Harnessing the Power of Digital Disruption in the Supply Chain

By David Rogers

In this day and age, the phrase "digital disruption" seems to be everywhere. But what does the buzzword really mean, and how can we use it to take control of our business?

In short, "digital disruption" refers to the way that the internet is causing fundamental shifts in the way that we conduct business. This kind of disruption can lead to greater efficiency, better products, and lower costs for product development. 70% of companies have a digital disruption strategy, and 40% of all technology spending across companies is estimated to go towards those strategies.

Still, it's often difficult for companies to shift to a strategy that prioritises digital disruption. Companies that have been operating successfully for many years may not be able to fully see the value of a digital disruption strategy. It's been seen that digital disruption has been the most efficient in industrial enterprises, but that's not to say that it can't be effective across all industries.

When considering your supply chain, it's important to think about how digital disruption can help you.

Stay Flexible
The year 2020 was a great reminder that nothing is permanent, and to expect the unexpected. At various points throughout the year, various supply chains were disrupted dramatically in a multitude of ways – whether from outbreaks, overwhelming demand, lockdowns, or another unforeseen event. It's been reported that 94% of Fortune 1000 companies saw supply chain disruption due to COVID-19.

As such, it is important to create a business environment that is adaptable to unforeseen challenges. Digitising your supply chain allows it to be versatile and respond quickly to unexpected threats and challenges, such as suppliers going out of business or maxing out on product that they can produce for you.

The Need for Speed
Services like Amazon next-day delivery have proven that quick fulfillment is possible, and this fact has driven customer expectations through the roof. While we can't all be Amazon, digitising your supply chain can certainly lead to much faster fulfillment due to automation and the elimination of cumbersome, hard-to-optimise manual processes.

Customisation
In addition to wanting things quickly, consumers nowadays also want things to be personalised. Whether that means personalisation in how things are delivered to the end consumer or

personalisation of the product itself, it's way easier to keep track of and manage such complexities digitally than it is the old-fashioned way.

Get Data Smart
Supply chain data has historically been disparate and siloed, not tied together in a way that is easily processed. Data is often manually entered and stored which is essentially unusable for large-scale processing tasks. While adopting technologies is certainly helpful in the short-term for a number of reasons, another significant value in the digital disruption of supply chains is the newfound ability to gather data in a usable way and react to it.

Oftentimes this reaction and adjustment will be manual—i.e., *created* by humans—but as systems grow more and more advanced, we'll likely even begin to see optimisation that's created by machines that learn like humans do. Having rich data means you can identify trends, outliers, and issues more readily, and in turn react to them more quickly, whether that reaction is human-driven or not.

This optimisation applies to your specific supply chain, but you can draw broader conclusions about the industry as a whole as well from the same data. As supply chain management digitises across the board, it is likely that the industry will shift in fundamental ways as determined by that data. Getting ahead of the digital adoption curve means you can reap those benefits sooner rather than later.

Sensor Utilisation
In line with being data-driven, the availability and relative cheapness of sensors nowadays mean you can get a lot of benefit from them. For example, tracking where specific trucks are, a specific worker, or a package is can help you make good decisions on a day-to-day basis as well as draw broader conclusions about your processes as a whole. Data is king in business today, and the more data you have, the better decisions you can make.

Spending Control
A huge pain point of many industries, not just supply chain management, is controlling company spending. Part of what digital disruption can provide is automating tasks - particularly repetitive ones - so you don't need to use as much revenue for payroll when a computer can accomplish the same tasks (often with greater efficiency) on its own.

This kind of repetitive task automation can range from warehouse tasks such as moving inventory to clerical work such as recording transactions; any adoption of this kind of technology can reduce monetary waste. Good data and automation can even find *better* ways of doing tasks like navigating a warehouse or determining when to replace equipment. By optimising this way, you can ensure your staff is engaged in productivity, education, and work on things that a machine isn't capable of.

In addition, with good, thorough data it is easy to determine bottlenecks, money drains, and other issues encountered within a supply chain. Between automation and issue detection,

integrating a digital disruption strategy can save you a lot of operational money in the long term via better staffing and better data-driven business choices.

Final Thoughts

The digital transformation of supply chain management is coming, whether you're ready for it or not. Don't get left behind! If you don't have a digital disruption strategy, you should probably get one; chances are your competitors have one already.

While the internet and technology were once quaint oddities, nowadays they're just the water we all swim in. Not adopting a digital strategy is basically agreeing to be left in the dust. Other industries are already widely benefiting from newly implemented data-driven strategies, and there's no reason supply chain management shouldn't see just the same benefits.