

PERSPECTIVE

The Death of Distance in Supply Chain



-Shyam.R.Rao

Abstract

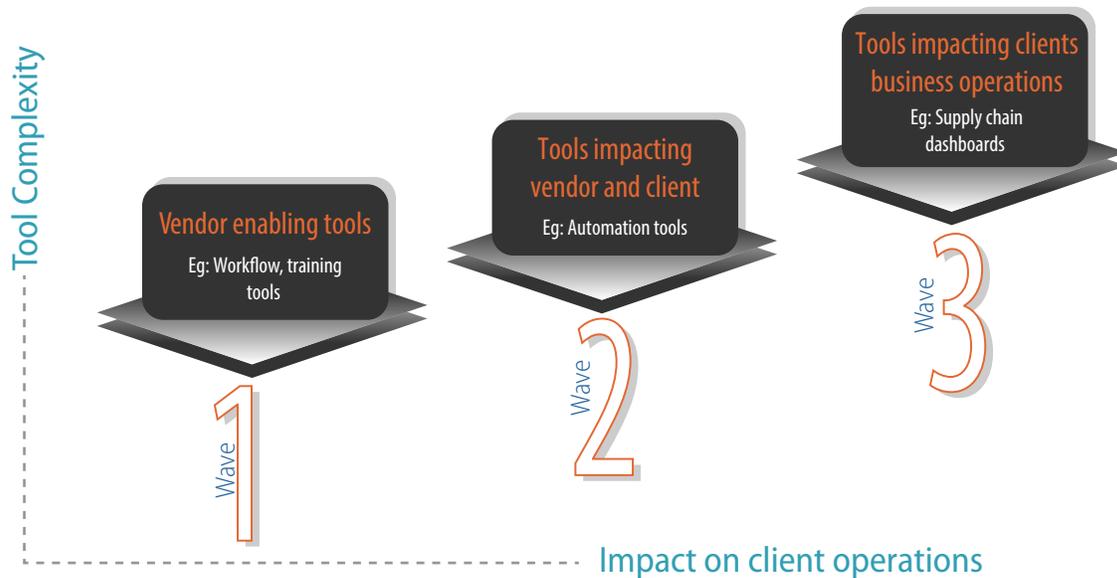
Technology as an enabler of BPO operations has moved beyond process and productivity improvements to being an enabler of the client's business performance. Supply Chain BPO services offer the greatest potential in transforming the client's business operations by bridging the distance between front and back office supply chain processes. Supply Chain Visibility dashboards in particular have the ability to enhance collaboration between the client and BPO vendor to optimize the global supply chain in real time. We explore the potential benefits and impact the SCV dashboard can bring about in managing the supply chain in an outsourced environment.

Introduction

As the BPO industry has matured, it has developed more and more sophisticated tools and technologies to enable its processes. The move has been from simple

inward looking tools like workflow and training tools that enabled the vendor's functions to automation tools which help boost productivity and improve client's

back office functions. The next wave of technology in this growth curve will be those that directly impact and enable a client's business functions.



Wave 1 technologies

addressed the key concerns of an industry in its infancy - the enablement of operations in a stable and efficient manner. Workflow tools and technologies to enable knowledge capture and transfer were, hence immediately put into practice to ensure that the operations at the vendor's offshore locations were planned and routed through smoothly. The outcome was the successful transfer and performance of back office operations at the vendor's premises.

Wave 2 technologies

addresses issues such as improving the productivity of client's processes being performed by the vendor. Automating tools like macros, OCR etc help to reduce effort involved and thus reduce costs and increase efficiency of processes for the client and vendor

Wave 3 technologies

will go beyond the process and enable the business performance of the client. This will involve moving beyond the process and look at impacting the business metrics of the client. Thus Wave 3 technologies will enable BPO organizations to go beyond the incremental benefits from initiatives like six sigma, kaizen etc and achieve exponential benefits from leveraging "tech as a multiplier" in its processes. This will be particularly effective in functions like supply chain wherein the use of technology can bring about increased visibility and the ability to pro-actively remedy and optimize the value chain in real time.

