The Rise of Automated, Real-time Visibility

- Real-time visibility very important, and is one of the top challenges as supply chain processes go
- Large % of processes involve the exchange of information with partners and often results in manual processes
- Profitability and increase companies capacity are the two key drivers for why automating manual processes happens
- 16% currently do not use EDI
- Cost, lack of real-time and difficulty to implement are the top challenges when it comes to EDI
- 14% have no current plans related to EDI, and 29% are outsourcing EDI implementation to a partner
- 60% have teams of analysts, data analysts, or data scientists, when it comes to handling logistics and supply chain information in their organization

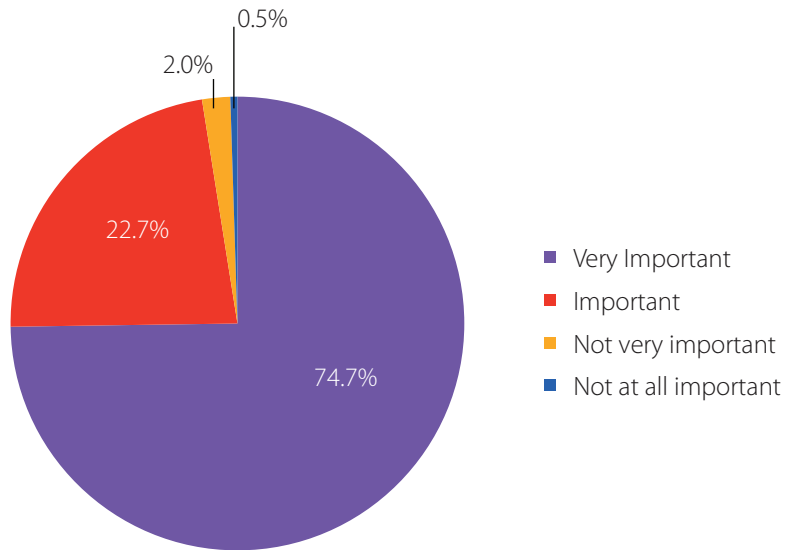By Haley Garner, Research Director, eft – hgarner@eft.com

Introduction

Transportation organizations often struggle with the integration of information between internal systems, processes and partner portals. Legacy systems and EDI cannot keep pace with today's market dynamics.

eft surveyed over 200 organizations regarding information access, visibility and automation. This report illustrates and summarizes some of the critical challenges that companies are facing, and highlights some of the areas companies can undertake for improvement.
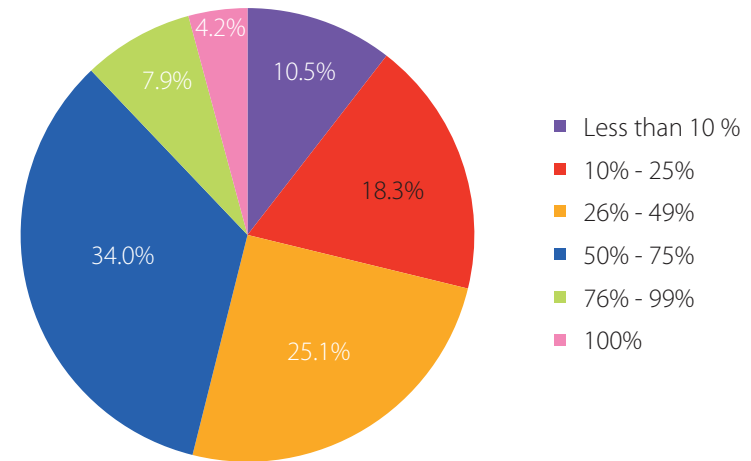
How important is real-time visibility for your transportation, logistics and/or supply chain processes?

- Very Important
- Important
- Not very important
- Not at all important

0.5%
2.0%
22.7%
74.7%

What percentage of your organization's processes for exchanging information with partners includes one or more manual steps (i.e. requiring human labor such as cutting and pasting information from one system to another)?

