

Agile Supply Chain

A report presenting how digitalisation with EDI builds robust supply chains, drives competitive advantage, and delivers cost efficiency.



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INTRODUCTION

The socio-economic events in recent years have underlined the importance of a resilient supply chain. These events have resulted in a widespread shift in business strategy to meet growing consumer demand and changing expectations, as recognised by business analyst companies McKinsey and Company¹ and Gartner².

A report by McKinsey and Company survey¹ of global supply chain managers revealed that 92% were actively changing their supply chain to be more agile.

A resilient and agile supply chain can rapidly respond to unanticipated changes in demand or supply, without sacrificing cost or quality. Digitalisation is the key enabler to supply chain agility. This is because digitalisation offers the optimisation of supply network management, transparency of supply chain performance and greater visibility of product inventory.

This report offers 3 detailed examples of supply chain digitalisation projects, each demonstrating how EDI (Electronic Data Interchange) can support an agile and robust supply chain, whilst also providing competitive advantage and cost savings.

EXECUTIVE SUMMARY:

3 Key Takeaways

01.

Businesses Need to Optimise their Supplier Network

Having the flexibility to rapidly onboard new suppliers for their proximity to a market is becoming a critical requirement for businesses today. However, a survey carried out by Transalis³ they identified that onboarding a non-domestic supplier took an average 3-months.

Therefore, businesses need to consider how they can minimise onboarding delays when planning the roll-out and the ongoing effectiveness of the supply chain.

We explore how reducing EDI connectivity to new Trading Partners from months to days minimises cost and enhances customer value.

02.

Retailers Need to Increase Supply Chain Performance Visibility

The ongoing tension between reducing costs and delivering value to customers has led many retailers to adopt dropship. This offers immediate savings in storage space, stock management and logistics.

By integrating an EDI solution into the ERP system, our client was able to collect and distribute almost instantly critical data on the supplier performance and sales revenue, leading to better allocation of funds and resources.

We dive into this further, revealing the benefits of greater data visibility.

03.

Organisations Need Agile Inventory Management

To mitigate any future supply chain disruption, businesses are holding more stock and as a consequence, they are experiencing an increase in warehouse costs.

Leveraging EDI automates the distribution of stock level data across the organisation, therefore enabling an agile stock management process and minimising cost exposure.

We show how we put this into practice moving our client one step closer to full process automation.

1. Businesses Need to Optimise their Supplier Network

Businesses are realising that to meet the increasing demands from both Direct to Consumer (D2C) and retail sales channels they will need the flexibility to reconfigure their supply chain and rapidly onboard new suppliers for their proximity to a given market.

This need has most keenly been felt by UK businesses post-Brexit. However, any business looking to expand their market territories needs to consider the ability of their supply chain to service those new territories efficiently.

Supply Chain Optimisation in Practice

Supply chain technology solutions provider, Transalis, executed a plan to support a client that wanted to expand its European market share. The client, a manufacturer of licenced pop collectable toys, was able to harness EDI to support a localised supply chain, placing product closer to the relevant markets.

This strategy removed the need to transfer product across borders, which would typically incur significant delays.

Working with the client, Transalis implemented an automated EDI solution that transformed the supply chain in three critical areas:

- Onboarding of new suppliers within 24-hours, facilitating greater flexibility to react rapidly to market needs
- Automation of manual warehousing processes, for scalable and efficient product allocation and delivery
- Removal of cross-border delays, with satellite distribution hubs for closer proximity to the given market

To maximise the rapid onboarding of new suppliers, Transalis hosted a client-branded version of its eDI Instant™ product with pre-configured mapping, which meant the client simply pointed their new supplier to the webpage, the supplier signed-up online and within 24-hours was exchanging EDI messages with the client.

To support the increased frequency of message exchange, Transalis tailored its core solution to the client's specific needs.

This solution combined the use of systems integration, narrow AI and expanded EDI messaging to provide frictionless supply chain management. This was achieved through the efficient communications and connectivity between the client's warehouse, 3PL operation, suppliers, and customers.



