Körber Supply Chain

Supply Chain Performance Guide

Digitization and Process Automation: Measuring and enhancing performance

Introduction

During the past decade, the supply chain has become a mission-critical function for business success. However, it is increasingly difficult to operate supply chains at peak performance, considering increasing customer expectations for eCommerce, multi-channel fulfillment, labor shortages, material supply issues, and rising costs.

These complexities impact supply chain operations, and by extension, business success. To increase efficiency and performance, digital transformation is essential. However, this often introduces further complexity. In this guide, we look at how supply chains are affected by – and addressing – the challenges of Digitization and Process Automation. We also provide recommendations based on industry best practices.

6 factors of supply chain complexity

In 2021, we conducted research to identify six operational areas, or factors, that most directly impact supply chain complexity:

1. **Labor Engagement, Safety and Efficiency**
2. **End Customer Experience**
3. **Agility and Resilience**
4. **Sustainability**
5. **Digitization and Process Automation**
6. **Facility Optimization**

Addressing the complexity associated with these factors increases supply chain performance and enables a competitive advantage.

How Digitization and Process Automation impact supply chain complexity

Supply chain operations are faced with increasing order volumes, stringent customer service level agreements, and expectations for completely accurate fulfillment. This creates pressure to increase throughput and reduce order cycle times – often without the ability to staff up. Rising order volumes during peak seasons compound these issues.

Manual workflows often take longer to execute, are more error-prone, and create inefficient and repetitive processes. While many businesses have introduced supply chain software to support critical functions like warehousing and transportation, these systems are often isolated, preventing end-to-end process automation.

To overcome these complexities, supply chains need to become "smarter." This requires new technologies and a level of integration and insight that only digital enablement and automated processes can achieve.

"Digitization is a key enabler for future-proofing supply chain management at our company."

Supply chain VP at an automotive supplier
2022 Benchmarking Survey, Körber Supply Chain

Supply chain benchmarking survey

In 2021, we commissioned strategy consulting firm Roland Berger to survey how supply chain professionals across Europe and North America were tackling the six complexity factors. We wanted to understand how companies approached them, so we could help supply chain operators benchmark against industry best practices, and identify opportunities and priorities for improvement.

Based on their responses, participants were scored and categorized against each factor into one of four maturity levels:

Initiating
Significant potential for growth

Developing
Solid performer with average capabilities and scores

Advanced
Strong performer with well-established capabilities and high scores

Leader
Top performer with established best practices and excellent scores

Key findings: Digitization and process automation

Most supply chain professionals understand the value of Digitization and Process Automation, with 84% of those surveyed confirming that it plays a key role or is a high priority in their business strategy.

Process and workflow automation

Although automated and system-driven workflows were seen as important, businesses are catching up. One third of *leaders* said their workflows were fully automated and paperless, compared to just 6% of *advanced* supply chains.

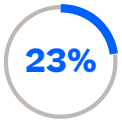
Planning and implementation capabilities

When it comes to implementing digitization, *leaders* were far more likely to rely on in-house teams – 59% said they planned and executed these projects without outside support. In contrast, less than a quarter of *advanced* supply chains felt they could do so entirely in-house. 47% of *advanced* supply chains said they could execute digitization internally, but with help from consultants.

In other words, *leaders* see Digitization and Process Automation as a core skill, while other supply chain professionals leverage outside resources to implement their projects.

Can plan and execute digitization projects using in-house resources:

Maturity level: **Leader**



Maturity level: **Advanced**

Körber recommendations

We identified four areas in which organizations can address the challenges of Digitization and Process Automation to advance their capabilities and increase the performance of their supply chains.

Prioritization and projects underway

Review current activities, and consider adding new projects and/or new operational areas (e.g., order management or supply chain planning) to your current digitization plans. Create a digitization roadmap to help align project priorities.

System and process integration

Improve system and process integration between supply chain solutions to increase visibility, with the goal of removing functional silos. Start with core systems like ERP, WMS, TMS, and Order Management System, and then expand to include other software solutions and warehouse technologies. Integrating systems also enables data capture from across the operation, improving visibility and planning.

Technology enablement

Adopt additional advanced supply chain technology solutions, like cloud, IOT integration, and artificial intelligence (AI)- and machine learning (ML) capabilities. Use simulation and modeling tools to plan facility improvements and maximize their impact. Warehouse technologies like AMR and voice can also increase workflow efficiency.

Expertise/workforce capabilities

Assess missing skillsets and implement training or hire new talent to fill gaps, to ensure staff can implement and support new supply chain technologies.

Conclusion

To succeed in today's challenging environment, supply chains must become "smarter," more productive, and more efficient.

By embracing supply chain technology, executives can add new capabilities and automate most processes – from goods receiving and inventory management to product picking and customer delivery. This not only aids visibility and improves control, but also significantly reduces the risk of errors. Leading organizations are ahead in applying these principles, and are experiencing the benefits: greater productivity, faster and more accurate fulfillment, and ultimately, improved customer experiences and loyalty.

Find out more
To learn more about the issues that create supply chain complexity and find out how your organization compares to industry leaders:

Read more →

To find out more about our solutions to help you address the challenges around digitization, speak to one of our experts.

Contact us →

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