

Supply Chain Performance Management: Maximum transparency in the supply chain

// Many companies are determined to improve their use of information from individual internal and external IT systems as a way of meeting the challenges of a digital supply chain.

SupplyOn SCPM offers the true multi-enterprise visibility required to compare and analyze data from internal and external sources. With its wide range of analytical functions, SCPM plays a key role in maximizing working efficiency and global end-to-end visibility of the entire supply chain for all parties involved at all times. Once the SupplyOn integrated analytics platform is implemented in a holistic manner, turning real-time information into a comprehensive unified perspective of your business is no longer a challenge.

Business Challenges

Traditionally, planning, procurement, logistics and transport management have been separate processes. Whereas material planners determine how many parts are needed for production during the manufacturing process and order them while keeping an eye on safety stocks, suppliers use their own systems as do the transport service providers. What is delivered when and in which quantity can usually not be determined until the goods receipt.

SCPM unleashes untapped potential

The elimination of information boundaries between individual departments – often also referred to as silos – can unleash a huge amount of untapped potential that companies want to exploit in the wake of increased costs and rising demand for flexibility.

In using a holistic approach to “Supply Chain Performance Management” (SCPM), it is now possible to compare data from various internal company departments like purchasing and procurement (including cross-plant) with external data sources such as SupplyOn services and carrier systems to gain new insights and to immediately spot problems in the supply chain.

Multifaceted analytical functions

But there is another issue more important than the search for causes. This involves analyzing the impact of disruptions in the supply chain, such as a delivery delay: Do I have enough stock on hand to assure production or do I have to do some rescheduling? SCPM can help here as well by comparing demand, actual in-transit status, inventories and demand and then presenting the answers to material planners in a clear overview.

In the process, Supply Chain Performance Management additionally helps achieve overall optimization between plant logistics and transport costs: On-site inventories should be kept at the lowest possible level while still securing production supply in every case. Deliveries to the plant should also be calibrated as closely as possible to upcoming demand. To find this comprehensive optimization level, individual process steps must be digitalized and added to the integrated software services of SupplyOn SCPM.

SupplyOn SCPM offers a broad range of analytical functions. The results are then presented in clearly organized dashboards. This information includes an evaluation of the delivery quality

of suppliers and carriers, cause analyses, various target/actual comparisons, usage reports on individual services, data quality, analyses of inventory/demand and transport or costs through to the part number level.

SCPM as the basis for Industry 4.0

When companies look beyond the horizon of their daily business operations and begin to think about Industry 4.0 and Smart Factory, or self-managed production, they soon realize that a stable supply chain and a reliable forecast of quantities and schedules are prerequisites for Industry 4.0. With its wide range of functions, Supply Chain Performance Management plays a key role by delivering the required information and data for an optimal production supply. Many companies are currently occupied with the task of fitting their manufacturing machines with sensors, in other words: preparing them for Industry 4.0. As part of this process, machine data is dovetailed with commercial data in such a way that planning and simulation is improved and becomes more agile.

Supply Chain Performance Management plays a significant role in this respect, when it comes to supplying the necessary information and data for optimum production supplies. The ERP system begins with information on forecasts and customer orders. The MES system provides production data such as production status, lots sizes and quality data. The transport management system then supplies transport orders, inventory information from hubs as well as Track&Trace information.

Last but not least, the warehouse management system provides information about stock levels from different warehouses. All of this data is important for planning and provides an overview of when and on which machine a customer order can be manufactured. The provision of near-real-time data enables new possibilities in planning, which is transformed from static planning to planning that is more dynamic.

These new possibilities allow reduction in order and delivery times, which, on the other hand, could lead to uncertainties in the supply chain. That is why the manufacturers prefer to have information from their suppliers regarding the quantity and progress of production as soon as possible, which makes sense. The integration of up-to-date data from the supplier (from their production department, for example) and the logistics company means that planning can be more precise in the future and as a result, improvements can be made to the volatile order process. This makes it possible to avoid problems in production with the supplier and the purchasing company.

Conclusion

If Supply Chain Performance Management is implemented in a holistic manner and realized as an integrated solution with all other supplier-related collaboration processes, the analysis functions become embedded and provide the best possible advantages: maximum working efficiency and end-to-end visibility of the entire supply chain for all parties involved at all times – from the order right up to the invoice.

For more information about Supply Chain Performance Management go to www.supplyon.com/en/solutions/supply-chain-performance-management