- Less than 10 %
- 10% - 25%
- 26% - 49%
- 50% - 75%
- 76% - 99%
- 100%

10.5%
18.3%
25.1%
34.0%
7.9%
4.2%

Visibility is clearly one of the most important factors in logistics and supply chain processes. It underpins the ability of companies to keep track of their businesses, make the right decisions, and provide customers with critical information. As the speed of business quickens, real-time visibility is increasingly important so that companies can continue to compete on the global stage. When asked how important real-time visibility was for transportation, logistics and supply chain processes, the overwhelming response was important or very important with 97% of respondents saying so.
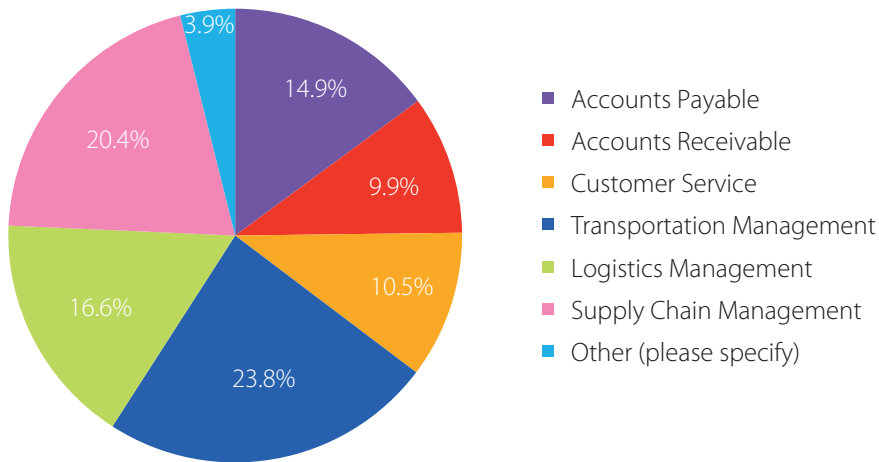
While this response is not necessarily surprising, it's interesting to see how it underpins further questions asked in the report. Namely, if real-time visibility is so important, why haven't so many companies been able to achieve it?
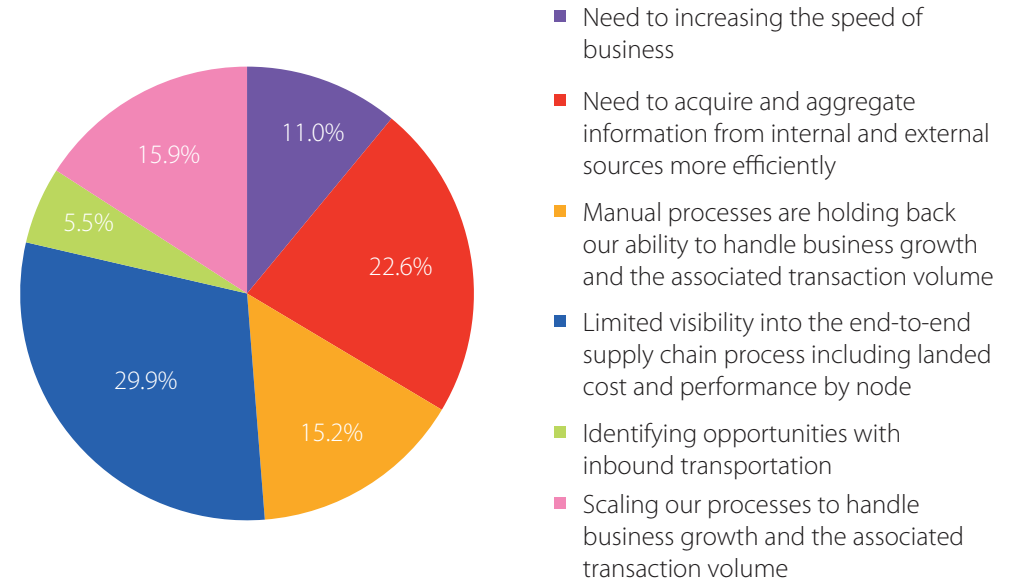
One instance of how real-time visibility isn't being achieved within organizations is through the percentage of manual steps utilized in processes for exchanging information with partners. In the survey, 46.1% of respondents reported that 50%+ of their processes are for exchanging information with partners involved at least one manual step. This means that 'real-time' is inevitably slowed-down through human error, human input, and all other problems associated with lack of automation.

