



The Supply Chain Data Crisis

Examining the supply chain information gap and how to close it



Global trade needs global data

Supply chains are now global, interconnected and increasingly interdependent, with networks spread out across multiple geographies, large numbers of stakeholders and diversified transport networks. However, there is evidence that the informational links on which these operations depend have failed to keep up.

In the last two years we've seen how quickly disruptions both large and small can spread throughout the global supply chain, as well as how hard it can be for supply chain leaders to react and revise their plans to keep their goods moving.

The key reason for this is a lack of reliable data.

In the early months of 2022, we surveyed 200 Senior supply chain decision makers in the retail sector within the UK and Benelux and found that **just 4% of respondents trust their data**. Without accurate information about what's going on in their supply chain, teams are unable to find issues, judge the options available to solve them or make decisions in time. This results in higher freight and personnel costs, missed revenue, poor customer service and unnecessary emissions.

While disruption has been driven by lockdown and restrictions recently, the need for reliable supply chain visibility is only going to increase, even well after the pandemic stabilises.



The challenges include:



Enhanced regulatory processes, including more stringent declarations for the new CDS customs programme



Cost pressure from inflation and higher fuel prices squeezing margins



A renewed focus on the environmental and ethical impact of logistics and supply chain from regulators and consumers



The increased importance of ecommerce and distributed logistics models increasing complexity and nodes in the supply chain

In this report we examine the key data challenges facing supply chain leaders, how the approach to data in supply chain is evolving and outline the foundations for a reliable, agile, flexible digital data model that delivers consistent value for internal and external stakeholders.

We spoke to:

200

Supply Chain Leaders

10-500+

Employees

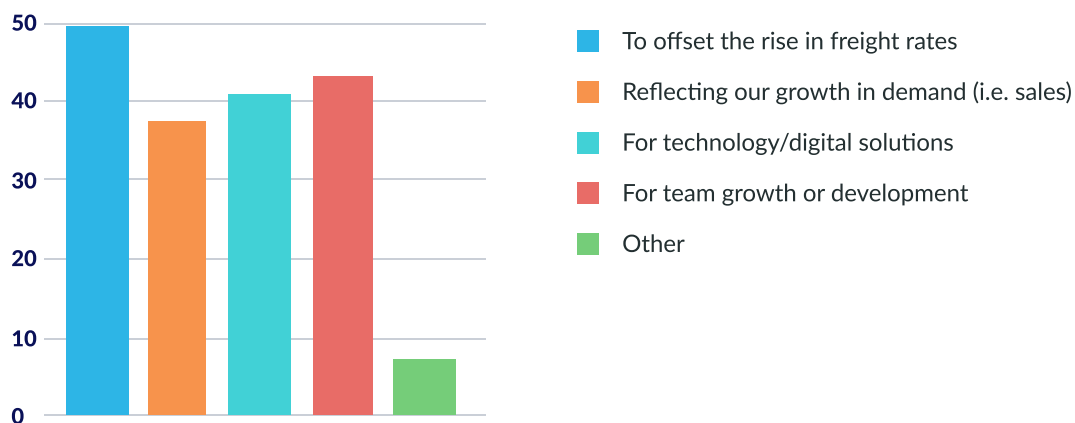
£50m-5bn

Turnover

Supply Chain 2022

Despite the intense scrutiny on global supply chains over the last two years, there is evidence that tangible supply chain development is stuck in a holding pattern. While more attention and capital have moved into the sector, much of it remains focused on meeting demand and margins rather than structural evolution.

In the past 18 months, in which areas has the supply chain function at your business received additional budget or resources?



While **99% of respondents have received additional budget or resources for the supply chain function** since March 2020, the most common reason is to offset the rise of freight rates (50%).

- Looking ahead to the next two years, the main area that will receive additional budget or resources is **growth in demand** (i.e. sales) (46%), followed closely by **offsetting the rise in freight rates** (44%) and team growth and development (41%), while investment in **technology** is lagging behind at 35% of respondents.
- Investing in technology is a higher priority among businesses with more available resources. 50% of businesses with a turnover of £1 billion - £5 billion received additional budget for technology, the highest allocation of capital in this category. This gives larger businesses a long term advantage in supply chain execution, when technology would be key to creating a competitive advantage and level playing field for smaller businesses.

