

June 24, 2014

# FT FINANCIAL TIMES

## Cloud is new platform for supply chain partners to get together

By Jessica Twentyman

At many manufacturers, supply chain collaboration is stuck in the dark ages. When it comes to ordering materials and components, managing inventory levels, or organising the delivery of finished goods to customers, companies are forced continually to chase business partners – mostly suppliers, logistics companies and retailers – via a messy stream of emails, phone calls and even faxes.

Worse still, much of the data that could give manufacturers a complete, end-to-end view of their supply chains already resides on the back-end IT systems of these partners: as much as 80 per cent of it, according to some industry estimates.

In other words, when a manufacturer receives an order, it has little idea if its partners can provide the materials needed to fulfil it on schedule, the transport capacity required to deliver it, or the shelf space to display it to customers.

What is needed is a healthy dose of cloud technologies, according to Nader Mikhail, chief executive of Elementum, a software-as-a-service (SaaS) company that was spun out of contract manufacturing company Flextronics this year.

With its cloud-based supply chain collaboration platform, Elementum proposes to transform supply chain collaboration in the same way that other SaaS companies such as [Salesforce.com](http://Salesforce.com) and Workday have transformed sales and marketing and human capital management, respectively.

“Our aim is to bring supply chain collaboration into the 21st century and make it simpler,” says Mr Mikhail. “To a large extent, that’s about eliminating the many blind spots in the process.”

The cloud, he argues, is the perfect place for supply-chain partners to collaborate for better visibility.

Globalisation has meant that supply chains today are longer, more dynamic and riskier than ever before – but the cloud provides a common venue, easily accessible from any internet browser, where partners can get together to exchange information in real time. That makes it easier to detect potential sources of disruption and formulate better contingency plans in response. And a service such as Elementum, he adds, gives them a common language in which to describe bills of materials, replenishment orders, planned lead times and the status of orders.

It is still early days for Elementum, but the company has already attracted a \$44m round of funding from investors including the co-founders of Workday and Box, another SaaS company, as well as Jerry Yang, a co-founder of Yahoo.

And it is targeting a real need among manufacturers and their supply chain partners. Christian Titze, an analyst at Gartner, the IT market research firm, says: “We’re seeing a very definite move to the cloud and a widespread recognition that old ways of working are no longer good enough in today’s world.”

Supply chain traceability is a huge issue for many manufacturers, he adds, but it is no longer enough for them simply to be able to answer basic questions, such as “Where are my materials?” and “Where is my order?”

“Now, what they’re looking for is a broader view. They want to know if their supply chain is following the plan they’ve set out for fulfilling customer needs. And they want to operate their supply chain networks as profitably as possible, to lower costs and to respond faster to new opportunities, as they emerge.”

This, he says, is prompting great interest in cloud-based supply chain collaboration platforms from companies such as GT Nexus and E2open, among others.

One company that has already made the move to the cloud for its supply chain collaboration processes is [CareFusion](#), a San-Diego based medical technologies specialist.

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It is using a SaaS platform from Ultriva to do business with its partners via a supply chain portal, according to Scott Harvey, vice-president of operations in the respiratory technologies division.

“One of the main things for us was the low cost barrier for bringing partners on board. When you start talking to suppliers about establishing a supply chain portal, you can see the question on their faces: ‘What’s this going to cost me?’” he says.

“But all they need is a computer with internet access. It immediately gets rid of a significant barrier to supply chain collaboration.”

Ultriva, based in Silicon Valley, has also eliminated significant bottlenecks in CareFusion’s supply chain.

Suppliers can print product labels directly from the system and, because it uses the same data, CareFusion can scan and log incoming deliveries of materials more quickly. This process used to take five or six hours a day, says Mr Harvey. Now it takes one hour. But more importantly, using the platform has transformed the dynamics of the relationships CareFusion has with its suppliers.

“What suppliers get – and what we get – is complete transparency. Suppliers have the same information and data about our relationship as I have. They can see my inventory levels. They can see if I’m overstocked or about to run out. They can see their performance level against the delivery targets we set for them,” he says.

“They now have all the information and data they need to be more accountable to us and also more responsive.”

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