

The Global Supply Chain is Evolving – Are you evolving with it?

The global supply chain is evolving every day, adding complexity to the roles of shippers and their third-party logistics providers (3PLs). The “I want it now” environment, formed by the evolution the digital world and fostered by both millennials and companies like Amazon, is creating opportunities for those 3PLs willing to change and adapt to meet those consumer demands.

Companies that manufacture and distribute goods are relying more and more on the agility of their 3PL partners to provide the appropriate services to keep their supply chain efficient and their customers happy. Their concerns include: infrastructure, economic stability, freight and supply chain transparency, tax regulations, security, and cross border shipping details. This in turn changes the concerns of the 3PL including: workforce readiness, freight and supply chain transparency, just in time and efficient services, regional / global networks and the delivery of services that meet both their partner's and their client's high expectations.

MAVES International Software Corp. (MAVES) recognizes the major factors disrupting the traditional 3PL's operations and how they must change to be relevant for their trading partners in the modern-day supply chain. The following is a list of the most influential new requirements driving the modern supply chain to adopt change:

Globalization of Business

The world is globalizing rapidly and this change will not be slowed down, changed or reversed. Instead of fighting this change 3PL's must embrace this in their business services. Setting up global networks through strategic partnerships with other 3PL's and Transportation companies can extend their outreach globally. The 4PL effect has created a need for these 3PL's to find common ground on how to share services and costs as well as the requirement to invest in connectors to facilitate efficient connectivity between the various operational software platforms.

IT Solutions will become Increasingly Prominent

The development of disruptive supply chain technologies such as **Artificial Intelligence** (AI), the **Internet of Things** (IoT) and **Block Chain** will force 3PL's to determine the implications of those trends to enable future supply chain operations. Sensor Technology (IoT) will give us reference points to specific stops in the supply chain such as sourcing, manufacturing, logistics and services. Artificial Intelligence (AI) will enable making logical decisions at these points, increasingly with little to no intervention by human operator thus enabling further efficiencies for the 3PL serving the supply chain. “A Block chain is an open, distributed ledger that can record transactions between two parties efficiently and in a verifiable and permanent way.” In reference to a supply chain network, once a block or occurrence is recorded it cannot be altered without affecting future blocks ultimately creating valid and traceable activities within the supply chain.

Advanced Analytics / Metrics

These are tools that enable 3PL's to proactively take advantage of supply chain planning, sourcing, and logistics and transportation. They can be deployed to improve end-to-end supply chain performance by understanding deficiencies and improving decision making for future supply chain activities. These analytics can be taken from any point within the supply chain: shipping, receiving, warehousing activities, peak order activities, cycle times, order fulfillment processes, etc. to name a few. From this data, 3PL's can create Metrics that can allow for tracking of process improvement, utilization of their workforce, warehouse optimization, data accuracy, etc.

Transparency and Data Visibility

In the past traditional 3PL service providers cared more about price point and discounted savings, actively avoiding transparency so they can provide lower prices for their clients without their knowledge on how savings were realized. Meanwhile contemporary 3PLs realize that the only way to significantly save money for their clients is by opening up business processes and focusing on analytics and reporting. Thus transparency equates to enhanced tracking abilities and analytics, valuable data collection and reporting, improved carrier accountability and a reduction of inconsistent rates resulting in costly claims.

Automation of the Supply Chain

Automation in 3PL floor processes with technologies such as pick to light, automated weighing stations and computer guided vehicles. Automation of the "Last Mile" through drone technology, driverless vehicles and ride sharing services such as Uber and Lyft. The costs as well as shortages of qualified labor will bring rise to the efficiencies of these technologies as well as their ability to interface with supply chain software.

Omni-Channel Management

Finally, a recognized major disruptor to the modern supply chain is the advent of the Omni-Channel Retail Markets created by the demands of on-line retailer eCommerce activities. To provide fulfillment solutions for their customers is no longer a choice for the modern 3PL service provider but rather a necessity. Changes in floor processes to manage numerous small pick and pack order shipments daily has made the 3PL's search out new software such as connectivity to eCommerce stores and market places, connectivity to small parcel shipping systems, improvement to their EDI software and the requirement of a more agile WMS to handle these new requirements. The importance of analytics becomes more important to handle the additional labor required to manage high volume pick and pack processes, to manage and understand productivity, to manage floor process efficiencies and to keep pace with the high demand of the retailer's daily and high-volume seasonal requirements.

For over 40 years, MAVES International Software has been a pioneer in the development of supply chain software solutions for the 3PL Service Provider. To learn more about how our 3PL Software Management Suite, ViewPoint Logistics™ can help you effectively manage the evolution of the modern supply chain, please feel free to reach out to us at www.maves.com.