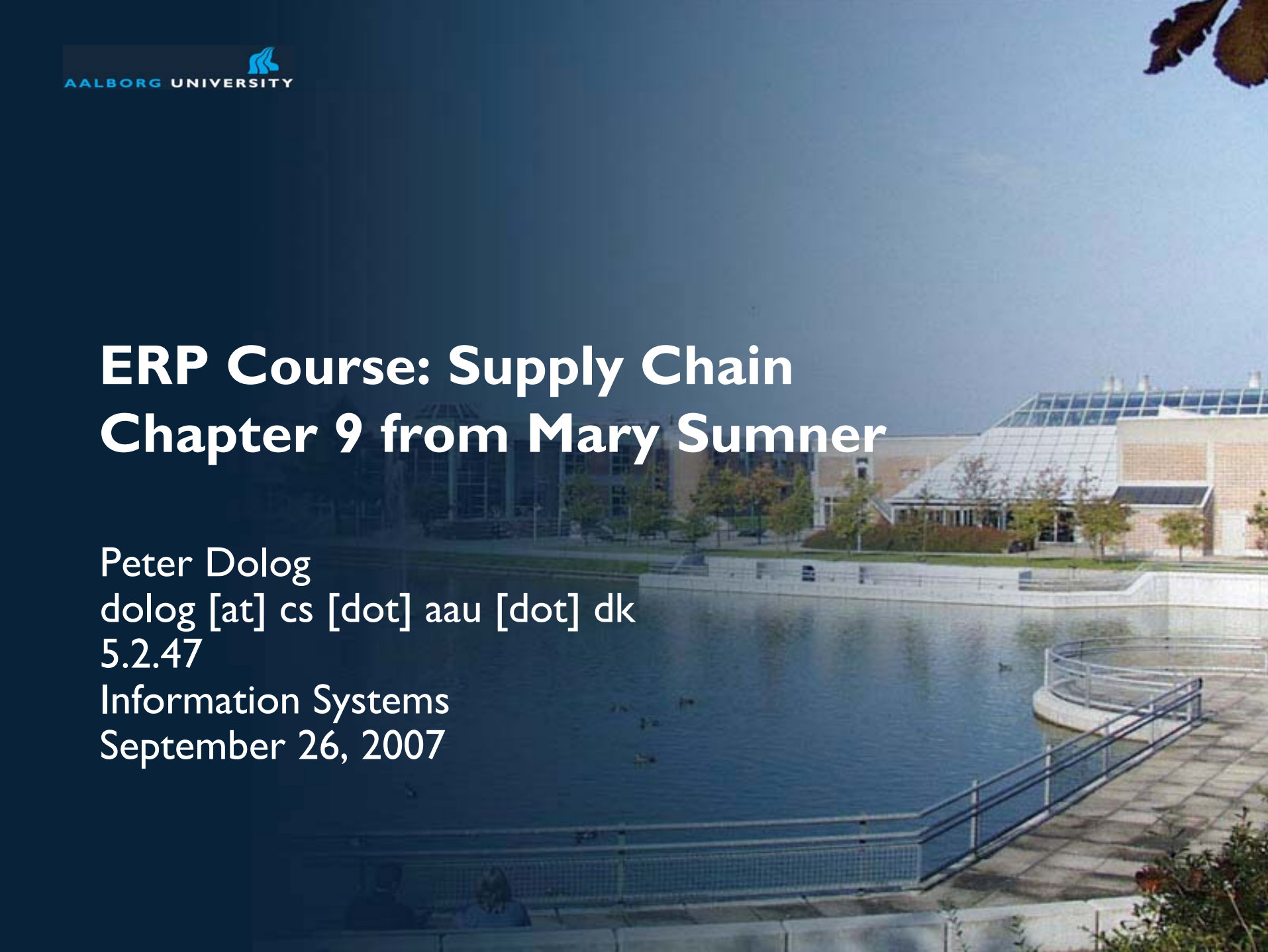


# ERP Course: Supply Chain

## Chapter 9 from Mary Sumner

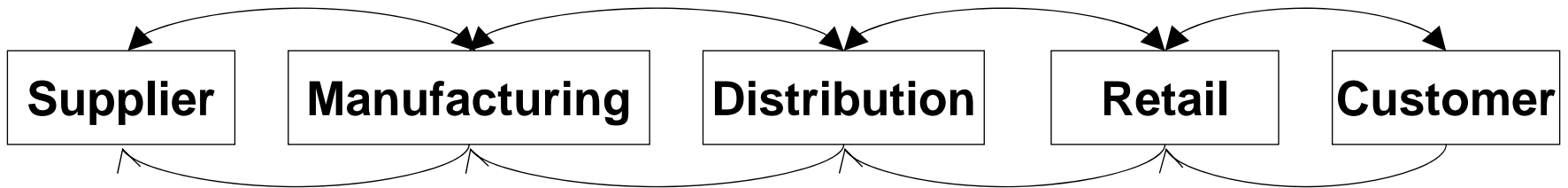
Peter Dolog  
dolog [at] cs [dot] aau [dot] dk  
5.2.47

