

## E-SCM; Benefits and the Ways Forward

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**Abstract:** This paper reviews the potentials of using supply chain on Internet. At the first, the papers reviews the main processes involved in supply chain management. After that the author explores the key benefits and advantages of supply chain management on internet.

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### Introduction:

The advent of internet technology has had many advantages for the development of today's business and success in these turbulent business environment. Internet impacts all of business procedures from the product design to selling stage and customer services beyond it. In the product design it serves as a source of creativity and innovation, by putting the data available for research processes and also provides a lifelong learning platform for the improvement of creativity and innovation. In the public and service organizations also, internet plays an important role in digitalizing the processes and removing paper work for the people and the economy of the societies.

Need for the effectiveness of Supply chain management may be a result of need for profit or competitive advantage. For the profit making, internet plays an important role in simplifying the processes with reducing time, money and energy. For making a business competitive, supply chain management provides the transparency and accuracy for the processes and reducing time consuming processes.

### 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 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.

The necessity for e-SCM: **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

As we know, supply chain management has basic processes and these processes at all levels can use internet efficiently for making the process effective and competitive. Basic processes in supply chain management are as follows:

Planning for Productions  
 Buying process  
 Management of the Materials  
 Distribution of products  
 Customer services establishment  
 Sales forecast  
 Selling  
 Also Using internet for the supply chain has the following benefits for any person/organization:  
 Cost efficiency  
 Flexible distribution and buying system  
 Effective tracking  
 Easy access to the customers and gross material providers

#### **Cost efficiency:**

The use of internet for supply chain has a great importance in reducing the costs in the following areas;

- 1- Research for product design: in this stage, the internet provides very fast and cheap information to the business for designing the product or service in the most effective way. Also, internet provides the access to the best practices of supply chain and also provides an opportunity for creativity and innovation through providing the suitable and sufficient information for decision-making and combining the ideas.

Internet also provides the easy access to the suppliers of the raw materials and the customers. So, it provides the business all the needs for customer analysis and the analysis of raw materials providers.

In the buying process, the internet simplifies the purchase and also saves the time and money. It helps to the easy access to the suppliers and their contacts and price information. It also simplifies the buying process by providing the access to the quality and prices of the materials and payment flexibility.

In the management of the materials internet plays an important role in inventory management and online inventory checking and online bills and sale assessment and improvement.

In the distribution stage, it helps to the management of communications between suppliers and buyers and also between the business with its branches and customers.

In the customer service establishment internet provides a good image of the brand by advancing the customer orientation accurately, in a time saving and fast manner.

In the selling forecast, internet helps for research about the potential and current customers by providing the clear and advanced options for research.

In the sale process also internet provides the opportunity for email and website marketing easily and fast.

#### **Flexible Distribution and buying system**

In this manner, internet provides the ease of access to payment procedures and flexible choices for payment.

#### **Effective tracking:**

May be this function be the most important function of internet in the supply chain. As we know today internet has provided the opportunity for online communications and email systems. These options lets the suppliers and buyers the on time tracking and resolving potential problems for the products. Seller can ascertain that the product is in what stage and also the delay or timely delivery of the products in the exit and arrival path can be tracked in an effective manner.

The current study reviewed the potential and actual benefits of supply chain on internet. In this regard the benefits such as cost efficiency, flexibility and effective tracking discussed. The advantage discussed above are not all of the advantages of the e-supply chain management (e-SCM) but, are the most important ones. As we know internet is faced some challenges and problems regardless of its advantages in e-SCM. May be the main important challenge be the trust. The large volume of violations on the internet has produced many security and safety problems leading the uncertainty in the virtual environment. So the e-trust may be the most important issue that should be resolved in the future of e-SCM. Today, the internet protocols and software engineering have solved the problems but ethical and cultural issues are also should be resolved by the social development programs by the governments.

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