

Technology Enablement in Global Logistics and Trade Management Remains Well Behind Growth in Global Sourcing

Vendors Were Playing Catch Up Before, but Are Bringing Increasingly Capable Solutions to Market

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The following article is taken in part from the recent Supply Chain Digest Letter on Global Logistics and Trade Management. An electronic copy of that 16-page newsletter, as well as a variety of other valuable information, is available at our [Global Logistics and Trade Management Resource Page](#).

There is simply no question that, for most companies, technology enablement of global supply chain and logistics processes is well behind that for other areas of the enterprise and the scale of global supply chain operations themselves.

As analyst **Dwight Klappich** at Gartner recently wrote, "Even sophisticated companies that have more global supply chain experience and were early adopters have only automated a small fraction of their global trade operations."

There are a variety of reasons for this. The growth of offshoring happened so quickly, relative to most business trends, that many companies were knee-deep in the strategy and execution before they could really assess technology needs.

Similarly, the apparent potential of substantial cost reductions from moving to low-cost country sourcing alone seemed attractive enough that many companies simply assumed the benefits could be achieved through the sourcing decisions alone. As is becoming increasingly clear, however, the reality is that the challenges of estimating and achieving the right level of savings leave many companies less than fully satisfied with their global sourcing strategies, and many look to better technology enablement to improve their results.

The software solutions available to help support these processes are also relatively new in many re-

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spects, at least compared to other areas of the supply chain. Known by a number of different names (Global Trade Management, Global Commerce Management, International Trade Logistics, Global Transportation, etc.), some components, such as denied party screening and import/export documentation, have been around for many years, though still not yet fully mature.

Other areas, such as supply chain visibility and full international through domestic transportation management, are newer still. This comparative newness is also a factor in the relatively low level of technology enablement to date.

Nonetheless, significant strides are being made in the supporting applications, with many vendors now able to offer relatively comprehensive suites of solutions that address many if not most areas of global trade and logistics processes.

It does take a different kind of software. Respected IT commentator **Eric Keller** recently wrote that although "it's a foregone conclusion that manufacturers will continue their relentless push to off-shore manufacturing...it doesn't appear companies

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Global Logistics and Trade Management Solution Framework



Source: Supply Chain Digest

have rethought the IT portfolios.” He further observes that “Unless companies that are offshoring make major changes [to their IT solutions stack], they will run into quality, compliance, and logistics problems sooner rather than later.”

The reality is that today most companies have adopted supporting global supply chain technology primarily to meet an immediate or even urgent pain point or requirement. This means that the technology has often been adopted on a “point” basis, rather than by considering the full spectrum of current and future needs, and developing a master plan for enablement of the global supply chain process.

Solving immediate needs will always take precedence, but we believe it is also important to

take a step back and identify what kind of capabilities are likely to be needed over time to achieve your goals for global logistics efficiency, effectiveness, cost, and service.

As shown above, **Supply Chain Digest** believes a robust global trade solution should address five inter-related functional areas, along with additional capabilities in areas such as visibility, total landed cost calculation, and analytics, that support end-to-end global logistics and trade management processes.

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