

The Internet of Supply Chains – Digitalisation and Collaboration

The availability and quality of data is developing into a key factor in successful supply chain management. But whether data becomes a blessing or a curse depends primarily on the extent to which businesses along the supply chain cooperate in getting the most out of their data.

One of the greatest challenges facing businesses today when it comes to data, particularly Warehouse and Distribution hubs is quality. Digitalisation plays a big role here by interlinking data from a wide range of sources. Digitally interconnected processes that draw upon large volumes of validated data can enhance the quality of logistical services by making it possible to determine delivery dates more precisely, use transport capacities more efficiently, and plan personnel deployment in distribution hubs more reliably.

This depends on modern, integrated logistics systems, which make it possible to obtain higher-quality data. This in turn helps provide all supply chain partners with new and more comprehensive information. This information is available in real time to all participating network partners.

All this was put together in a paper by the Siemens subsidiary AXIT an IT company specialized on cloud-based solutions for supply chain management. The paper called "Data: Blessing or Curse?" also explores the obstacles that logistics professionals face on the road to the digital future and is available for free download at www.axit.de/en/expert-paper-data.

Businesses that wish to digitalise their processes must embrace change and cannot stand on the side-lines too long. In order to showcase the wide range of possibilities and advantages of a digital supply chain AXIT



together with the Chartered Institute of Logistics and Transportation (CILT UK) is organizing a one day conference on 26th April 2018, at the Thistle Hotel next to Heathrow/London, Bath Road. We are pleased to have seven strong speakers from differing parts of the supply chain, including Microsoft UK, Arviem AG Switzerland, IBM London and Siemens Traffic Systems who will present their views, experience and take questions.

At every connection in supply chain management, digitalisation is gaining momentum as more companies seek to see how they can gain more efficiency across external and internal logistic and supply chain functions. This conference will bring to the forefront technologies focused on securing data, mitigating risks, creating supply chain visibility and connecting silos with collaborative processes. And last but not least it's a great networking opportunity. For a review from last year's event, further information and registration visit www.axit.de/en/cilt.

SIEMENS

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BigChange Service delivers custom Smartphone Apps for customer bookings

BigChange has broken new ground with the launch of a customised booking App service that gives companies their own specially-configured and own-branded app on the major App Stores. The App allows business customers or consumers to arrange a transport service, fulfilment and shipment or order any other type of service, instantly at the touch of a button from any smartphone or tablet. Fully integrated with the BigChange cloud-based job-management system, the App is real-time synchronised with transport scheduling giving customers immediate, automatic booking confirmation. Transport businesses will also use the app to book vehicle inspections and servicing, as well as urgent reactive work such as tyre repair and replacement.

Easily customised and branded, customers simply download the apps for free from Apple's App Store or the Google Play Store. Customers can book jobs in seconds; they simply select the type of service they require, enter the location and required time. Bookings are instantly confirmed and payment is made by credit card or on-account for business customers.

"For any business looking to offer exceptional customer service, our new booking app allows customers to book services instantly at the touch of a button. So whether booking a parcel or pallet collection, a vehicle hire, or a fulfilment and shipping request, businesses can now offer an on-demand, real-time service," says Martin Port, BigChange Founder and CEO.

For operations, BigChange handles everything from delivery scheduling and routing through to health and safety and proof of delivery. Bookings are intelligently scheduled and allocated to the most cost-effective resource, based on distance,



availability and capacity. The tablet links to fleet and delivery management cloud-based software and gives access to a host of integrated features such as POD, hire forms, driver hours and pre-use vehicle safety checks.

"A lot of business owners think that apps are costly to develop and are only for big businesses. Up until now, that has often been the case. However, we're on a mission to bring the on-demand revolution to businesses of every size and in every sector" explains Port. "Our 'app as a service' model means a highly professional booking app is quick and simple to deploy and is affordable."

"The booking apps allows businesses of any size to offer a smartphone booking capability at minimal cost" says Port. "However, we realised many transport, logistics and hire businesses do not have the time, IT expertise, or resources to implement complex systems. So, we make everything really easy and we provide an express deployment service to get apps up and running in minimal time, with minimal disruption".

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Optimising your warehouse for ecommerce: 6 ways an ecommerce warehouse is special

Whether you have a pure e-tail, a multichannel, or fully integrated omnichannel business, ecommerce is booming. Fuelled by mobile and tablet sales, it's a mainstream shopping channel and according to eMarketer's estimates, ecommerce sales at US\$2.3 trillion, accounted for one-tenth of total retail sales worldwide in 2017. That's a phenomenal amount of money and set to exceed US\$27 trillion by 2020.