2. Retailers Need to Increase Supply Chain Performance Visibility

Many retailers have adopted dropship to address their growing need to service larger market territories, increase product choice, reduce inventory and other overheads, as well as speed up the delivery of goods to customers. This offers immediate benefits in the form of optimised use of storage space, improved stock management and logistical cost savings.

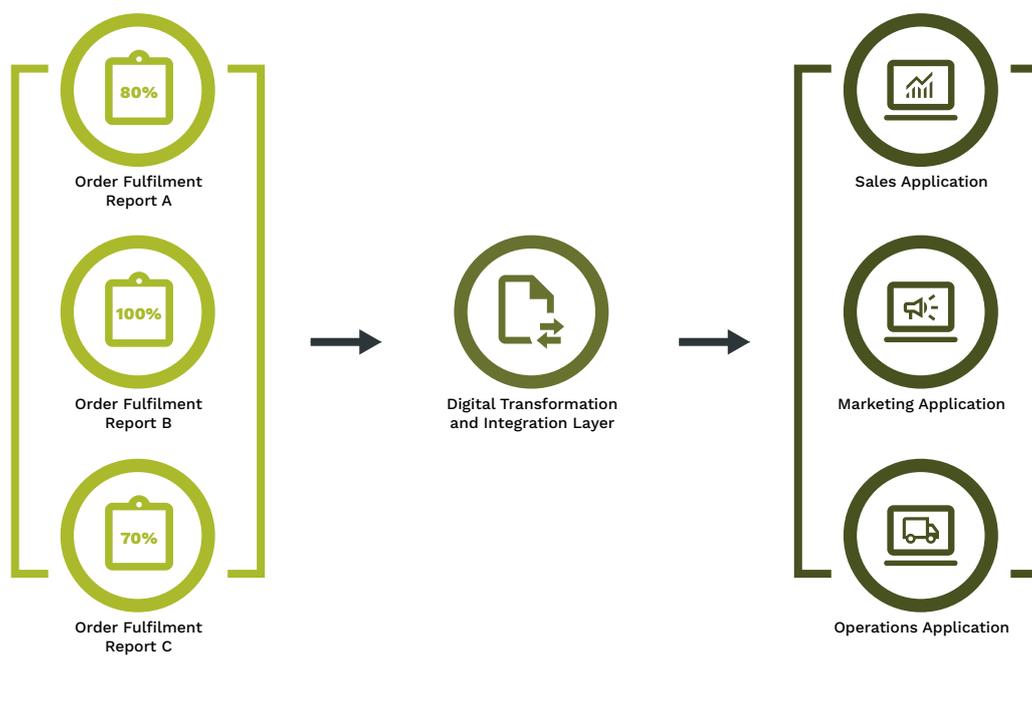
However, one of the common challenges facing retailers is the increased demand for timely delivery (in many cases same-day and next-day delivery), which places extra pressure on both the retailer and supplier to meet consumer expectations.

In addition to this, retailers that have pivoted to dropship have limited to no visibility of stock availability and subsequent processing of orders by the supplier.

Therefore, having the ability to see sales, stock, and shipping status information from suppliers in a consistent and timely manner mitigates the risk of unfulfilled orders and missed sales opportunities.

At Transalis, we have provided retailers and suppliers with an automated EDI solution that can process and feed critical business data directly into internal business systems. Sales, stock levels, and shipping status information from dropship vendors is processed and pushed directly into the ERP and other sales management tools for analysis. Figure 1 outlines this data flow leveraging EDI. In this scenario, business data is automatically sent via the Transalis Digital Transformation & Integration Layer, which then translates and feeds it directly into departmental business applications.

Figure 1. Dropship Partner Performance Monitoring



By providing greater visibility of this data, retailers and suppliers can increase supply chain performance visibility, monitor progress and minimise the risk of unfulfilled or delayed orders in the following ways:

- Setting, sharing, and monitoring supply chain KPIs
- Evaluating product lines that should be managed directly
- Increasing understanding of lost revenue opportunities
- Improving effective management of marketing co-funding
- Identifying under/non-performing product lines to delist

Improving Supply Chain Performance Visibility in Practice

One Transalis client, a UK retailer, had been trying to investigate the reason(s) behind abandoned sales across a large number of manufacturers' products.

