

Supply chains and the Internet becoming inseparable

June 26, 2008 By Piyush Shah (pictured), CEO Deltion and CarrierNetOnline

Can you imagine running a supply chain without phones, faxes or email? One where you were dependent upon the mail for orders and information? In this information age, that is truly a business nightmare. But, the time is rapidly approaching when we will not be able to run supply chain and logistics operations without Internet services.

The Internet, with its AAA (anyone, anywhere, anytime) facilitating of real time information, has had a major impact on many businesses and their activities, in particular retailing and business-to-consumer operations. Logistics operations – always a conservative area of business – have been slow to endorse and embrace the Web. However, logistics Software as a Service (known as SaaS or On-Demand) has now passed the early adopters stage and logistics operators are potentially amongst the biggest beneficiaries in this new web based information world – and British software providers are leading the world.



It is only in the last few years that we have seen a change in the way that the web can be used to provide software services as opposed to a technology for exchanging information for on-premises software. Most supply chain professionals would agree that key to supply chain integration and efficiency are collaboration and visibility. Essential to these goals is real time information, available to companies, customers, suppliers and their logistics service providers on a 'need to know' basis.

Attempts to integrate supply chains, instead of creating "best-of-breed" solutions, have in fact usually created "the best which we can cobble together" solutions. Supply chains typically have multiple technologies which cannot talk to each other, and have separate IT support, including CRM, WMS, TMS, In-cab/telematics and handhelds.

This Heath Robinson approach will soon be consigned to history, and this applies whether integrated or disparate systems are involved. Web developments such as SaaS and on-Demand mean that most legacy systems (apart from unique ones), in-house large servers, data centres and software developments will become a thing of the past. Communications will be seamless between all extended supply chain partners.

Many developments for web based business solutions have followed consumer technologies. The next big move in this direction is 'social networking' developed for supply chain business partners. Companies, who will already have visibility of their transactions across the extended supply chain, will be able to collaborate to jointly manage events as they occur. This is a dramatic leap in logistics related customer service- and at a low cost.

Logistics SaaS solutions are available now and, apart from the major business benefits of real time supply chain event management, offer very significant financial benefits. There is no capital expenditure involved, because these services are available on a pay-as-you-use basis; there are no ongoing or hidden charges for upgrades and maintenance; there is seamless integration with legacy systems; and they are more tax efficient. The usual problem of buying over-capacity in business software does not exist - the service provider makes the additional capacity available – and only charges for it - as and when it is needed. To quote Subrah Iyar, the CEO of WebEx - "Don't buy the cow because you want a drink of milk"!

Many traditional logistics applications are now available as SaaS subscription services, including CarrierNetOnline from my own company (www.deltion.co.uk). Others include routing and scheduling (www.logixcentral.co.uk), warehousing (www.snapondemand.com), supply chain connectivity (www.omprompt.com) and hi-tech industry procurement (www.e2open.com). All except e2open are British companies, leading the world in logistics SaaS applications.

In fact, we are only just at the beginning with web applications and SaaS in particular. WEB 2.0 is progressing in leaps and bounds and for SaaS users new features which are made possible by these developments will be made available quickly, seamlessly and without business disruption.

Because of these seamless and real time communications, supply chains will finally become event driven. Genuine knowledge of what is going on out there NOW and the ability to automatically alert affected players means we will be able to fix problems as they arise. There will no longer be the need to be re-active and struggle to find data which will tell us what went wrong and why.

The supply chain will be able to absorb small companies into a seamlessly integrated whole. Currently they are a problem because they do not have the necessary technology to integrate, but Software as a Service is just as cost effective for very small companies as for the largest - a level playing field at last.

There is no doubt that the web will very soon be as essential to businesses as the phone, you will not be able to do business without it. Companies who embrace these new technologies will continue to grow and develop and will have higher customer service at lower cost levels, but those who remain Internet luddites will not survive.