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What department in your organization has the most automation in terms of exchanging data with both internal and external parties?

- 3.9%
- 14.9%
- 9.9%
- 10.5%
- 23.8%
- 16.6%
- 20.4%

Legend:
- Accounts Payable
- Accounts Receivable
- Customer Service
- Transportation Management
- Logistics Management
- Supply Chain Management
- Other (please specify)

What is your organization's top challenge as far as supply chain processes go?

- 11.0%
- 22.6%
- 15.2%
- 29.9%
- 5.5%
- 15.9%

Legend:
- Need to increasing the speed of business
- Need to acquire and aggregate information from internal and external sources more efficiently
- Manual processes are holding back our ability to handle business growth and the associated transaction volume
- Limited visibility into the end-to-end supply chain process including landed cost and performance by node
- Identifying opportunities with inbound transportation
- Scaling our processes to handle business growth and the associated transaction volume

Transportation Management, Logistics Management and Supply Chain Management were areas that benefitted most from automation according to respondents. We can interpret these results in a few ways. Firstly, the fact that automation is higher in these areas might highlight their importance within the business. Secondly, with so many moving parts in these areas, the ROI represented through automation might be that much more beneficial. Finally, the fact that this area is being automated can also reflect the need to minimize complexity in these areas as well as increase agility given the number of moving parts. With agility and complexity being major challenges for companies, this might be one of the key drivers for helping them achieve real-time visibility through their operations.