This gave both the client and the vendor a complete and near-immediate overview of the availability and serviceability of items, resulting in some startling findings.

In this case, Transalis implemented a solution that harnessed a wider set of EDI messages. This included sales and stock reporting. The sales data was automatically processed and communicated between the dropship vendors and the client's own internal business systems.

Reviewing a single SKU with a RRP of £450, over the period of 90 days:



756 orders were not fulfilled due to stockshortages



£340,000 total in lost sales revenue (just over £100,000 per month)

Beyond lost revenue, the inability to fulfil orders ultimately leads to customers switching to other retailers, which is far more significant in terms of the impact on brand value and customer loyalty.

Sales reporting, such as described in the above example, is a standard feature of both Transalis eDI™ Connect and Transalis eDI™ Connect+. For more information, please visit our [EDI product page](#).

3. Organisations Need Agile Inventory Management

As outlined in the previous chapters, improving the supplier onboarding process and increasing the visibility of supply chain performance data by harnessing EDI can deliver significant ROI through overall cost savings and increasing customer value.

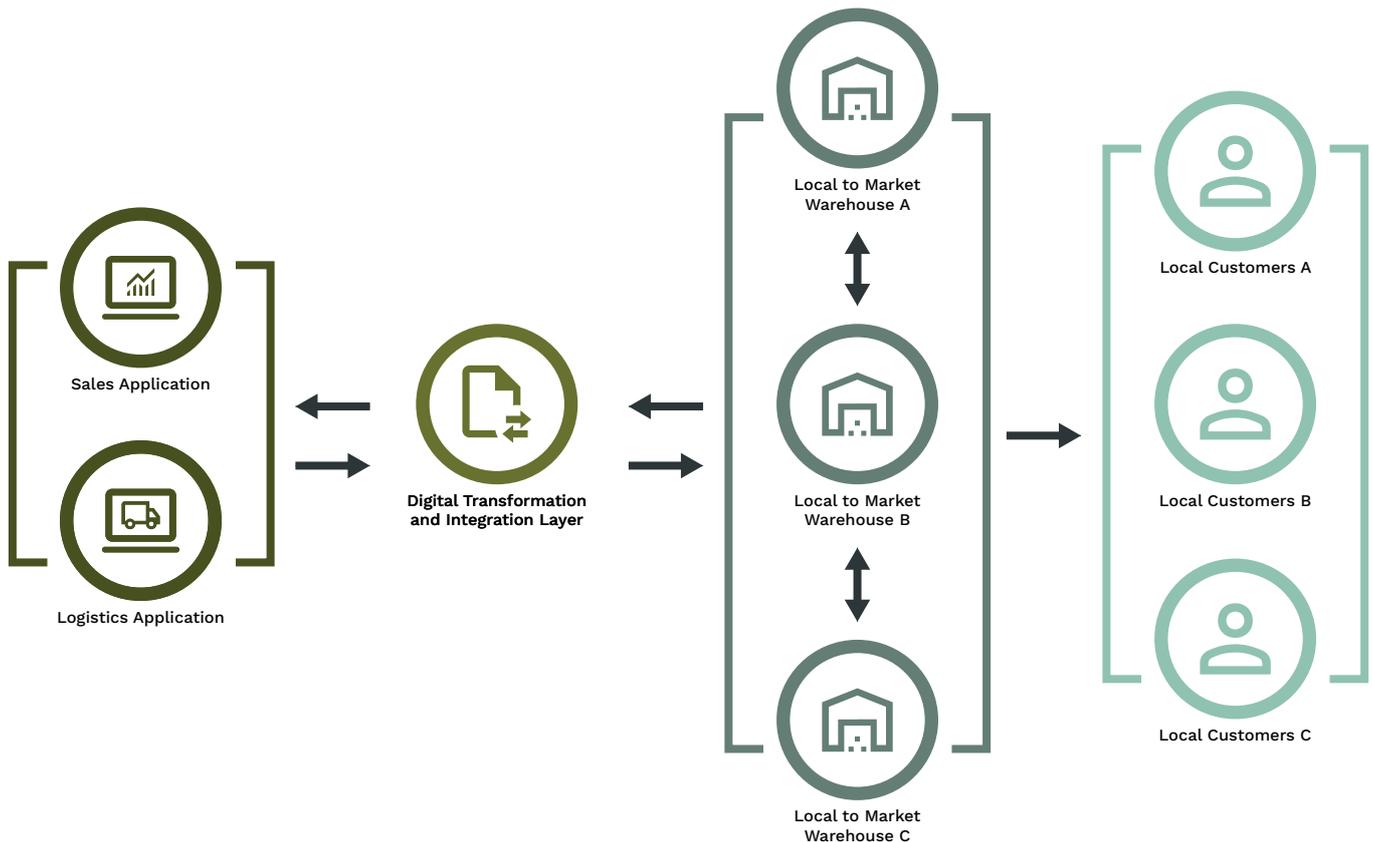
Another trend associated with supply chain strategy, as highlighted in Gartner's latest supply chain report², is that businesses are now holding more stock to mitigate any potential supply chain disruptions.

