

Supply Chain Management and Internet Technologies; e-SCM for Today's Managers

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Abstract: Now days, the expansion of internet technology has led to the expansion of e-business and e-commerce. One of the most important aspects of every e-business is supply chain and supply chain management. The new topic in the area of supply chain management is the use of Internet based technologies and so, the emergence of the term “e-CRM” is also tied to the novel supply chain management on the internet. This paper, reviews the notion of e-supply chain management (e-SCM), its necessities and importance, and also suggests some recommendations to the today's managers. First section introduces the concept of Internet or Web based Supply Chain and the issues related to this concept. The second presents the necessary steps to follow for thee-SCM

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Supply Chain Management

Supply chain management – delivering the right product to the right place, at the right time and at the right price – is one of the most powerful engines of business transformation. It is one of the leading cost saving and revenue enhancement strategies in use today.

At the end of the continuum of trends that started off from Business Process Reengineering, Total Quality Management and ERP that have all addressed only the inner workings of an Organization, SCM aims at integrating the company's internal systems to those of its suppliers, partners and customers.

Technologies such as the Internet, electronic data interchange, transportation and warehouse management software, including software that manages plant scheduling, demand forecasting, procurement, make SCM a versatile strategy to adopt.

ESCM; Electronic Supply Chain Management

The Internet enhances supply chain performance and supply chain is crucial to our e-commerce success. As the supply chain evolves in the information age, the Internets capability to support tight coordination between business and channel partners means that all the information, transactions, and decisions that are the essence of synchronized supply chains will flow through the Web. Using the Internet to connect the systems of our supply chain partners will become the medium through which the essential processes of managing and synchronizing our supply chains are carried out.

This has become necessary due to customers' ever increasing demands. Customers whether they are business customers or individual consumers are looking beyond cost as the sole arbiter of value. They

are demanding innovation and personalization of not only the products but of the associated service and delivery.

Supply chains in all industries are encountering new requirements for competition in the e-business environment, characterized by mass customization, massive scalability, faster and more flexible fulfillment and the ability to develop new channels that attract and serve larger customer bases. Traditional supply chain initiatives alone, such as strategic sourcing, contract manufacturing and joint product development do not sufficiently prepare organizations for e-Business competition.

As you know, in the traditional supply chain, buying and selling materials means establishing long term relationships with vendors, distributors and retailers, with multiple inventory sites, long lead-times and fixed margins. Yet today, the marketplace, being the oldest of all business activities, is being reinvented. Companies can now buy and sell across a wide spectrum of emerging Internet enabled marketplaces.

This traditional approach will no longer be enough to continue to compete, what with shrinking product lifecycles that requires you to partner with customers and a broader range of suppliers to better customize product to those customers demands in substantially reduced time-to-market periods.

The message of the Internet-enabled supply chain is that the Internet will not replace supply chain management. Rather, it is an incredible medium that allows supply chain activities to be carried out in a truly synchronized fashion. Internet enabled tools and solutions allow development of cost efficient, service effective supply chains. However, speed is the key capability that defines the new supply chain in the

Internet age. Speed, cost reductions, and customer service are all impacted by availability.

This will be accomplished through better information to manage product flows from orders being placed online by our sales agents, call centers and clients to reducing inventory by outsourcing fulfillment and by greater collaboration between our supply chain partners to increase speed and flexibility, and the ability to create entirely new supply chain operations in conjunction with e-mediary deals.

Why e-SCM?

Supply chain has been viewed as an inflexible series of events that somehow managed to get products out the door. It often involved questionable inventory forecasts, rigid manufacturing plans and hypothetical shipping schedules.

The Internet has changed all that. It has transformed this old-fashioned process into something closer to an exact science. An Internet-enabled supply chain helps companies:

- avoid costly disasters
- reduce administrative overhead
- reduce unnecessary inventory (thereby increasing working capital)
- decrease the number of hands that touch goods on their way to the end customer
- eliminate obsolete business processes
- reap cost-cutting and revenue-producing benefits
- speed up production and responsiveness to consumers
- garner higher profit margins on finished goods

Effective integration of an Organizations supply chain can save millions, improve customer service and reduce inventories.

The key to getting optimum value out of automating our supply chain is to make sure you have our internal systems working well before you start extending them out over the Internet.

Here are a few tips to bear in mind while evaluating an e-SCM initiative:

- Get Perspective -One should envision the business as a whole including its current strategy and where it wants to go. Supply chain strategy is increasingly being integrated with overall corporate strategy.
- Don't Underestimate Learning Costs – The cost of training people to use new software should not be underestimated. Sending

information around the world takes lesser time than it takes to get into someone's mind!

- Link to existing architecture – Supply chain applications must link to existing enterprise resource planning applications. ERP serves as the nerve center of the organization. Ideally, it should be a single point of visibility for inventory and order taking.
- And last but not the least, Think Global, Start Local !

What do today's managers must do?

Mangers are advised to know and practice the followings in E-SCM.

- Learn how the Internet has changed traditional supply chain flows
- Define a framework for major business benefits from Internet-enabled supply chains
- Review examples of how companies have used the Internet in their supply chain operations
- Learn about e-business relationships, auctions, and public vs. private exchanges
- Discover how spot markets and contracts can be combined to lower procurement costs
- Define Web Services (XML, SOAP, UDDI, WSDL) and review a successful example of their application in a vertical market
- Examine characteristics (and likelihood of adoption) of possible future supply chains made possible by Internet technologies

Conclusions:

Unfortunately, many companies continue to focus on improving supply chain performance by reducing costs and/or improving customer service. While effective for certain traditional channels and markets, the Internet enabled supply chain requires a whole new approach to gaining and sustaining competitive advantage. Consider what our core competencies are and seek out third-party providers to use in such areas as call centers, manufacturing and logistics

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