

August 31, 2007

Global Supply Chain Visibility Trends in 2007

In a recent study on [Global Trade Management Strategies](#), companies reported that their need to more effectively manage growing global operations and distribution networks and the lack of critical supply chain process visibility were the top two factors driving them to focus on improving their Global Trade Management (GTM) practices in 2007: 91% of respondents cited supply chain visibility as a medium-to-high priority for improvement in GTM this year.

The Importance of Supporting Technology

The critical factor for improving supply chain agility – a highly ranked goal for most companies involved in global trade – is having visibility into the global supply chain processes and events.

In the above-introduced research study on GTM trends and strategies for 2007, Best in Class¹ companies were:

- 2.7X as likely as lower-performing peers to be currently using a global supply chain visibility platform, which helps them to address this need for critical visibility.
- 1.3X as likely as their lower-performing peers to have online visibility into international order and supplier events and in-transit shipment status

In the same study, Laggards were twice as likely as Average and almost 3 times as likely as Best in Class to report that the GTM at their companies was still manual/spreadsheet-driven.

" Gaining better visibility into contracts and market conditions – better allocation and booking decisions – has saved us millions of dollars. We have taken on new business (15% growth) without having to take on new headcount"

– Large global manufacturer

How to Participate in the Study

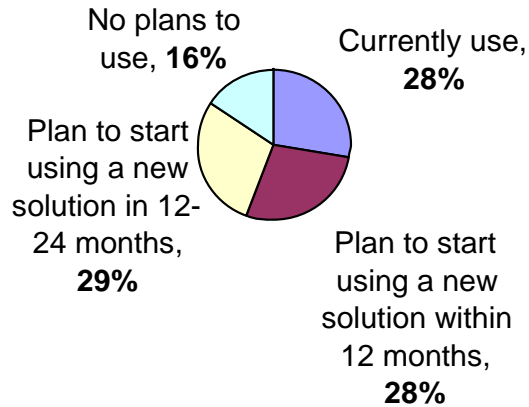
If your company is:

- √ An exporter/importer,
- √ A logistics provider/ carrier/ forwarder,
- √ GTM software vendor, GTM consultant, or
- √ Otherwise engaged in international trade

[Contact us now to get involved in this study!](#)

¹ Identified according to the Aberdeen's standard research methodology based on each respondent's performance in several selected metrics relevant to the topic being studied. In this study, Best in Class, Industry Average, and Laggard organizations were identified based on their ability to manage total landed costs while maintaining an adequate level of customer service.

**Figure 1. Global Supply Chain Visibility Platform:
Current and Planned Use**



Source: Aberdeen Group, [Global Trade Management Strategies in 2007](#), May 2007

Benefits of Enhanced Visibility Technology

Based on the study's findings, companies using a global supply chain visibility platform are:

- ⇒ Twice as likely to have reduced total landed costs over the past 2 years
- ⇒ 1.7X as likely to have the ability to make mid-course changes to their international shipments (e.g. reallocate or reroute in-transit shipments), which ensures better supply chain agility
- ⇒ Twice as likely to have reduced lead times and lead time variability from international locations in the past 2 years
- ⇒ Almost twice as likely to report increased global supply chain budget accuracy over the past 2 years

Aberdeen's Hypothesis

To benchmark the trends and main strategies for improving global supply chain visibility, Aberdeen will conduct a survey-based research study in August-September 2007. Our hypothesis for this upcoming study is that having adequate global supply chain visibility is necessary to control global networks of suppliers and customers. Furthermore, visibility improves other GTM areas, such as reporting capabilities for better compliance and risk management.

The hypothesized Best in Class PACE framework to be validated in the survey is shown in Table 1:

Enterprise Quote

The following visibility and compliance benefits of global trade automation were reported by a global automotive manufacturer:

- √ Data managed electronically is easier to manage
- √ Can manage by exception when data is missing rather than spending time looking at all data elements
- √ Daily / Weekly / Monthly and Yearly inventory reconciliation reports
- √ Internal "accounting" reports available for upper management use
- √ Better data for other company departments

Table 1: Best-in-Class PACE Hypothesis

Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> The need to more effectively manage growing global operations and distribution networks 	<ul style="list-style-type: none"> Implement global supply chain visibility technology Encourage more partners/suppliers to provide data to and use a common visibility platform Use visibility data to conduct statistical analysis to identify weak points in the supply chain where there are opportunities to reduce inventory levels, lead time variability, etc. 	<ul style="list-style-type: none"> Online visibility into in-transit shipment status Online visibility into international order and supplier event status Online visibility into the trade document flow Ability to find and access supply chain data needed for decision making within reasonable time 	<ul style="list-style-type: none"> Global supply chain visibility platform with tracking capability for at least these top 5 critical events: <ul style="list-style-type: none"> order acknowledgment advance shipment notice creation customs clearance events carrier pickup of goods in-transit status events at shipment level International transportation management system

Source: Aberdeen Group, August 2007

Case in Point

A European pharmaceutical company has 180 users worldwide that use an on-demand international visibility system to monitor 750 trade lanes on six continents. By effectively mining the information collected, the company found significant opportunities for consolidating shipments, lowering transportation spend, reducing expediting costs, and addressing potential shipping issues before they impact customer service. It also helped them exploit more opportunities for competitive advantage in new markets. In total, the company cut its inventory costs by \$55 million in its first year of using the visibility system and lowered its total logistics spend by 5%.

Research Methodology

Research for this study will be conducted through a cross-industry survey of enterprise professionals in supply chain, procurement, finance, manufacturing, and other functional areas. Online survey will be complemented with qualitative follow-up interviews with selected survey respondents.

Solution Snapshot

Solution providers for supply chain visibility include certain ERP vendors, 3rd-party technology providers and some logistics providers (sample listing in Table 1).

Table 1: Partial List of Providers

- Current Capability ⊙ Emerging Capability

Supply Chain Visibility Vendor	Capability
ERP Vendors	
Infor	●
JDA	●
Oracle	●
SAP	●
Global Supply Chain Specialists/ Logistics Service Providers/ Business Process Outsourcers	
Agistix	⊙
Blinco Systems	●
Blue Sky Logistics	●
CargoSmart	●
Click Commerce	●
Core Solutions	●
Descartes Systems Group	●
E2open	●
GT Nexus	●
GXS	●
i2 Technologies	●
IBM	●
Integration Point	●
Intra	●
JPMorgan Chase Vastera	⊙
Log-Net	●
Maersk Logistics	●
Management Dynamics	●

Manhattan Associates	●
MercuryGate	●
Mitrix	●
Odyssey Logistics	●
One Network	●
OOCL Logistics	●
RedPrairie	●
Savi	●
Sockeye Solutions	●
Sterling Commerce	●
Supply Chain Consulting/ Viewlocity	●
TradeBeam	●
TradeCard	●
UPS	●

Source: Aberdeen Group, August 2007

For more information on this or other research topics, please visit
www.aberdeen.com

Related Research

[*Global Trade Management Strategies: Surviving Growing Complexities in 2007*](#); May 2007

[*The Supply Chain Visibility Roadmap*](#); November 2006

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