Enabling the Supply Chain

The supply chain provides a fertile ground for the implementation of Wave 3 technologies due to the challenges posed in this area, as well as the exponential benefits available from implementing tech based solutions to these challenges. Supply chain managers are typically confronted with several obstacles in their efforts to optimize the value chain in real time:

- The components of the global supply chain are disbursed across multi-location, multi system and across partners/customers with varying requirements and demands with no common platform
- Organizations also tend to have multiple legacy systems that will not talk to each other seamlessly
- Observation of “danger” signals cannot be done in real time and remedial actions taken in retrospect sometimes result in greater damage leading to inefficient supply chains
- Out sourced back office components of the value chain further complicate the end-to-end visibility and control of the supply chain Supply chain managers are hence increasingly looking at visibility dashboards that link the various components/ systems together and provide a consolidated view of the performance of the supply chain through well-defined KPIs. These dashboards combined with analytical and collaboration tools will help monitor and influence the supply chain to enable real time optimization.

The Supply Chain Visibility Dashboard

A supply chain dashboard will typically involve 4 components:

1. **Configurable metrics** - Specific KPI's which cover both process (TAT, accuracy, productivity) and business metrics (inventory turns, perfect orders, DSO) which can be customized by supply chain managers to capture their business imperatives
2. **Supply Chain Exception Management (SCEM)** - by alerts generated from pre-set values to above metrics. These alerts will be routed through role based user hierarchy
3. **Analytical and Collaborative tools** - which enable drill down root cause analysis and collaborative problem solving of above exceptions
4. **Track resolution** - through reporting of status and impact of corrective actions identified above

An important feature of the dashboard is its ability to link varying systems together and enable the client to view the consolidated supply chain and collaborate with the BPO vendor of back office supply chain processes to influence and optimize it in real time.

Benefits of a Dashboard in Supply Chain BPO services

A major risk that organizations face in outsourcing back office processes of a supply chain is that of distance - distance

from supply chain partners, distance due to time zones and distance due to varying systems that prevent visibility and inhibit real time control and optimization of the supply chain. By integrating supply chain visibility dashboards into the outsourced environment, this risk of distance can be effectively addressed and overcome. Some of the benefits of this integration of dashboard technology and BPO services in the supply chain area are:

- The death of distance in the supply chain - thus enabling real time monitoring and control of back office supply chain processes
- Collaborate in real time with the back office BPO team to optimize the supply chain by cross/ upselling, expedite/ substitute, prevent stock outs and increase conversion ratios
- Provide a productivity tool for the client to manage offshore operations by moving the needle from process metrics to business metrics¹

Thus by enabling supply chain visibility through SCV dashboards in an outsourced environment will de-risk offshore supply chain operations and ensure real time operational control and optimization. This would of course work best when client and service providers collaborate to ensure that all touch points in the process are optimized through the application of the technology.

¹ Reference: Vijai Kumar Balachandra & Radhakrishnan Prashant, “Moving the needle in Order Management outsourcing: From Process metrics to Business metrics”, BPO Journal II, 2008

Case Study

A global provider of imaging technology products and services wanted visibility into its service and product performance which include products like digital cameras, printers, imaging accessories and equipment. It also needed the ability to track consumer concerns, calls, and problems with products, returns and replacements. The company partnered with a service provider to create a plug and play supply chain visibility and collaboration workbench based on Microsoft BI stack which consolidated information fragmented across the company's multi-tier, multi-system global supply chain. This customized workbench/dashboard provided the client with a platform to monitor and control its supply chain in real time by detecting signs of possible failures and resolving them proactively. This visibility into product defects and the agility in resolving them has enhanced call center/back office performance and reduced repair and return rates, driving up overall customer satisfaction.

Conclusion

The supply chain provides immense scope to enhance and enable the collaboration and optimization of processes between the client and his BPO partner through the implementation of next generation tools and technologies. Supply Chain dashboards which bridge the distance between the front and back office components of the supply chain and bring about visibility into the client's global value chain in particular will help BPO vendors to go beyond process improvements and truly impact the business performance of the client's operations.

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About the Author



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Shyam has over 17 years of professional experience in supply chain, inventory optimization and after sales operations. He is responsible for conceptualizing and implementing shared service and outsourcing solutions and has led several solutions and consulting efforts for clients across the supply chain and sales operations domains. Prior to Infosys, Shyam worked in the procurement and supply chain functions in the hi-tech manufacturing and financial services industries. Shyam is an alumnus of the London School of Economics.

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