Information Systems  
September 26, 2007



# Supply Chain

**Information Exchange**

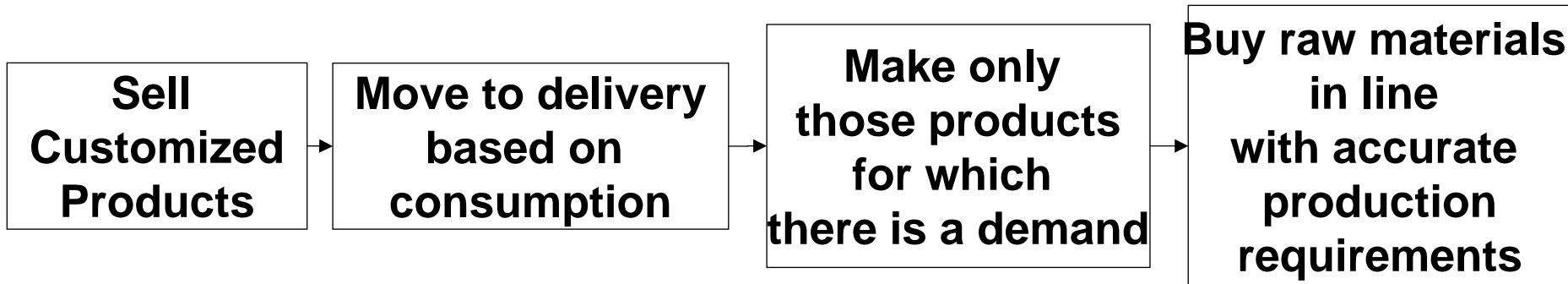
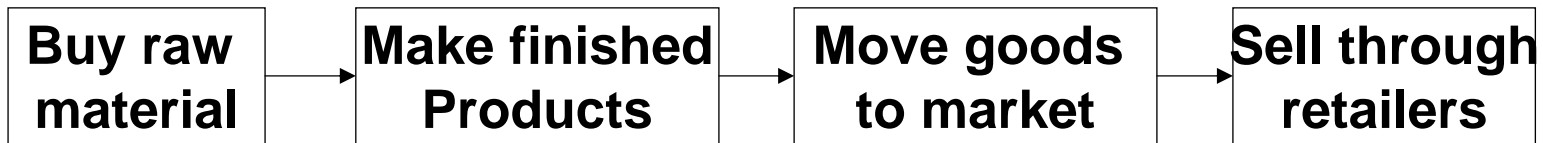


