

Supply Chain Management

As supply chains continue to be increasingly global and interconnected, executives face new challenges while struggling to reduce their exposure to shocks and disruptions across the value chain. Today's supply chains start with early development in Product Lifecycle Management (PLM) and extend through warranty processing, so they must be able to respond to various interruptions and unforeseen exceptions. Seemingly minor miscalculations can have dire consequences on today's complex networks.

Companies need the ability to optimize their supply chains while increasing visibility across suppliers, business partners, and end to end processes. Without this visibility, supply chain managers cannot make accurate forecasts, establish benchmarks, adjust cost structures, optimize sales and supplier sourcing, improve operations planning, and adjust processes based on gaps in supply and demand. Business process management (BPM) in conjunction with connected applications and governance are critical for supply chain excellence.

Integrating Dynamic Process Flows and Exception Handling

IBM BPM powered by Smart SOA™ solutions can help respond to today's unpredictable environment with process visibility, automation and exception management. Users can input rules for variables to

Inefficient supply chains cost companies **\$40 billion** annually*

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given circumstances. IBM BPM can help you optimize your supply chain by tracking, monitoring and analyzing processes and continually improving them to greatly improve forecast precision.

Looking to drive down costs from high buffer inventories, expedited orders and high transportation costs, one global international trade and logistics services company used BPM to reduce costs by 63% in paper handling costs; by 85% in staffing requirements for manual tasks; and by 75% in compliance penalties.

Optimize Supply Chain Operations

IBM ILOG Supply Chain Management solutions harness optimization and visualization technologies to optimize supply chain operations. With these capabilities, organizations can quickly make informed decisions about global supply chain modeling, design and sourcing strategies, transportation planning, and the optimal flow and placement of inventory.

The IBM ILOG Supply Chain Management tooling also includes carbon footprint capabilities to design an energy-efficient supply chain by modeling the environmental impact of each component across the supply chain. Organizations across a variety of industries, including food, consumer electronics, distributors, and construction suppliers, are

increasingly leveraging this intelligence to find the right balance between cost, service, and carbon footprint.

Realtime Visibility Across the Supply Chain

A company's competitive advantage depends on its ability to sense and respond to all aspects of change. Supply chain managers need to react to disparate business events while tracking the location of finished goods, with real-time information across the supply chain. BPM, in combination with IBM Sensor Solutions, can help integrate new data with existing business processes to achieve true visibility and transparency. IBM Sensor Solutions help clients manage and optimize their supply chains, from closed loop to full value chain, based on the use of sensor technologies, such as RFID.

One leading aircraft manufacturer improved its supply chain through a combination of BPM and IBM Sensor Solutions that automated 100% of its data entry, resulting in a 75% reduction in physical handling of parts, reduction in labor costs, and reduction in inventory.

Develop, Produce and Distribute More Innovative Products

When a major portion of your product design and development is delivered by partners or suppliers,

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the supply chain becomes a core aspect of PLM. IBM BPM solutions can help drive agility, supplier collaboration, optimization and demand-driven replenishment. Through an agile supply chain, companies can move rapidly into emerging markets while taking advantage of global sources of supply, production, distribution and talent.

A global shipbuilder was facing demanding schedules and seeking more flexibility from their one-of-a-kind processes to speed product development while delivering quality. With BPM, they maximized the value of existing PLM processes through reusable services, which lowered costs and improved market competitiveness with real-time process visibility.

Speed Time to Value with Industry Accelerators and Frameworks

The IBM Product Lifecycle Management Content Pack helps you get started quickly with BPM in your PLM and supply chain solutions with a rich set of prebuilt, extensible assets designed based on leading PLM standards, which helps you reduce compliance risk. It offers product data exchange, and engineering change request BPM solution scenarios that serve as a starting point for POCs and solution delivery. The IBM PLM Content Pack is a core aspect of the IBM Product Development Integration Framework (PDIF).

The IBM Product Development Integration Framework (PDIF) is a configurable software platform to help optimize along the product life cycle while developing smarter products. It helps organizations in industries such as Automotive, Electronics, and Aerospace and Defense reduce risk and contain costs by automating and establishing common processes across key areas of the supply chain. This framework supports solutions for portfolio and requirements planning, systems engineering, design chain management, integrated change management, new product introduction and asset management along the product life cycle.

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Reference:

* Gurram Gopal and Eric McMillan, "Synchronization: A Cure for Bad Data. Inaccurate, incomplete, and inconsistent data is derailing supply chain improvement efforts." Supply Chain Management Review, ©Reed Business Information, May 1, 2005
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