

WHITE PAPER

TRANSFORMING SUPPLY CHAIN STRATEGY TO A GLOBAL TRADE NETWORK MODEL

Enable Profitable Growth by Optimizing
Supply Chain Performance



Soaring Performance.

Companies operating a global supply chain are facing increased pressure to deliver product faster than ever before. “The Amazon effect” has disrupted customer expectations about the speed and visibility of goods in transit. Trying to increase velocity is a challenge when supply chains are fragmented and different departments use siloed technologies for their own individual operations. The traditional supply chain model does not have the flexibility to adapt when constrained capacity, fluctuating demand, and political trade uncertainties affect the market. A more modern approach to supply chain moves away from a traditional logistics model and embraces a global trade network (GTN) model. Organizations can strategically create value and enable profitable growth in new and existing markets by optimizing supply chain performance. This new approach to supply chain strategy is beneficial to companies whether they move product domestically or globally.

WHY EMBRACE CHANGE?

Supply chain leaders are spending billions of dollars each year on technology trying to stay competitive. Yet, a Capgemini report in 2016¹, found 33 percent of executives are dissatisfied with their supply chain transformation. Some of the factors driving the need for change are e-commerce, personalization, and the globalization effect. Consumers are buying online from anywhere in the world and expecting delivery in one to two days. It can be challenging for global supply chains to ramp up velocity due to constraints inherent in international shipping.



A Gartner market study in 2015² listed the following top five factors impacting global trade:

- ▶ Order and delivery cycle is twice as long
- ▶ Number of parties involved in one shipment is typically 20
- ▶ Import, export, trade agreement regulations in different political jurisdictions
- ▶ Increase in multimodal shipments handled by third-party logistics providers
- ▶ Multiple languages and currencies involved

All of these factors impact customer service levels. A research report released in May 2016³ from MHI and Deloitte, found supply chain executives number one challenge is meeting customer demands for faster response time—the Amazon effect. Ninety percent of executives polled said it was either extremely challenging, very challenging, or somewhat challenging to meet those needs. Along with speed to deliver, other challenges include customer demands for lower delivered pricing, volatility of demand, and customer orders for more customized products and service. Providing high levels of customer service is always the goal, but customer demand for speed is causing headaches for supply chain managers. One major limitation in the traditional supply chain logistics model is using multiple execution software solutions that are not integrated together, which limits the flow of information. Managing all channels through one system of interconnected software is the go-forward strategy to increase speed, velocity, and organization both internally and externally.

WHAT IS A GLOBAL TRADE NETWORK

A global trade network is a living ecosystem of supply chain partners all connected through one cloud-based technology platform. In this model, the focus is on interactive collaboration among carriers, shippers, forwarders, suppliers, 3PLs, and even customers. It drives a powerful network effect with the benefits of universal connectivity among participants. This connectivity creates a number of benefits to help companies streamline their global supply chain management.

This vision for the future recently made its way on to the top five trends to secure a clear digital advantage in the Accenture 2017 Technology Vision report. It states, “Companies are increasingly integrating their core business functionalities with third parties and their platforms. Forward-thinking leaders leverage these relationships to build new digital ecosystems instrumental to unlocking their next waves of strategic growth and design future value chains that will transform businesses, products, and markets.”

The key to an effective global trade network is using one cloud-based technology platform. The technology of yesterday was on-premise, deployed behind a firewall, which makes participation from the outside world very difficult. Cloud-technology is the way of the future, but it does not inherently have the ability to support a global trade network. The network needs to be able to flex and adapt to all of the participants connecting through a variety of means. Even more specifically, using a single instance multi-tenant platform allows for analytics on how each supply chain partner performs compared to industry averages. In other words, one platform of technology that can be privately accessed by countless customers. Single instance, multi-tenant solutions can provide anonymized industry-wide benchmark information in real time based on all of the supply chain transactions taking place in the network.



COMPANIES ARE INCREASINGLY INTEGRATING THEIR CORE BUSINESS FUNCTIONALITIES WITH THIRD PARTIES AND THEIR PLATFORMS.

