accurate, is automatically captured by smart devices and processed by new software running in the cloud. On-demand SaaS models enable new capabilities and functionality that can provide new visibility or take existing visibility to the next level without the high cost of complicated upgrades, integration and maintenance.

In emerging markets sophisticated software systems designed to address first-world problems may not be applicable or relevant to their business needs or priorities.

Recommendation: *Consider using new sources of real time data leveraging existing investments in systems with smart integration of pre processed value added intelligence instead of just raw data.*

Myth #3: Our supply chain works fine. We are ranked in the top 25.

Reality: Every supply chain can be improved significantly.

For top ranked supply chains it is not about doing the same things better, but about doing new things that make their supply chains better and going to the next level from good to great. This requires more collaboration and change in how supply chains work in their industry and removing inefficiencies in supply chains with new concepts. Successful supply chain concepts become the model for other companies to adapt, improve and emulate.

However, people, process and technology inefficiencies are masked by sheer size, complexity and organizational silos. Supply chains are outsourced at multiple levels. Resources and assets used by the service providers have themselves been outsourced to other service providers. Do you really know how your supply chain actually works? The reality is that significant gaps in visibility exist across the multiple tiers and web of outsourced service providers.

New technologies enable new ways to do business obsoleting existing best practices. Omni-channel eCommerce requires new processes, skills and technologies. Building faster supply chains delivering better customer service requires continuous reduction in the lead times to fulfill an order. How can you reduce the lead times if you don't know the facts of what makes up the total lead time at an actionable level? The facts change with the complexity of the permutations and combinations of orders, trade lanes, routes, modes of transportation, outsourced service providers and carriers to name only a few variables. New regulations such as Hours of Service (HOS) rules in the US can further impact lead times and costs. Technology can address the complexity with predictable and consistent M2M decision making enabling a smarter work force delivering better customer service and lower costs.

Recommendation: *Get to know how your supply chain really works. You will be surprised by what you see and discover about your supply chain. Continuously measure and monitor the implementation and impact of any changes you make in your existing, extended or new supply chain with actionable visibility.*

Getting to Know Your Supply Chain (KYSC)

Easier said than done? Yes, each supply chain is unique and each organization's priorities are different. There is no one single solution. The first step is to identify what problems to address. Aankhen has developed a unique innovative approach to provide the visibility you need to identify the problems that exist without adding complexity. Aankhen's experience is based on designing, developing and deploying innovative breakthrough solutions replacing mission critical global systems for enterprises considered leaders in their industries.

What is KYSC?

Know Your Supply Chain (KYSC) is a service offered by Aankhen. The service provides a non-intrusive and non-disruptive solution to see how your physical supply chain network actually operates in practice. The solution is applicable to physical movement of goods managed by in-house or outsourced logistics service providers. There is no software to install. No training required.

Why do you need KYSC?

If you really want to know how your supply chain works, KYSC is the easiest way to find out. If any of the following challenges are relevant to you, you should consider KYSC:

- Improving customer service?
- Are you planning to support same day delivery?
- New hours of service (HOS) regulations in the US will impact order fulfillment processes, systems and transit times. How will you estimate transit times to achieve on-time deliveries at scheduled appointment times?
- Nearshoring changes your supply chain network. Different processes, new carriers and logistics lanes to sustain the flow of goods and fulfillment require increased visibility. Do you want to realize the promised benefits of lower costs of nearshoring?
- Do you want to secure and prevent theft of your shipments?
- Container shipping costs are increasing $400-$600. How will these costs be compensated?
- Do you want to monitor the environmental (temperature, humidity) quality of your shipments?
- If you are shipping to or importing from a foreign country, do you want visibility to what really happens to your shipments in that country?
- When there is a port strike, floods or disruption to your supply chain, do you want better visibility?
- Are your supply chain KPIs or performance metrics accurate?
- Can your new product launches use more visibility and less stress?
- Where are the problems in your supply chain? Process, Systems, People, Service providers or Customers?

How can you improve your supply chain if you don't know what actually happens?

Contact Aankhen Inc. for a no-risk solution:

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