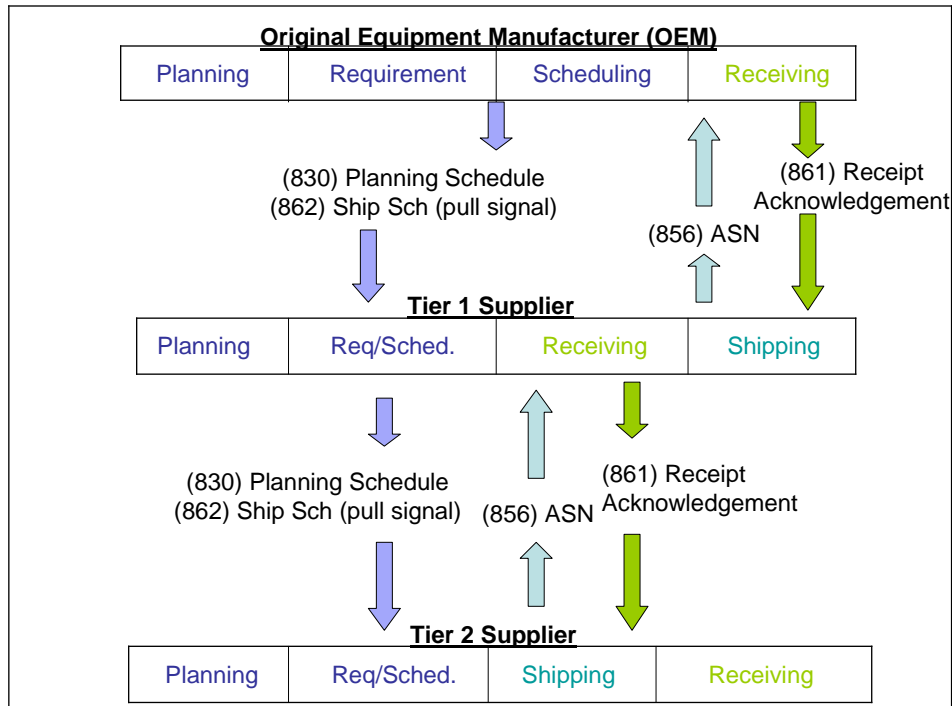




Go Lean: Integrated SaaS SCM

With the constant pressure to increase productivity and decrease production costs while maintaining their business processes, companies frequently look for solutions to address lean, efficient manufacturing needs. Software-as-a-Service Supply Chain Management (SaaS SCM) is the solution to address these needs. This new appreciation to manage the supply chain helps companies' better run efficient manufacturing processes by analyzing the real-time information from the supply chain, via the Internet. Consistent, reliable, and timely information has now evolved to include all members of the community. From the starting point of eCommerce connections with customers to share forecast requirements, pull signals, advanced shipping notices (ASNs) and receipt confirmations with the Mills, the industry is now accomplishing eCommerce between Outside Processors and Service Centers. The idea to provide a view of an Original Equipment Manufacturer (OEM) requirement throughout the supply chain is now a reality with SaaS SCM. Seeing all the activities between Tier 1 and Tier 2 vendors in a cost effect way is now possible. The open line of data exchange lets partners connect electronically to share information to improve inventory management, forecasting, planning and product delivery. The SaaS SCM approach is the foundation for lean manufacturing benefits giving companies a better angle on controlling their inventory across the board. With this information, companies are better equipped to make informed decisions to optimize their business operations and enjoy a competitive advantage over the competition. SaaS SCM users see more, know more, and can cut costs better. The following example illustrates the basis of truly lean manufacturing capabilities through SaaS SCM:



**The above illustration developed from lean manufacturing practices, shows that the OEM requires replenishment of their inventory as inventory is consumed “just-in-time”. The process begins as the OEM sends a standard EDI transaction (X12 830) normally on monthly or weekly basis providing a long range forecast to help the Tier 1 supplier manage production levels. Not having much inventory on the floor the OEM subsequently sends a shipping schedule “pull signals” on a weekly or daily basis to request inventory replenishment from the Tier 1 Supplier. The Tier 1 Supplier then sends the OEM an Advanced Ship Notice (ASN) in reaction to the pull signal notifying the material is on the way and confirming inventory will be replenished to meet the JIT and lean manufacturing practice. The OEM finally acknowledges the material is received with a Receipt Confirmation. The cycle is then repeated as the Tier 1 Supplier sends a forecast and subsequent pull signals to the Tier 2 Supplier.*

Although we have known the benefits of supply chain management for years, putting those benefits to work has been difficult and expensive. The development of this Web based, SaaS SCM system provides the means to share a business event as it happens to the supply chain, making companies more efficient, effective, and productive through their business operations. SaaS SCM is an Internet based software solution that does not require the user to buy hardware or software, but pay for the services as needed. With SaaS SCM you only pay for the service you need, freeing up money to invest in the company. SaaS SCM systems are easier to use and help to better understand the business processes and improve them, saving time, money, and manpower. SaaS is dependent on acceptance on Internet Technology and the commitment of sharing supply chain information with trading partners to accomplish lean manufacturing objectives.

Competition is driving the need to squeeze out every penny from operations and inventory. Leading companies have integrated SaaS supply chain systems and small to mid-size companies are now in the launching stages of adopting this SaaS SCM approach. Once implemented, SaaS SCM users experience true lean manufacturing benefits. More money in a company's bottom line shows the true advantage to SaaS SCM. By implementing SaaS SCM, companies are able to streamline operations and information flow, which in turn, allows them to become an integrated member of the overall supply chain.

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