

Supply chain integration: a people problem?



The ability to process and share data across the supply chain is becoming increasingly important. Harnessing that data can be a daunting task, but sometimes it's the culture of a business that creates the biggest challenge. Industry leaders from a range of backgrounds explored the challenges faced in B2B integration and implementing ERP initiatives at our round table sponsored by OpenText.

Seamless integration between the outside world and internal enterprise business systems is critical to the supply chain.

That's what Mark Morley, director strategic product marketing, Business Network at OpenText, emphasised when opening the round table discussion.

"A third of information entering ERP systems actually comes from outside the business, so that's quite significant," he said. "33 per cent entering an SAP or Oracle system comes from your outside trading partners.

"If you don't have a highly available B2B network ensuring that information is coming into your business, then potentially your production line is going to go down".

OpenText aims to digitise process flows and cut out paper trails across the supply chain, all while connecting trading partners on a global scale. But, as Morley highlighted to the group, the logistics and supply chain industry tends to be slower moving than other industries because of complexities associated with integration. "Not just with

customers, but suppliers as well," he said.

Phil Barnes, group supply chain director at SIG, explained why the company, which supplies insulation, roofing, commercial interiors and construction products, has experienced difficulties with integration. "By using technology you can make the whole process run a lot more effectively and efficiently, and ultimately make that experience for the customer of the supplier a lot less painful," he said. "When you work for a B2B business like SIG, we run 19 ERPs across the group, so that's everything from SAP through KCS through IFS".

The high number of systems reflects the company's business acquisitions over the years. "From a chief information officer's point of view, he'd say that the biggest challenge is that there are 19 systems," said Barnes. "That's going to take a good number of years to reduce that down, even if I said in the end that I only want two or three – getting them out, and getting a standardised version is difficult.

"We've got several that run SAP manufacturing across the group, but they

all run different versions – there's no reason for it, but it's ended up being a bespoke installation."

According to Barnes, these systems are so highly bespoke that they bear no relation to the original product. "So you're now already two or three versions behind where KCS are, and you're trying to get this product in, and then road map your way back to it as well," he added.

It seemed that, for most around the table, the culture of the business has had a big impact on how integration and planning systems are used and valued within their companies.

"B2B is unlike retail where you've got a lot of FMCG type suppliers who are of a similar level of sophistication and have a desire to make the whole process run," said Barnes. "We deal with the major suppliers across Europe, they have individual parts within and their desire to simplify that process isn't there."

Barnes went as far as to say that a lot of businesses aren't actually striving for more effectiveness and efficiency. "It's ■

not really seen yet as a full end-to-end supply chain," he said. "You drive that into the branches, and talk to the individual managers about changing their world, and the first thing they'll say is, 'I don't want change, I've absolutely no interest in change'."

Barnes said that, ultimately, the industry is categorised by legacy type processes that have been around for many years. "I can't talk for all B2B business, but over the last three years I've got a view now that a lot of them suffer with this, that they're 10 or 20 years behind where the retail and FMCG guys are, and the willingness to change is very hard to actually push through," he said. He's even seen whole transport teams walk out.

David Goldring, director of supply chain management at Brunel Total Ground Transport, said that the culture issues in his industry are entrenched, starting from a grass roots level. "It's the last guy that uses it that doesn't want to change," said Goldring. "You give them portals to order in a much more automated way, so it can all flow through simply, but the business just hasn't got the appetite to make the guy who's worked in that office for 30 years change."

For XPO Logistics, IT systems are a double-edged sword. "IT tends to always be the critical part, when we win new business, and it can also be a barrier to winning new business," said John Wilson, supply chain business development manager at XPO.

"If we're trying to win new business where a customer has had a painful integration with a previous 3PL, then that can be a significant barrier as customers have to go through that pain again, especially if it's taken them many years to try and resolve those integration issues."

Wilson finds that for XPO's smallest customers, that don't have their own internal IT systems, it can be difficult for them to keep pace with the logistics company, or they rely heavily on its resources. "We've seen changes in the industry as well, including cloud based systems, but certainly smaller customers are moving more towards a cloud-based



ERP because of the cost benefits for them, and where they don't have that internal IT capability themselves," added Wilson.

Reaping the full benefits of the indistinct and often unruly masses of data collected by a business or industry, can be difficult even for the most successful companies. "Even if you give them the data, what are they going to do with it?" asked Goldring. "It gives them a headache because they've got no resource to deal with it, and no one to implement the findings."



Alex Leonards and Malory Davies of Logistics Manager.

SIG's Phil Barnes too has struggled with parts of the business not understanding how to effectively use data. "You can see almost on a daily basis that that lack of process and lack of understanding of where that data is going to be used is causing a significant number of issues," he explained. "I think it goes back to having a very, very clear vision about how you want to start to assimilate that data into your business, and where it's going to be used, and how it's

going to be used as well.

