

## In this Issue

- U Connect Starts June 2 in Orlando
- Supply Chain's #1 Problem is "Visibility"
- Opportunity: Improve New Product Win Rates
- 3PL Revenues Dip in 2009 - for Some



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## Supply Chain's #1 Problem is "Visibility"

Risk Management in Today's Volatile Economy is #2.



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About 70% of top supply chain executives say their number one challenge is lacking the ability to understand visibility across the supply chain. The problem stems from fragmented data and lacking the ability to analyze the data and create visibility of their supply chain.

Nevertheless, few companies have strong action plans to address

their number one problem because the solution is too costly and the executives are just too busy.

Risk is the second chief challenge. Today, risk is well beyond the tainted food and toys and terrorism that have grabbed headlines. Significant risk also involves the global recession that will destabilize supply chains as trading partners retrench or fail. The other three of the top five challenges are increasing demands of customers, globalization and cost containment.

Those are the key results of face-to-face interviews with nearly 400 "chief supply chain officers" or other top-ranked supply chain executives in 25 countries recently conducted by IBM and entitled *The Smarter Supply Chain of the Future*.

### Gaining Visibility

Supply chain leaders understand that they suffer from information blind spots, but only 16% have effective integration and visibility across the supply chain including external partners.

According to the IBM report, the greatest opportunity to address visibility appears to entail smart devices and integrated ERP systems with real-time visibility to forecasts, orders, schedules, commitments, pipeline inventory and shipment lifecycle status.

## Managing Risk

About 60% of respondents said risk is an escalating challenge. About 38% manage risk and supply chain performance in some manner, but with separate tools and processes. Executives cite the lack of standardized processes, insufficient data and inadequate technologies as the chief stumbling blocks. The most successful supply chain executives are incorporating risk management into their plans, and using analytical, predictive tools to mitigate risk and identify new opportunities.

IBM's report suggests that in the future an instrumented supply chain will analyze data flowing out of sensors, RFID tags, meters, actuators, and GPS devices providing visibility to the entire supply chain. IBM sees automation with real-time responses speeding goods and increasing certainty about results.



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