What's also interesting is that many businesses mistakenly prioritise improvements to their website when they consider their ecommerce strategy and focus their investments on the 'front-end'. The average development cost of a fully functional ecommerce website is frequently in excess of £100,000 and many companies will invest much more into developing a highly sophisticated online store front. Yet this expenditure can be to the detriment of back office operations including the warehouse, which, out of sight for the customer, can be overlooked. This is short-sighted because as experienced ecommerce businesses will testify, getting the back end of an ecommerce operation right is actually more important for long term

success than having a sophisticated front end store.

As James Runciman, DC Operations Manager at Animal, a fashion sports-wear brand and longstanding customer highlighted in Indigo's latest white paper, "the warehouse is effectively the hub of an ecommerce operation and has to fulfil the promises made at the front end. It's very easy for someone to create a compelling offer for consumers, but someone has to physically ensure that those expectations are met, which is where the warehouse comes in."

Optimising key warehouse processes is essential to running any efficient ecommerce business, by allowing a wide combination of order profiles - from traditional bulk orders to smaller e-commerce shipments - to be fulfilled efficiently and by providing the right level of stock visibility to avoid disappointing customers. Here are 6 important reasons why e-commerce warehouses need careful optimisation beyond that required for the fulfilment of traditional order delivery profiles.

Resource intensive, single item order profiles

Every warehouse is unique, with specific requirements

and conventions, often based on the businesses' industry sector and typical order profiles. In a traditional warehouse, bulk orders would typically be placed with retailers, who then sell direct to the consumer - either via mail order or through retail outlets. This is not the case in an ecommerce warehouse, regardless of whether the operation is purely online, multichannel or omnichannel. Instead, mainly single item orders are being placed 24/7, with an expectation from the consumer that they will be receiving their goods as quickly as possible, in perfect condition and preferably, with no extra delivery charges.

Unpredictability of demand

This presents an ecommerce warehouse with very specific challenges to overcome. Traditional bulk order fulfillment methods are not viable and without the right level of optimisation, single order fulfillment is too costly to sustain in the long term, due to the extra time and resources required. So too is managing the sheer volume of orders placed. For example, a wholesale customer will order a set number of units to be delivered on at a future date, which is straightforward to plan ahead for. Instead with

B2C ecommerce, a promotion can mean coming into work in the morning faced with thousands of orders to fulfil. This can be difficult to manage cost efficiently.

High price sensitivity

Although margins in an ecommerce business should theoretically be higher due to the removal of 'middlemen' in the supply chain, consumers are highly price sensitive and competition in many sectors is intense. The practice of 'showrooming' means retailers are often competing on price across multiple channels, with customers viewing an item in one outlet before placing their final order with the lowest priced vendor. In these situations, value adds and customer service are key to winning the deal without compromising margins too heavily.

Expectation for free deliveries

A general trend towards free delivery is emerging. Consumers have become reluctant to pay extra for standard delivery services and intensifying competition levels means retailers are responding with ever more attractive offers to secure sales. Although services like click and collect are growing very rapidly, the vast majority

of customers tend to prefer free standard delivery.

Micro-optimisation of processes

Meeting all these expectations requires careful synchronisation of warehouse operations and sales order processes to ensure that orders can be shipped on time and in full. Not only does this avoid disappointing the consumer, but it also means that a warehouse can be run more efficiently. When sales margins are so small they can be calculated in fractions, every little bit of optimisation adds up to significant savings being achieved over the long term.

A seamless, convenient service

Customers also expect a seamless interaction with the multichannel and omnichannel brands they buy from online. Ecommerce has boomed because it is convenient and customers expect the same level of convenience, information and a personalised service, at every stage in the buying and returns process. Brands not delivering according to customer expectations and providing a poor experience, run the risk of being publicly shamed on social media and prominent consumer review



websites, again illustrating the pitfalls of focusing too much on the front end store front and neglecting vital back office operations.

Getting the core ingredients for successful ecommerce right falls squarely into the domain of supply chain strategy. No longer a back-room function, the opportunity presented by ecommerce has propelled warehouse and logistics operations - and the wider supply chain - to become a highly strategic business centre. Contrary to popular belief, it is the warehouse and not the website that is the hub of an ecommerce operation. Author: Eric Carter, Solutions Architect at Indigo Software.

INDIGO SOFTWARE

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