**Cash Flow**

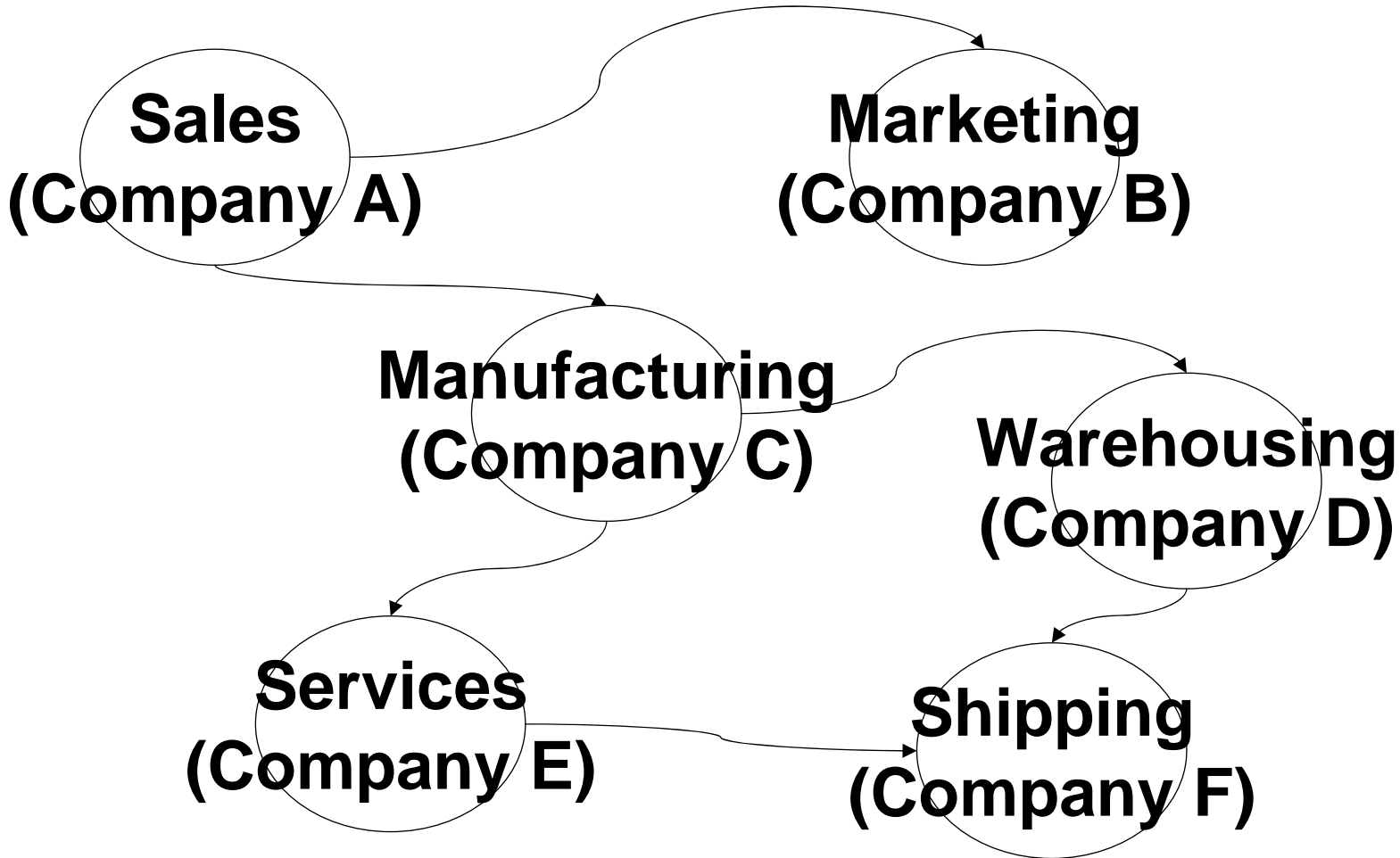


**Products Exchange**

# Material vs. Customer Driven



# Distributed Independent Companies



## Examples

Wall Mart – links to suppliers and when to restock the wall mart inventory

Ford and General Motors – direct link to supplier order entry systems

Hallmark – continuous replenishment for having right products on retailers stores

## Shared Information

Consumers: demand + forecast

Retailers: on-hand inventory, consumer sales data

Distributors: on-hand inventory, retailers' orders, shipping notices

Carriers: in-transit inventory, planned shipments, delivery schedules

Manufacturers: on-hand inventory, material production schedule, actual production completed, distributors' orders, shipping notices

Suppliers: on-hand inventory, material production schedule, actual production completed, manufacturers' orders, shipping notices

# Goals of Supply Chain Management

To focus just on competencies which company is good at

Outsourcing other activities

To reduce costs

To reduce inventory

Cycle time improvement

Customer service

# Partnerships

In the past – negotiating with several suppliers => long times

Nowadays – partnerships between suppliers and consumers,  
vendor managed inventory

Retail decreases cost associated with inventory managements

Manufacturer benefits from larger volumes of orders from  
retailers

Manufacturer pro-actively monitors stocks of the retailer and  
compares them to placed orders

Customer benefits from on-time delivery



# Strategies for coordination

Open Market

Cooperation

Single-Level Coordination

Multiple-level Coordination

Full Coordination

# eBusiness

Virtual value chain

Selling and buying products electronically

Activities supported:

- Inbound logistics lower costs
- Customized productions – low costs
- Faster communication
- Marketing and sales – help for newcomers
- Faster support for customer service

## Coca-Cola example

Inbound logistics – connections between Coke suppliers

Production – Coke and bottles

Management – worldwide communication

Marketing and sales – cellular linked vending machines

Customer support – provide more timely delivery to trade customers

	<b>Transaction</b>	<b>Contract</b>	<b>Partnership</b>
<b>Basis of Interaction</b>	Buyer/seller exchange	Prior contracts govern exchange	collaborative goals and processes (common product design)
<b>Level of Integration</b>	Low	Medium	High
<b>Coordination</b>	based on supply and demand	contract determines level of coordination	interorganizational processes
<b>Information Exchange</b>	one-way exchange	information exchange defined in contract	two-way, interactive exchange of information