"So I think you'll find typically in a B2B business that they're really only interested in a couple of key points of data that they need to run – yet when you try to build a supply chain function on the back of it, and start asking some pretty basic questions like: how many of these come on a pallet? How much does it weigh? How long is it? You find that actually there's a complete lack of knowledge about why that information has any value at all, because until now it hasn't made any real difference to that part of the organisation."

From his perspective, the business runs with a customer focused philosophy at its core: "if a customer wants it, we'll get it there, at whatever cost – and therefore, whether the data is right or not, doesn't really come into it at all."

Nando's, the international restaurant chain which now has its own grocery business, is facing very different problems when it comes to integration and planning systems. "We're going through a new ERP implementation, so we have just implemented AX dynamics as our new ERP tool," said Laura Bacon, customer supply manager, Nando's (grocery). "The business did function in South Africa initially, but the supply chain has been brought over to the UK because of the size of the UK business."

The move has seen lots of new people join the business, everyone has been brought in with the same idea, and the same kind of new look on the system; so the cultural issue hasn't been much of an issue

PANELLISTS



David Goldring, director of supply chain management, Brunel Total Ground Transportation.



Phil Barnes, group supply chain director, SIG plc.



Laura Bacon, group customer supply manager, Nando's International.



John Wilson, supply chain business development manager, XPO Logistics.

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with its implementation.

“The biggest challenge for us with the old ERP system, was that it was one that when the grocery side of the business started, it fitted, it was fit for purpose then, but it’s grown at such a rapid rate that the system couldn’t cope with the demands and the complexities of how the business was growing and changing,” said Bacon.

“Whereas our new system is able to. “Because of the growth we’re still experiencing, and because grocery is quite new in a lot of markets (and we’re

the project not anticipating how much that would actually impact us, as well as the delays that it would cause, puts more pressure on your team.”

OpenText has had experience of working with companies, suppliers and trading partners in China that are using spreadsheets instead of ERP systems to manage their operations. “We’ve had the challenge of being able to take information from a spreadsheet and changing it so it can be sent electronically as an EDI transaction across the supply chain to a customer or trading partner, or whoever that may be,” said OpenText’s Mark Morley.

“For a successful integration project to happen, we certainly believe there has to be end-to-end digitisation of that supply chain, and I think there’s cultural issues, skill shortage issues; is there anything else we’re missing in terms of being able to get that 100 per cent digitisation in the supply chain?”

In response to Morley’s question, Brunel’s David Goldring said that rogue behaviour in a business is another hindrance to digitisation. “There are certain people within a team that just want to pick up a phone,” said Goldring. “They mean you have to keep

and there was a big difference between ERP implementation there compared to SIG,” he said. “We had a very clear vision of where we wanted to be, the fact that we were in effect not going to change the SAP processes – but change the business to fit with the process.”

He said that it’s important for a business to answer certain questions, like what are we getting, what do we need to change, and how are we going to reskill people, when implementing a new system. Otherwise it’s easy to run into issues.

XPO Logistics has seen a significant uptake in automation, which has brought with it its challenges. “You’ve got later and later order cut offs, you’ve got Black Friday and the joys that come with trying to do a 100 per cent uplift over a short period of time,” said John Wilson. “So automation is becoming more and more popular, or becoming more and more popular within operations.”

He said that because automation is far more precise than people, especially for moving product around warehouses, teams need specifics of weights and other factors. “But the amount of times we’ll ask for master data values, and most of the information is missing, and you’ve got the whole process of trying to educate the customer, or you have an exercise of trying to scan and create that data for the first time when it arrives, because they just don’t hold it,” said Wilson. “They’ve never been used to it – we’ve had customers in the past that didn’t even have a WMS system.”

In closing, Morley said: “To overcome some of the people and cultural aspects of ERP/B2B integration, companies could consider working with an outside B2B integration partner. This partner will effectively manage the integration process while the company itself focuses on its core business activities. This helps to accelerate the overall supply chain integration process and ensure that information from external business partners flows seamlessly into back end ERP systems”. ■

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Phil Barnes

expanding a lot of new markets all the time), it’s the manpower, and also making sure the project’s on target with the manpower that’s the real challenge.”

Implementing an EDI interface has also been a significant challenge for the company. “Because so many things have been done manually right up until now, we’re still doing it while EDI is affecting us,” said Bacon. “It’s difficult with the implementation of that, linking our 3PLs with our 3PMs, getting all that information together, there’s so much information there that we’re trying to bring together.

“The actual functioning of the system, the set up of it, and when we first took on

in place manual processes – that all sits outside of the data they have got.

“They have no idea what goes on with all those other little bits – there’s hundreds of rogues that will not adhere to that and then it’s all about the company and dealing with their appetite to almost enforce a policy.”

“They don’t realise what they’re introducing to the system is actually potential for error and for information to sit and be missed, they think they’re doing something that reassures and makes the end of the delivery more secure.”

Barnes said that vision in the beginning is critical to everything else that follows.

“In a previous life I worked with Wilko,



Mark Morley, director, strategic product marketing, Business Network, OpenText.



Matthew Tillotson, account executive, OpenText.



Richard Bounds, sales director, UK & Nordics, Business Network, OpenText.

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