Limited visibility into the end-to-end supply chain process including landed cost and performance by node was the respondents' top choice for top challenge in supply chain processes. This continues to support the overarching challenges highlighted by this report concerning the shortfall companies are experiencing in achieving visibility across the supply chain. The need to acquire and aggregate information from internal and external sources more efficiently was the second top challenge organizations were facing, suggesting shortfalls in data management within organizations. This really ties into the importance of automation within managing information within an organization, and the importance managing this type of information has for driving visibility within an organization, and through the whole supply chain.
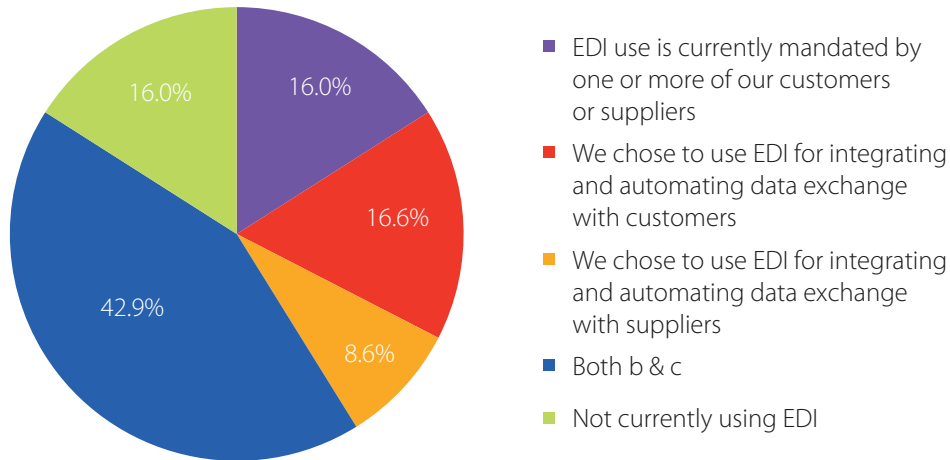
Rank the following reasons in terms of importance for undertaking projects for automating manual processes
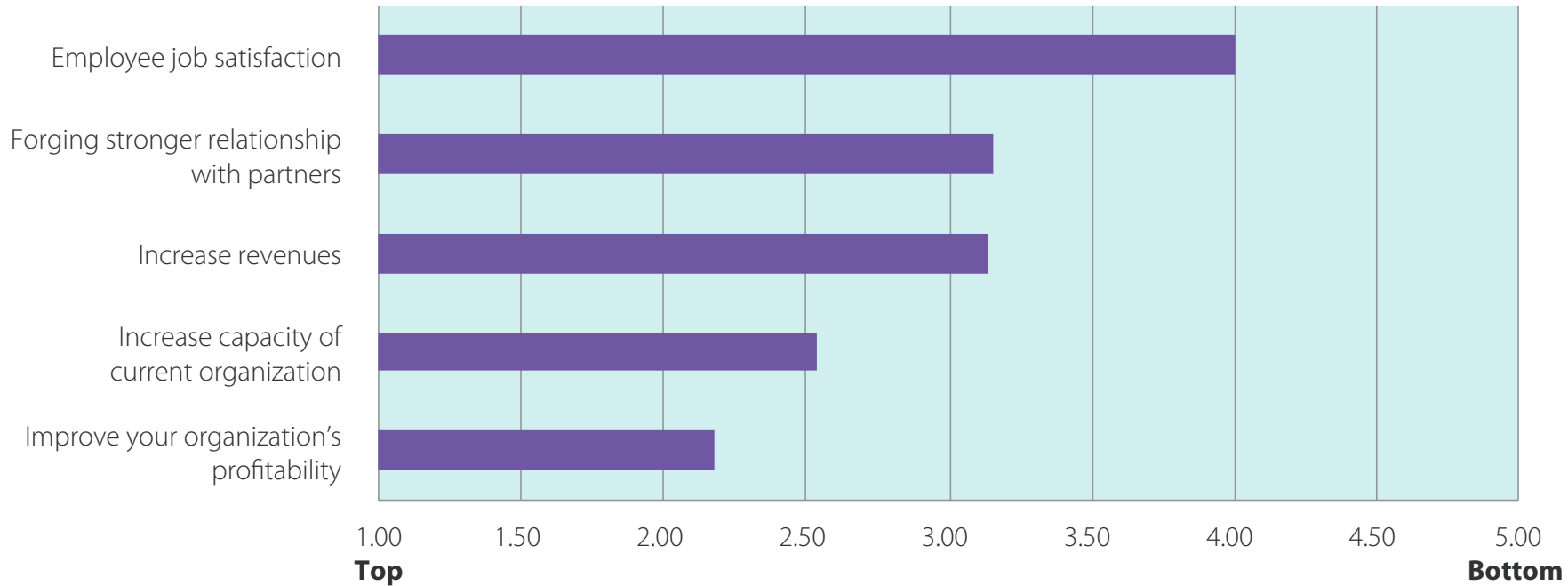
Improving the organization's profitability was the number one ranking reason companies undertook projects for automating manual processes. This highlights how much ROI rests in the area of automation. This certainly ties into a number of the other areas mentioned in this report including fewer errors in processes, increased throughput, reallocation of resources elsewhere, real-time efficiency, attractiveness to customers etc. Ultimately all of these benefits lead to increasing a company's profitability.
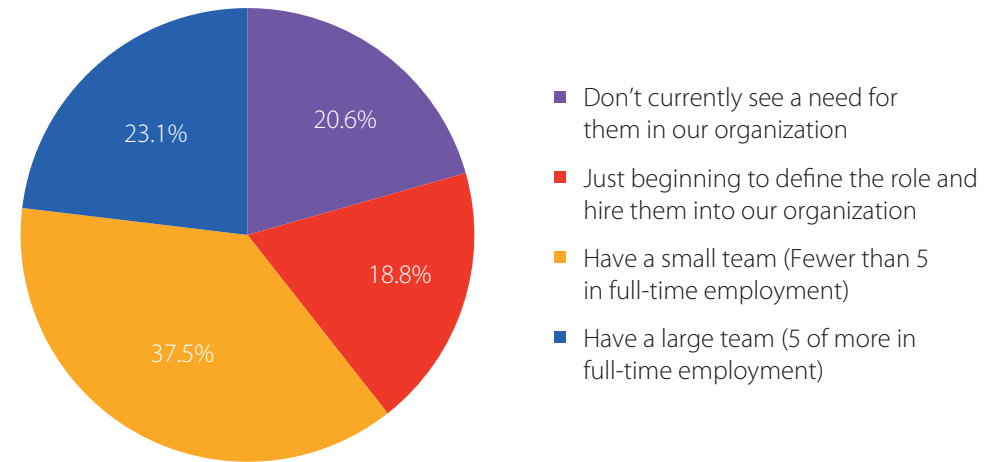
Automation also plays such an important role in opening up company resources and capabilities to focus resources on other areas. It also generally helps improve efficiencies of company processes through real-time transmission of information, eliminating manual input etc. As such, it's no surprise that increasing the capacity of current organizations was the second top ranked choice.

