

# COMMUNICATION ENABLED SUPPLY CHAINS

Matthes Derdack assesses the value of an automated supply chain



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**M**anaging just-in-time production and just-in-time delivery is a challenging task for most companies. One role of IT in supply chain management (SCM) is to integrate processes and share important information, for example inventory levels, demand and transportation availability. As supply chains spread globally, a company's role and status in these networks are both highly dependent on other network members and more vulnerable to interruptions and delays. Therefore, collaboration and information exchange between different players within the supply chain or network becomes essential.

Common approaches include linking IT systems or working on central collaboration platforms for data and information exchange. But there is an almost untapped area of integrating multi-modal communication technologies, and enabling IT systems and staff managing and operating supply chains to get in touch more quickly and efficiently with other supply chain members, suppliers and customers.

There are various fields of application. Shipment information to customers is a very basic example of supply chain notifications and higher customer satisfaction is just one outcome. Where full integration with suppliers' IT systems is not possible or feasible, due to incompatibilities or security concerns, automated system-to-person communication will prove useful. Instead of cumbersome person-to-person communication, automated notifications from SCM systems to suppliers or logistics partners can be a lot more efficient. It is often a simple cost factor. For instance, instead of running an outbound call centre, automated and auditable SMS notifications can reduce costs significantly. One example of the success of this is at a major port where inbound containers can only be stored for a maximum of two days

without charge. Timely notifications via SMS or fax to suppliers or customers who are waiting for the shipments can have a significant economic benefit.

Ideally, the individual members that make up a supply chain can freely choose their preferred method of contact. Whereas e-mail might be applicable for office workers, it might not be suitable for HGV drivers. And for many reasons, including legal ones, audit trailing of communication processes is mandatory.

In emergency situations, successful crisis management benefits from rapid and reliable notifications to all affected members of the supply chain. Communicating any issues, such as logistical problems or natural disasters impacting the supply chain, is necessary for efficient production planning and to prevent a negative economic impact on dependant supply chain members.

However, integration in SCM systems as well as automation and reliability of notifications are key to a successful outcome. A very basic but recent personal example relates to a digital camera that I wanted to order on a retailer's Web site but was not yet available on the market. I signed up to be alerted via e-mail when the camera was in stock, but that e-mail never arrived. Instead I ended up purchasing the camera elsewhere, yet I was still left wondering where the original retailer's process had gone wrong. Was its underlying process really automated, or were e-mail addresses simply collected in a call centre agent's inbox ready to be actioned. How much better would it have been if I had received an automated e-mail notifying me of the camera availability on the first day of sale with a link to a Web site where I could purchase it online for delivery within a short period of time? Even this small example underlines the fact that the essence of communication-enabled supply chains is automation. **P**