ADVANTAGES TO CLOUD TECHNOLOGY ADOPTION

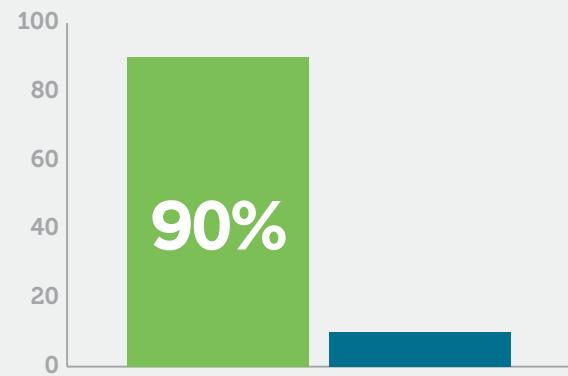
- ✓ **Quick Implementation** - Implementation, on average, can range from one day to 16 weeks.
- ✓ **Operational Flexibility** - Easily accessible from any location through an internet connection.
- ✓ **Pay as You Go** - Cloud-based services establish a monthly fee for using the technology versus paying a large lump sum for an on-premise solution.
- ✓ **Upgrades** - The system is automatically upgraded on a regular basis for better performance and increased functionality.
- ✓ **Security Handled by Vendor** - The vendor is responsible for maintaining security.

TRADITIONAL SUPPLY CHAIN LOGISTICS VS. GLOBAL TRADE NETWORK MODEL

There are a number of differences when comparing a traditional supply chain logistics model with a modern global trade network model. First, it is changing the way the supply chain is managed. Instead of being a cost center, or an expense to the company, it is managed as a strategic, competitive asset. Gone are the days of only planning and executing the shipment booking through the delivery process. Now the attention is directed to streamlining the entire order life cycle ranging from purchasing order management to import/export compliance in order to deliver the best customer experience.

In the old model, stand-alone supply chains were focused on internal automation for cost-cutting and time-saving measures. The problem is stand-alone supply chains still rely on partners that reside outside their system. When things change with their partners not only are those changes impossible to see but the effects of the change create chaos. This chaos increases the cost to serve customers and forces partners to add inventory buffers into their supply chains. The competitive advantage achieved through a global trade network is connecting partners using real-time data and speed to ensure everyone is on the same page. The interconnectivity removes barriers created from static linear processes and allows a supply chain to function as a dynamic living ecosystem where each action gets an immediate reaction to streamline processes. The cost to serve goes lower while customer service improves.

MEETING CUSTOMER DEMAND



Ninety percent of executives said meeting customer demand is either extremely challenging, very challenging or somewhat challenging.

Transform to a new Strategy: Global Trade Network Model

from **TRADITIONAL SUPPLY CHAIN LOGISTICS MODEL**

to

MODERN GLOBAL TRADE NETWORK MODEL

- ▶ Managed as a cost center
- ▶ Focus on internal automation
- ▶ Static linear process
- ▶ Hard-wired
- ▶ Guesswork and black holes
- ▶ Micro-optimization

- ▶ Managed as a strategic, competitive asset
- ▶ Connecting markets using data and speed
- ▶ Dynamic living ecosystem
- ▶ Power of choice
- ▶ Always know when and why your world is changing
- ▶ Macro-optimization: network effect

The future is in the cloud. Companies are moving away from on-premise technology that is hard-wired to enjoy the freedom and power of choice cloud technology provides. A Goldman Sachs study projected spending on cloud computing infrastructure and platforms would grow at a 30% CAGR from 2013 through 2018 compared with 5% growth for the overall enterprise IT⁴.

CLOUD COMPUTING HELPS FUEL BIG DATA INCREASING SUPPLY CHAIN VISIBILITY.

Another advantage to the global trade network model is the amount of actionable intelligence the network can provide to help make better business decisions. It eliminates black holes and guesswork by providing real-time data on what is happening in the supply chain. The analytics can be used to enhance optimization opportunities so companies can look beyond micro-optimization and expand to macro-optimization within the network. According to Gartner, the demand for big data analytics has been the largest driver of cloud subscriptions⁵. In fact, more than three-quarters of global enterprises will be using advanced analytics to improve business performance in the next five years.

5 KEY BENEFITS OF A GLOBAL TRADE NETWORK

1. IMPROVED ACCESS TO CAPACITY

Supply chain managers can explore new opportunities during capacity constraints because the global trade network contains thousands of carriers, forwarders, and 3PLs who are already connected and readily available. The technology platform provides for easy access to aggregated data on how each carrier performs to guide decision making when selecting a new partner.

2. INCREASED SPEED AND AGILITY

A global trade network expedites the on-boarding process. Companies can quickly choose a new supplier or explore a new market instantly. The information is already available in the technology platform. The global trade network also allows for creating and updating work-flows to better serve customers. Using an ‘always on’ services library, the global trade network provides a nearly limitless array of options to configure joint processes. The ability to quickly adapt to new customer demands is a hallmark of a global trade network.