Whilst this approach is seemingly a logical and simple way to overcome any unforeseen supply chain blockages, practically speaking, finding a balance between holding more stock and the associated increase in doing so is a difficult challenge to overcome.

To help in this area, Transalis is enabling its clients to leverage EDI to automate the distribution of inventory data across the supply chain. This enables the agile management of stock processing, as well as minimises cost exposure. On top of this, clients can better predict product demand when combining this information with sales reporting.

Figure 2 demonstrates how EDI supports agile inventory management. In this outline, warehouse stock level reporting is fed into business applications. Data is assessed to determine if product should be redistributed closer to market. The logistics application then sends instructions back to the warehouses, where product is redistributed between local to market warehouses.

Figure 2. Agile distribution of stock



Agile Inventory Management in Practice

A client of Transalis was struggling with the inefficient management of their warehousing and 3PL (Third Party Logistics) operation. Prior to utilising the EDI solution provided by Transalis, this client was relying on the manual input and rekeying of data between their ERP and warehousing systems.

This was not a sustainable approach to the management of this data, and did not allow for the agility for stock management. They looked for an EDI solution that would digitally process order confirmations from their customers.

The EDI solution provided by Transalis went one step further and allowed the client to automate their dispatch processes.

This integrated EDI solution automated the processing and communication of information between systems, removing the need for manual rekeying of data.

Secondly, by providing a higher frequency of stock level reporting, the client was also able to better understand product demand and review where stock was held. This allowed for agile stock management and improved utilisation of warehouse space.

Transalis allows you to configure a solution which meets your exact business needs with eDI Freedom. Get started by building out your perfect solution using our [helpful calculator](#).



Conclusion

This report has looked at some of the best practices for agile supply chain management currently being implemented by Transalis and harnessed by its clients.

As demonstrated in the examples included in this report, creating, and maintaining agility within the supply chain has become a pre-requisite to delivering customer value in a cost-effective way.

Leveraging faster supplier onboarding processes brings flexibility and scale to a business's supply chain, ensuring the right suppliers are available to serve the right products at the right time to meet changing consumer demand.

Adopting dropship to reduce costs is well established. However, a better understanding of how the

supply chain is performing is critical to ensure value is maintained. Using near-immediate sales and stock reports provides businesses with the information necessary to optimise their supply chain.

Finding the balance between holding more stock to mitigate possible supply issues and the associated increase in costs can be a challenge. EDI offers the platform to exchange and distribute inventory data across information silos in the supply chain, leading to more effective decision making.

For more information about how Transalis is supporting its clients in these areas visit our [Knowledge Hub](#) where you can explore a broad range of case studies, reports, and other resources.



Increase your supply chain agility with eDI Freedom

Create your own transparently priced EDI bundle suited to your business. Include all the systems integrations and additional functions needed to support agile supply chain management.

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¹ McKinsey and Company. [How Covid-19 is reshaping the supply chain.](#)

² Gartner. [Accelerating investment in the supply chain.](#)

³ Transalis. [Is EDI addressing the challenges of the 21st century?](#)