What is the current role of EDI in your organization?

- EDI use is currently mandated by one or more of our customers or suppliers
- We chose to use EDI for integrating and automating data exchange with customers
- We chose to use EDI for integrating and automating data exchange with suppliers
- Both b & c
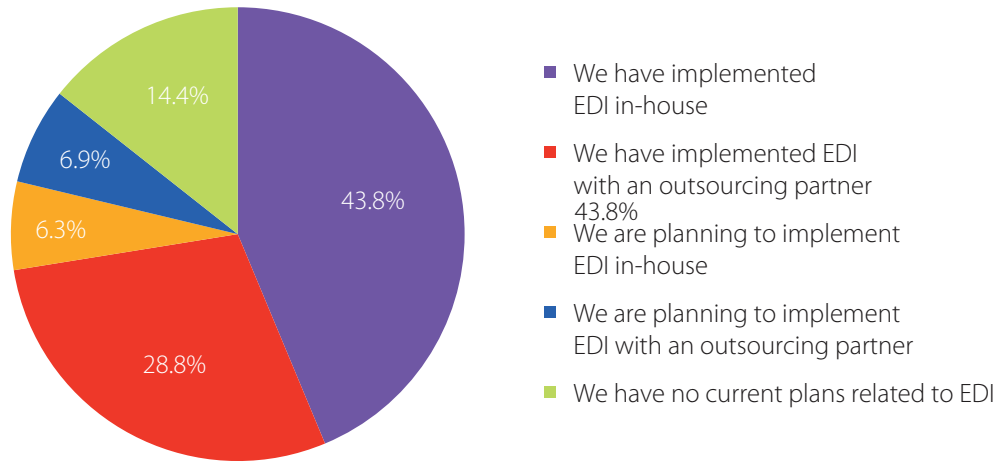- Not currently using EDI

16.0% / 16.0% / 16.6% / 8.6% / 42.9%

Despite most respondents using EDI, a surprising number are not – 16%. The majority of respondents used EDI as a mechanism for dealing with customers and suppliers – something they implemented themselves. Only 16% reported EDI as being mandated by customers or suppliers. What this suggests is that EDI is a tool companies are using them to help their relationships with customers and suppliers. However, with 16% of respondents not using EDI, there's clearly a significant proportion of the industry that are looking for alternative mechanisms for transferring information. With information transfer being such a critical process for companies in logistics and supply chain, especially when it comes to building relationships, the fact that many companies are not using EDI or are only using them uni-directionally suggests a huge area for improvement through different mechanisms of information transfer.

What are your organization's biggest challenges related to EDI?

- Don't currently see a need for them in our organization
- Just beginning to define the role and hire them into our organization
- Have a small team (Fewer than 5 in full-time employment)
- Have a large team (5 of more in full-time employment)

20.6% / 18.8% / 37.5% / 23.1%

The vast majority of respondents indicated that difficulty of implementation was the biggest challenge related to EDI. The other major challenges were the lack of real-time and costs. EDI is still heavily used today, but trend appears to be companies looking at alternatives when it comes to data exchange due to these reasons.

