SUPPLY CHAIN TRENDS 2014

CHALLENGES AND SOLUTION APPROACHES DERIVED FROM PRACTICAL EXPERIENCE

"Centralization is a key trend that has an impact on other trends. Today we finally have options for defining global KPIs for the development chain, setting global throughput times, measuring error rates, introducing productivity indexes and determining customer satisfaction."

Dr. Eleonore Steinert
VP Supply Chain Business Enhancement, Unifiy GmbH & Co KG

COMPANY

Unify – formerly Siemens Enterprise Communications

Unify, formerly known as Siemens Enterprise Communications, is a joint venture of The Gores Group and Siemens AG that originated in 2013, making it the world's leading provider of communications software and services. The new name reflects the vision of the company: Promoting the convergence and standardization of customer communications systems. The synchronization of technologies, a rewarding user experience and seamless integration of communication in business processes supports a growing number of mobile employees who now collaborate with more intensity and efficiency. The company employees some 9,000 people and serves customers in 90 countries.

SUPPLY CHAIN TRENDS

Eight ideas for developing the supply chain

Those involved in the supply chain of the future, spanning the areas of production, logistics, sales, installation and service, will be confronted with the following trends. The first is a key trend of the highest priority, whereas the others represent theses that do not reflect any particular ranking.

1. **Central management and control:** The trend toward centralization continues and will grow in significance because central control always leads to centralization. Enterprises are making high demands when it comes to central overviews of all supply chain processes, not to mention standardization and transparency.

2. **Optimized planning:** The precision of supply chain planning across all industries is 50 percent on average, which is an extremely low figure. Requirements such as global forecasting, along with sales and revenue planning, demand a much higher level of accuracy, whereby the solution approaches are rather few in number.

3. **Mitigating risks with suppliers:** Natural disasters, war and unrest have revealed the interdependencies in the global supply chain; single-source strategies in the supply chain are being called into question.

4. **Faster reaction times:** Dynamic customer demands necessarily require higher flexibility when it comes to production, processing and logistics, plus faster adaptation to customer wishes: B2B is oriented toward the consumer segment in such cases and thus makes fast adjustments in logistics a necessity.

5. **„No touch":** More and more processes, ranging from the customer's order to final billing, are conducted without any manual intervention; enterprises will be focusing on the coordination of various no-touch processes performed by their own employees or by external service providers.

6. **Finance and controlling „discover" the supply chain:** After many years of keeping their main focus on sales and service, cost controllers are now taking a closer look at the potentials of the supply chain. Competitive advantages are possible here through reduced costs and better closeness to the customer.

7. **Logistics and transportation providers as hub:** Logistics providers must accept a new role by serving as information and management hubs. In the future they will not only provide transportation, but also information. This is especially true in the last delivery step at the customer site. For example, logistics providers will serve as a channel for communicating customer feedback to vendors.

8. **Green logistics:** Sustainability in logistics is currently not of primary importance and is poorly funded. Only one-third of all providers offer products with reduced levels of CO2 emissions. Transportation today costs very little and plays an extremely minor role in the supply chain in comparison to other cost factors. That's why, unfortunately, there is very little pressure to optimize and reduce CO2. But that will change in the years ahead. The potential for differentiation via green logistics is just starting to grow.

CONCLUSION

Some of these trends are already being realized, but that doesn't mean they have become a reality. In general these involve long-term processes. And the hurdles that must be overcome to ensure realization should not be underestimated. A departure from the single-source strategy requires investments in product development, and the optimization of transportation services demands agile shipping companies; to date no-touch processes have only been mapped for process types that are not complex, and green logistics are subject to the pressure of costs and flexibility.

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