

TAKE BACK CONTROL OF THE AUTOMOTIVE SUPPLY CHAIN

Managing a global supply chain is a major challenge for any carmaker. Simply identifying the exact whereabouts of parts at any given moment can be problematic. But being able to analyze a supply disruption in context to quickly find alternative sources for critical components is even more difficult.



Scott Conover

It doesn't have to be that way, says Scott Conover, automotive segment leader for GT Nexus, an Infor company, whose cloud-based network system is built specifically to help users manage their inbound supply chains on a global scale. The company became part of Infor, the global provider of enterprise software solutions, in 2015. Conover explains how GT Nexus can help carmakers and their top-tier suppliers regain a sharper understanding of operations outside their own walls.

Aren't carmakers already managing their supply chains effectively?

Globalization has had a tremendous impact on the complexity of making vehicles. Carmakers and tier one suppliers have been very successful in making their own core operations more and more efficient. Certainly assembly plants are producing cars at very high capacity these days, so the job is getting done. But the overall process could be a lot more efficient and cost-effective.

If carmakers don't extend their lean practices to their partners, they ultimately can't have a truly lean network. Manufacturers have been pursuing the goal of an interconnected supply chain for years. Most have failed. They've been trying to extend ERP and other traditional systems that have worked well to automate processes within the organization. While integration to these tools is critical, they simply were not built to tackle the complexities of a global supply chain on their own, especially for global supply chains where transit times for shipped parts can run to 45-60 days.

How do companies deal with supply chain disruptions today?

When there's a natural disaster, companies tend to blame the event. But the real problem is a broader lack of control over things happening outside a company's factories. Today, the typical response to a supply chain crisis is a very labor-intensive process we call "swivel-chair management." It's a process of swiveling from phone calls to a computer screen to emails to spreadsheets. It takes an average of about 15 calls to identify exactly where a part is, and the process can take days. Since there is little or no pro-active management, there's a lot of expensive expediting to resolve the specific supply bottleneck.

Why does it take so much effort?

The challenge is to track down the information you need and then coordinate a response among multiple stakeholders. This goes back to the 1990s, when logistics companies argued that they could do a better job of handling supply chain shipments. Auto industry executives agreed, in part because they were under pressure to cut costs. Besides, the industry didn't

consider logistics a core part of their business.

Studies show that carmakers outsourced about 30% of their operations, including logistics. As a result, they lost touch with about 80% of the information they need to manage their supply chains beyond the four walls of their own organizations. Yes, they can get historical reports about the supply chain. But there isn't much real-time understanding possible. The issue isn't a lack of data. The information is out there. But it hasn't been easy to collect it as it is generated, analyze it and act effectively.

What solution does GT Nexus offer?

We're a cloud-based software solution that, as one of our customers put it, turns on the lights so his company can tell whether he has a big problem or a small one.

We provide a collaborative environment that connects networks of networks, creating a community of supply chain stakeholders for each customer and the industry as a whole. We present a single version of the truth. That's an over-used term, but it absolutely applies in this case. GT Nexus democratizes the data in your supply chain. The GT Nexus platform and network operates for the supply chain as Facebook and LinkedIn do in our personal lives. Instead of posting updates and sharing news with friends, you're sharing changes to a purchase order, shipment or inventory with everyone who is impacted by that change. Everyone who is impacted by that change gets that information immediately.

The GT Nexus platform also is able to assess the importance of a change. It puts a disruption in context so

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affected members of the network know exactly how, or if, the problem is going to impact their operations. Our solution gives them the ability to get as much as a 12-week outlook on a potential disruption. When stakeholders know exactly what's going on, it makes it more possible to manage a supply disruption without impacting production. Our customers relate to us as being the Facebook, LinkedIn and Blockchain of their supply chain. This is a very different but proven approach than alternatives in the market.

Is the auto industry receptive?

It's getting there. There's been a reluctance to think about alternatives and invest in solutions. What's pushing the envelope is the Amazon effect: If I can order something on Amazon and be able to track its journey to me, why can't a carmaker do the same with the parts it orders?

Carmakers are beginning to take back ownership of this information, but they also see value in the knowledge and resources of their logistics providers. They don't necessarily want to take back responsibility for all logistics, but they definitely want to update the relationship they have with their providers. GT Nexus helps them achieve that balance.

For more about GT Nexus, an Infor company, visit gtnexus.com.