What are your organization's plans related to EDI?

- We have implemented EDI in-house
- We have implemented EDI with an outsourcing partner 43.8%
- We are planning to implement EDI in-house
- We are planning to implement EDI with an outsourcing partner
- We have no current plans related to EDI

In supporting the comments in the previous graph, most organizations have implemented EDI, especially in-house. However, one of the significant response areas was that over 14% of respondents had no plans of implementing EDI. As we've seen, despite the importance of communicating with partners in the supply chain, and the established nature of EDI, EDI's down-sides, complexity, cost, etc. are clearly dissuading a significant element of the industry in adopting it. We are perhaps seeing a shift take place as better forms of transferring information to partners are created.

Do you currently employ business analysts, data analysts, data scientists or similar in the handling of logistics and supply chain information in your organization?

- Cost
- Difficulty to implement
- Difficultly to use
- Not real-time
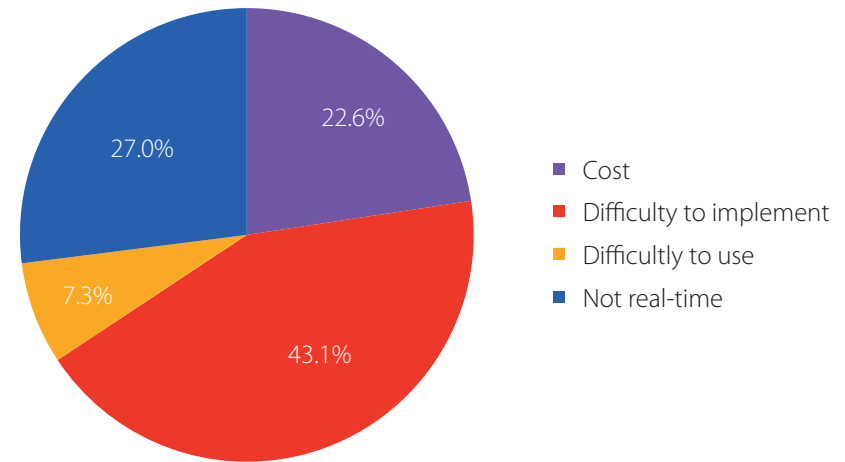
The majority of companies responding to the survey employ business analysts, data analysts and data scientists to some degree. As more data is interchanged between organizations, and more automation is built into processes, we can expect to see more employment emphasis on hiring data-oriented professionals. In fact, the more data provides supply chain and logistics organizations with ROI, the more we're likely to see these teams expand. Already we're seeing almost a quarter of respondents indicating teams of 5 or more to manage such information.

Conclusion

End-to-end visibility represents one of the ultimate goals for supply chain and logistics organizations. Automation, and new mechanisms for companies to exchange, share and action information is going to be key for achieving this goal. We're seeing organizations become frustrated with current systems, and see them looking for more automation/data-driven alternatives. Logistics and supply chain information holds the future to optimizing business operations and driving insight into a business that will spur revenue growth, get products to market faster, and generate entirely new business models.

Want to learn more?

The leaders in logistics IT will be gathering in Austin, April 20-21 to discuss how technology is changing logistics. Join the CIOs of XPO, APL, Landstar, Saddle Creek, USXpress, UniGroup and more to tackle the key questions in this report and more. Visit **www.eft.com/CIO** for more information

Complimentary passes are available for senior IT executives working at logistics, retail or manufacturing companies.

Gaining perspective from a broad array of individuals and companies helped crystalize some of the challenges and opportunities facing our company.
Mike Grayson, SVP Operations, Worldwide Express

The content of the event was good. It is good to see that others have the same challenges and occasionally some found a solution.
Larry Thomas, CIO, Landstar System

First class job from EFT, very professional conference well managed and carefully thought out. I came away from this event with a much better knowledge and understanding of trends within our industry, made some valuable contacts and good friends. Time well spent.
Jeff Parr, Director of Operations, Exel DHL Supply Chain

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