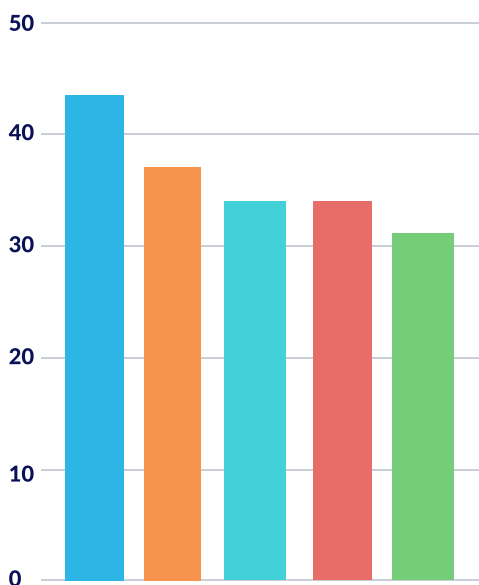
Technology investment continues to lag behind short term cost pressures, despite the fact that the overwhelming majority of respondents understand the need for better data to run and integrate the supply chain into the rest of the business. A possible reason for this is the limited role of supply chain leadership in broader business planning, with over 60% of respondents indicating that the supply chain function attends and contributes to less than three board meetings a year.



Key Challenges in Supply Chain

Supply chain is one of the core drivers of business performance, including stock availability, margin and customer service. However, our research indicates that data issues severely limit the ability of supply chain teams to provide value to other parts of the organisation.

What, if anything, are the current greatest challenges to you being able to excel in your job as a supply chain professional?



- Having the correct information to respond to requests from internal stakeholders. e.g. live update on where goods are at any points in the supply chain down to the SKU
- Having the data to contribute to top-level strategy e.g., informing decision on total cost to serve, supplier strategy etc.
- The time it takes to collaborate with all my internal stakeholders
- Having inefficient (and old school) working practices i.e. having lots of emails, working across lots of spreadsheets, and slow updates
- The time it takes to collaborate with my external stakeholders

The black box supply chain

The three greatest challenges respondents currently face in being able to excel in their job as a supply chain professional are:



Having the correct information to respond to requests from internal stakeholders (44%). This is particularly an issue for smaller businesses turning over less than £100m, 58% of whom report this issue.



Having the data to contribute to top-level strategy (e.g. informing decisions on the total cost to serve and supplier strategy) (37%)



The time it takes to collaborate with all internal stakeholders (34%) and having inefficient (and old school) working practises (i.e. having lots of emails, working across lots of spreadsheets, and slow updates) (34%)

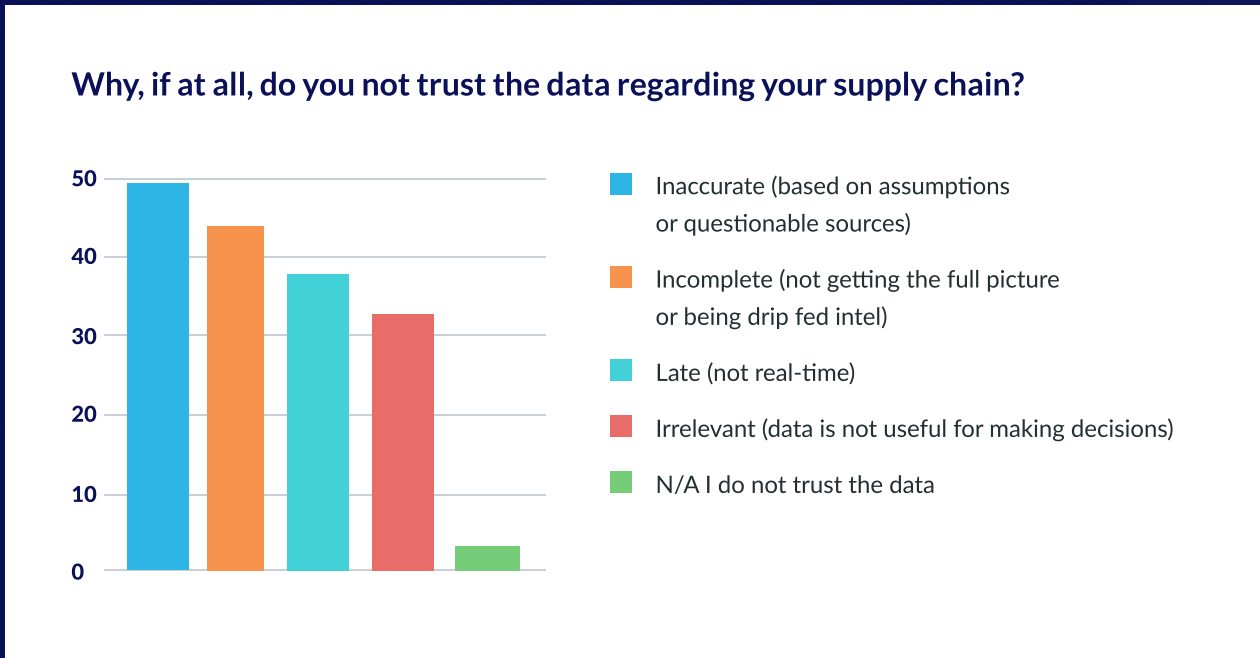


The UK in particular shows a lack of investment in supply chain processes when compared with Benelux. Respondents in the UK are almost twice as likely as those in Benelux to state that inefficient and out of date working practices hinder their performance (44% vs 24%).

