



Best-of-Breed SCM and ERP: The Right Perspective is all in the View

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Best-of-Breed (BoB) Supply Chain Management (SCM) solutions or ERP systems — which option provides the opportunity for greater competitive advantage? Recent SupplyChainDigest research shows that users prefer BoB SCM solutions and believe these solutions offer the tools and proven methodology necessary to accelerate the achievement of business objectives that lead to a competitive advantage. Here's a closer look at four possible "views" why:

Rear View Mirror: ERP systems excel at providing a historical record of what happened in a business. They are architected to formalize appropriate accounting procedures and manage high-volume transaction processing. As the financial system of record, ERP systems provide significant value to the business. However, ERP architectures do not provide the required flexibility for planning or scenario-based modeling, both of which are critical to budgeting and supply chain management activities that are more futuristic, than historic, in nature.

Front Windshield: BoB Supply Chain Execution (SCE) systems are designed to prioritize tactical or short-term operational activities and help a business stay focused on key daily and weekly tasks to keep the supply chain running smoothly and cost effectively. Such activities consist of short-term planning and monitoring of warehouse, transportation and customer service organizations to track work flows, order fulfillment, on-time deliveries and actual performance compared to corporate goals. ERP systems are critical to order management, customer credit policies and proper invoicing, but are less robust in supporting warehouse workflow management, optimized transportation planning and shipment management.

Telescope: BoB Supply Chain Planning (SCP) systems are designed to provide telescopic insight to what might happen in the future, incorporating what-if analysis, dynamic feedback, optimization and synchronization between demand, supply and production operations. BoB SCP solutions can also leverage historical performance to predict future needs and capabilities, which enable companies to extract additional value from an ERP investment. BoB SCP solutions, such as those from Logility, offer extended flexibility, multiple planning scenarios and demand signals, optimized sourcing and production management, and the ability to re-plan quickly to leverage the latest supply chain intelligence. BoB SCP solutions provide greater flexibility than ERP systems for bringing future business scenarios into perspective, including "wide-angle" or long-term planning to accelerate new product introductions, optimize production and streamline a supply network. They also sport "zoom" features for shorter-term, detailed analysis about the impact of specific business opportunities such as the cost to serve a new customer or expand sales channels.

Panoramic Lens: Many BoB SCM solutions, like Logility, offer built-in performance management to keep a real-time pulse of business activities. These capabilities provide 360° supply chain visibility by linking hourly, daily and weekly operational performance to corporate goals and, when needed, providing alerts to team members across different areas of the supply chain indicating a request for priority attention and resolution. Performance management is more than on-line reporting capabilities – it fosters proactive efforts in daily supply chain activities and helps companies adopt an it-is-better-to-prevent-than-report-a-late-order mentality.

Supply chain management is only valuable when it provides a source of competitive differentiation. To realize the greatest value, companies must maximize each of the supply chain views listed above and realize that ERP and BoB SCM systems are specifically architected to serve distinctive purposes. Companies who truly want to maintain or gain competitive advantage in today's demand-driven, dynamically global marketplace will see the applicability for the strength of an ERP backbone combined with the flexibility and scenario-based nature of BoB SCM solutions.

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