# Business-to-Business

## eProcurement

Realizing business between companies electronically on the web

eProcurement web sites offering services for registered users

Clustered according to offered services

Systematic sourcing

Hot spot sourcing

Manufacturing

Reduce transactions costs



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Customer Praise



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# eProcurement

B2B purchase and sale of products and services

Lookups for buyers and sellers

Prices can be specified or provided for bids

Volume discounts

Special offers

Some level of automation through APIs

## eProcurement types

Outsources ERP to the web

e-MRO (maintanance, repair and operating – customer support)

e-sourcing – identifying new suppliers on the internet

e-tendering – analysis of the market based on send and received messages on internet

e-reverse auctioning

e-informing – distributing purchasing iformation



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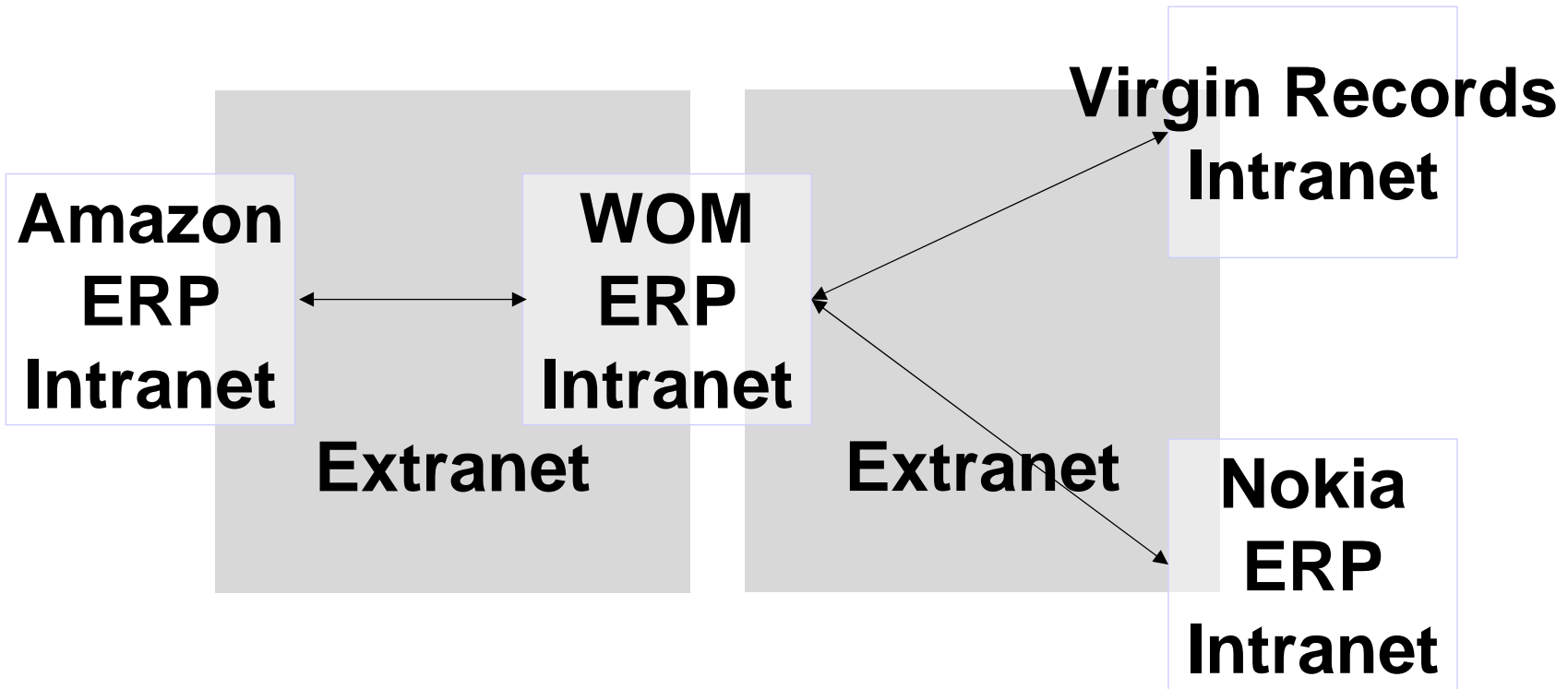
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# Roles in eProcurement

Administrative manager

Purchasing manager

Vendor

Accounting

# Business Intelligence

ERP creates raw data

Collection and aggregation to datamarts and datawarehouses

Using multidimensional data structures to analyse data

Data mining techniques

## Questions to be Answered by BI

What are characteristics of potential defectors in case of grocery stores

Who are the most profitable customers

What is an effectiveness of various marketing programs

Which customers are best prospects for credit card promotions

Which credit limits to establish for various applicants

What is a long term value of various customers