This lack of insight leaves the supply chain as an informational 'black box', limiting efficiency, collaboration and overall business strategy. This is due to **poor data quality, low visibility and limited collaboration potential within and between teams.**

Supply Chain teams lack visibility

In a volatile environment where details change regularly even in traditional 'solid state' models, it's notable how little supply chain teams trust their data.



- Almost half (49%) of respondents said they do not trust their supply chain data because it's inaccurate (based on assumptions or questionable sources).
- Over 2 in 5 (44%) said they do not trust it because it's incomplete (not getting the full picture or being drip-fed intel).

This lack of information is a challenge to efficient supply chain management, with nearly half of teams missing information required to determine performance at a macro and micro level:

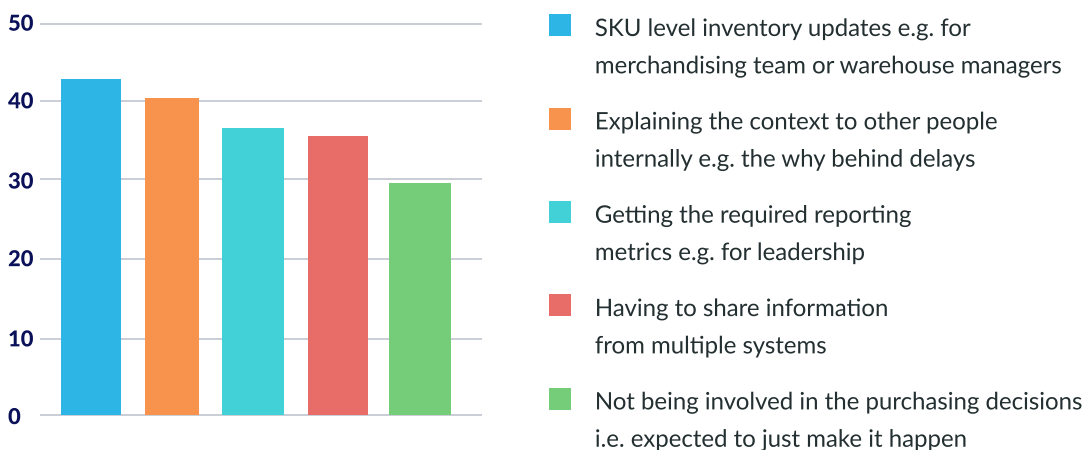
- 44% of respondents said they encounter obstacles around accurate data for reporting purposes (such as freight and landed costs) the most when it comes to visibility across their supply chain.
- 43% struggle tracking supplier / vendor performance, such as OTIF the most, while 41% face obstacles with live updates on where their goods are.

These issues are exacerbated by scale and resource issues. The ability to effectively track supplier than vendor performance such as OTIF decreases with the size of the business, rising to 57% for businesses above 500 employees, indicating a lack of investment as businesses grow. Sourcing accurate data for reporting purposes such as freight and landed costs was worse among businesses with 50-99 -employees, at 55%.

Without data, teams are isolated internally

Without reliable information, supply chain teams can't provide value to teams that rely on them. This is particularly challenging when it comes to collaborating with sales teams on key issues such as inventory.

What obstacle(s), if any, do you encounter in being able to collaborate effectively with internal stakeholders?



- 44% of teams report difficulties sourcing SKU level inventory updates for merchandising team or warehouse managers and rising to a shocking 80% for businesses with 10-50 employees.
- Respondents in the UK are more likely than those in Benelux to face the obstacle of explaining the context to other people internally (51% vs 31%), as are those turning over under £100m (58%). For higher turnover businesses, the biggest issue is managing data across multiple systems (45%)

This is exacerbated when it comes to managing communication with external sources such as suppliers, vendors and transport authorities, with 95% of businesses reporting difficulties collaborating with stakeholders outside of their organisation.

What obstacle(s), if any, do you encounter in being able to collaborate effectively with external stakeholders?



- Smaller companies struggle with approving shipments once cargo is ready, with businesses between 10-49 employees nearly twice as likely to struggle compared to those with over 500, at 47% and 25% respectively.
- The biggest issue for large companies is sourcing missing documentation from the right people to get goods over borders, with 46% reporting difficulties, compared with 13% among those below 50 employees, another sign of lack of investment in systems as businesses grow.
- Respondents in the UK are more likely than those in Benelux to face obstacles around incomplete order fulfilment from manufacturers / suppliers impacting their inventory (44% vs 23%).