3. END-TO-END SUPPLY CHAIN VISIBILITY

When all supply chain partners are connected to the network, visibility becomes second nature. Everyone is on the same platform so end-to-end visibility is built-in. Embedded analytics help managers respond proactively in real time to disruption in the supply chain. Network modeling provides for the opportunity to create “what if” scenarios based on historical data and trend analysis.

4. MACRO-OPTIMIZATION VS. MICRO-OPTIMIZATION

A global trade network opens the door to new optimization opportunities. Micro-optimization follows the traditional pattern of optimizing a stand-alone supply chain, which saves time and money, but at a certain point the options start to dwindle. Macro-optimization allows for scanning the entire global network for cost-saving opportunities. These orphan opportunities cannot be optimized alone; they need the collaborative nature of the network to move forward.

5. FRICTION-FREE BORDERS

Compliance and customs is one of the most complex issues facing a global supply chain because there are so many laws governing trade. It's compounded by each global trade participant's unique position in the field. Friction can cause delays, loss sales, and reduce customer service levels. A global trade network can help achieve friction-free borders by connecting all compliance software with transportation software for seamless movement of product.

HOW A GLOBAL TRADE NETWORK BENEFITS COMPANIES INTERNALLY

A global trade network is designed to break down silos, streamline processes, create new opportunities, and enhance performance. These benefits not only extend outside of a company's own supply chain, but can also increase efficiency and communication internally. Mergers and acquisitions can lead to silos between internal departments using different systems and technology to accomplish the same operations. When all internal teams connect to a global trade network they immediately gain visibility into their own operations to examine better efficiency models and consolidation plans for future growth.

The power of choice also means a global trade network can scale to fit an organization's unique supply chain needs. When all execution software is connected to one network, companies can select which functionality is needed for day-to-day operations.

THE GLOBAL TRADE NETWORK MINDSET

Companies interested in adapting the modern global trade network model need to start by self-assessing their current network strength. If the solutions and systems in place today are not conducive to allowing this model to work well, hold candid discussions with the IT department to create a SWOT (strengths, weaknesses, opportunities, threats) analysis. Run a survey with current supply chain partners to determine their current level of connectivity. The technology to support a global trade network is available today, it's just a matter of looking at supply chain design in a new way, implementing it, and moving global trade to the forefront where your supply chain becomes today's battleground.

"MOVE GLOBAL TRADE TO THE FOREFRONT WHERE YOUR SUPPLY CHAIN BECOMES TODAY'S BATTLEGROUND"

WANT TO LEARN MORE ABOUT GLOBAL TRADE NETWORKS?

Do you want to learn more about the benefits of a global trade network? BluJay Solutions is here to help. We have a team of experts ready to answer your questions and provide examples of how this modern supply chain model transforms supply chain economics.

FOR ADDITIONAL INFORMATION, VISIT
WWW.BLUJAYSOLUTIONS.COM/SOARING-PERFORMANCE

FOOTNOTES

1. See 2016 Capgemini Research Report, The Current and Future State of Digital Supply Chain Transformation. <https://www.capgemini-consulting.com/resources/the-current-and-future-state-of-digital-supply-chain-transformation>
2. See 2015 Gartner Report, Market Guide for Global Trade Management Software, <https://www.gartner.com/doc/3140435/market-guide-global-trade-management>
3. See 2016 Deloitte and MHI Survey Report, Accelerating Change: How Innovation is Driving Digital, Always-On Supply Chains, <https://www.mhi.org/publications/report>
4. See 2015 Goldman Sachs, Battle of Cloud Titans has Just Begun, <http://www.Goldmansachs.com>
5. See 2015 Gartner Report, Modernization and Digital Transformation Projects are Behind Growth in Enterprise Application Software Market, <http://www.gartner.com/newsroom/id/3119717>

About BluJay Solutions

BluJay Solutions delivers supply chain software and services to the world's most progressive retailers, distributors, freight forwarders, manufacturers, and logistics service providers. Transforming supply chain logistics with the BluJay Global Trade Network, we enable customers to unlock the power of more than 40,000 universally connected partners. With BluJay, companies can achieve greater trade velocity, transform their supply chain economics for disruptive advantage, and see beyond the horizon to optimize their future in the global economy.



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