



## EXECUTIVE BRIEF

# Modern supply chains belong in the cloud

## Supply chain management

Supply chain organizations need to ensure that their processes are performing optimally and that they're leveraging the best tools to cover every step—from demand forecasting to procurement to manufacturing to inventory handling and logistics, and everything in between. But whether pressure is coming from increasingly complex global supply chains or the need to create differentiation in a market with shrinking margins, yesterday's supply chain management tools can no longer keep up with the objective of today's supply chain organizations, which according to Gartner is: **“Ensuring supply chain outcomes that are agile and responsive to customers' expectations, despite the challenges from volatility, uncertainty, complexity and ambiguity.”**

Technology has evolved to where it can facilitate enhanced information sharing between members of the supply chain ecosystem, as well as allow organizations to effectively synthesize and interpret that information for improved decision-making. Modern platforms, such as the cloud—as well as modern tools, such as artificial intelligence (AI) and the internet of things (IoT)—empower supply chain organizations to evaluate and implement decisions that drive the best possible outcomes.

## Evolve from a reactive to a proactive supply chain

Despite being comprised of a global network of suppliers, trading partners, finance providers, and customers, many supply chains still operate along a linear approach—with organizations focusing almost exclusively on their individual mandates. Yet with more than 80% of supply chain processes and data occurring outside of any single enterprise, adopting **technology** that allows organizations to share information and collaborate (in a nonlinear manner, beyond an organization's own “four walls”) is necessary to help improve the performance of the entire supply chain—upstream and downstream, for partners and customers.

In addition, the sheer volume of data collection and sharing that occurs in today's business environment is often beyond the capabilities of aging systems and software. But implementing the needed, updated functionality can require substantial and costly upgrades that are difficult to manage in-house. Cloud-based solutions help remove the operational overhead and capital expenditures with which organizations would otherwise be burdened in order to achieve the necessary level of functionality.

Aging systems and software also mean that organizations often rely on antiquated processes, such as spreadsheets and email to extract and share data. Manual processes like these can hamper productivity and hinder decision-making. Today's supply chain management requires automation, efficiency, and speed. Cloud-based tools such as machine learning, AI, IoT, and **digital twins** can provide the capabilities that organizations need to effectively capture and act upon insightful analytics and information.

Taking such a holistic view of the supply chain entails transitioning from "traditional" supply chain operations to more of a "value chain orchestration" approach. Not only does this involve a shift from manual tasks to automated processes, it also means the elimination of operational silos. Modern, cloud applications can help deliver the capabilities for end-to-end supply chain visibility and control.

As organizations are able to implement more proactive decisioning capabilities, less time is spent reacting. Cloud-based tools can help transform a rigid supply chain into one that possesses flexibility and agility to adjust as needed and stay ahead of the competition.

## Find the right cloud partner

A modern, cloud-based supply chain solution deployment can often be implemented easily and quickly—with a new solution up and running in weeks, instead of the years it can take for a traditional, on-premises implementation. Cloud-based solutions typically include all the tools an organization could need to digitally manage its entire value chain. But the digital transformation of an organization's supply chain management doesn't need to be a monumental and all-encompassing endeavor.

## Overcome modern supply chain challenges

Hyper-personalization and mass customization have resulted in an explosion in the number of SKUs companies must incorporate into their product portfolios. For many supply chains, the speed of change has outpaced operational ability, and organizations are struggling to adapt.

This has helped open the door to new competitors that are leveraging digital technologies that disrupt markets. McKinsey reports that competition is even coming from other industries, as "**digitization is causing a radical reordering of traditional industry boundaries.**"

Furthermore, the 24x7x365 availability of modern commerce and multiple channels fuel customer expectations to be able to purchase anything from anywhere at any time, with next-day or even same-day delivery. This trend has expanded beyond B2C and now firmly exists within many B2B markets as well.

These forces increase the already challenging aspects of the supply chain: increasing competition, adding greater volatility, altering capital needs to support additional strategies, and increasing risk. Organizations must adapt and evolve their supply chains to operate under today's expectations.

Digital transformations can occur through strategic, well-planned processes—in small projects tailored for an organization's bandwidth, budget, and immediate needs. Organizations can also adopt a phased approach that breaks the larger goal down into manageable portions. The gains from each phase can even help to fund subsequent phases—early wins can build momentum and generate support during the transformation.

When selecting the right tools to modernize supply chains, organizations should partner with cloud providers that can provide quicker “go lives” in order to minimize changeover time and business disruption. And even once a new solution is operational, the cloud provider should be able to seamlessly deliver functionality and feature updates with little to no downtime—allowing the organization to utilize constant innovation and best-in-class business process improvements.

## Transform the supply chain

Sticking with time-proven technologies and manual systems can make it challenging for customers to engage with organizations. Ignoring digital technologies because an organization regards them as unproven or high-risk, will keep the organization from achieving its full potential. Cloud-based solutions offer the means for organizations to transform their supply chains to meet the modern demands of today’s and tomorrow’s evolving supply chains.

## Improve efficiencies

With the right, cloud-based supply chain solution, organizations can improve efficiencies across the enterprise, including in areas such as:

- **Mobility:** Access to data, customer data, processes, and collaborating partners—all from anywhere, anytime
- **Visibility:** An end-to-end view of the entire enterprise, products, offerings, services, financial plans, suppliers, and partners—all in one system
- **Usability:** Simplified reporting, dashboards, and collaboration tools that make it easy for workers to be efficient and productive in multiple roles
- **Agility:** The ability to make timely, proactive responses to unfolding trends and market opportunities

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