A lack of reliable information limits internal efficiency, external collaboration as well as the performance of the supply chain as a whole. While technology offers a range of solutions to these issues, investment remains sporadic and unfocused.

Technology investment trends

Despite existing issues, the majority of respondents think they are effectively utilising digital solutions to solve issues with their supply chain (71%) though fewer than a quarter (23%) think they are utilising them very effectively.

- Relative confidence varies by geography, with 20% of UK respondents holding a negative view of their technology use, compared with 8% in Benelux.
- There are indications that larger businesses put more resources into technology, with 20% of companies with 500+ employees using one system to store and easily access all documentation, compared to 7% in the 10-50 range.

Investment plans remain limited in these areas, indicating a lack of urgency on the part of businesses to upgrade their capabilities; however, there are specific examples that buck this trend.

- Centralised supply data is a more urgent priority for businesses between 250-500 employees, with 32% looking to implement these tools in the next year.
- 61% of businesses with 500+ employees want to implement end-to-end SKU visibility in 1-3 years.

The lack of investment in these areas becomes a self-fulfilling argument, with supply chains unable to deliver business value, and therefore not worth investing in further. Without a new approach, businesses will be left spending more in the long term to satisfy demand and manage rates instead of creating scalable systems that deliver long term value.



Existing technology investment

Levels of existing technology implementation remain vert acrs businesses, providing some insight why these data issues persist.

- 15% Reporting and analytics on supply chain data
- 12% Centralised supply chain data
- 10% Centralised documentation
- 9% Centralised collaboration with all stakeholders
- 8% SKU-level end-to-end visibility
- 8% Real-time tracking of shipments



The Supply Chain Opportunity

Solving the data and visibility issues in modern supply chains has the potential to radically improve performance across a range of areas, including revenue, efficiency, working capital and carbon emissions. While investment plans are moving slowly, this offers an opportunity for businesses to act quickly and create market leading supply chain systems with minimal effort.

Building better processes in partnership

Businesses have a range of options for improving their data processes internally, from building new systems to buying new solutions. However, implementing new solutions internally can be expensive, time-consuming and risky, potentially explaining lack of investment.

Working with a supply chain partner is a holistic strategy to reduce risk, accelerate implementation timelines and improve ROI by combining technology upgrades with physical services and infrastructure. Zencargo integrates digital and logistics processes to track every step of the supply chain, giving businesses full control over the movement of their goods by solving key data issues.



1 Setting standards for data quality

The raw material of effective, agile supply chain management is reliable, high-quality data across SKUs, context and performance. Without this insight, it can be impossible to know how well the supply chain is functioning at all, let alone pinpointing improvement opportunities.

Zencargo takes a data-first approach to supply chain management to create a sustainable foundation for planning, execution and optimisation.

- Digitising the SKU-catalogue to set standards for product information
- Connecting directly to manufacturers and carriers to source real-time information on production and transport
- Direct integration with WMS, ERP and front-end sales systems to source complete, accurate data
- Automated flagging of at-risk SKUs or shipments

With high-quality information, teams can work more closely with other departments based on a single source of truth, tracking shipments, containers and SKUs in detail in real-time.



2 Centralising data and communication

Reliable data enables coordinated action between stakeholders inside and outside the business. While many larger businesses struggle with a multitude of systems that don't connect to one another, Zencargo's cloud logistics platform connects all the relevant stakeholders and systems, enabling not just communication, but faster decision making when it matters most.

- Communication tied to individual shipments to minimise lost correspondence
- Enabling suppliers to update key milestones and reasons for delays to analyse root causes
- 'Approval to ship' action on the platform allows you to approve shipments as soon as cargo is ready
- Digital documentation to streamline customs processes and origin/destination compliance



3 Data-driven performance enhancement

With information and action combined in one platform, businesses can go beyond just tracking activity in their supply chain to understand the key drivers behind performance across suppliers, internal stakeholders and transport partners.

- Analytics on landed freight costs per SKU to track margins and overheads
- Setting benchmarks for supplier performance and container utilisation
- Tracking OTIF by supplier and carrier
- Lead time optimisation for more effective SOP
- Tailoring modes according to SKU, trade lane and demand



Reliable supply chain data is essential for delivering value in today's competitive retail ecosystem.

Zencargo works with some of the world's most forward-thinking businesses to create sustainable processes that connect internal and external stakeholders to make better supply chain decisions.

With the right information, companies can improve efficiency, revenue and margins to create long term competitive advantage. If you've experienced any of the issues covered in this report, or wish to improve data quality, visibility and collaboration in your network, book a call with one of our digital logistics experts.

To find out how Zencargo could help you build a more sustainable supply chain, [**get in touch.**](#)

www.zencargo.com

