

Supply Chain systems still disappoint, despite continued investment

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PRESS RELEASE

Organisations are failing to secure many of the anticipated benefits from implementing new supply chain technology, according to the latest survey of this market from PMP Research.

Just 7% of those polled have realised all the benefits they expected, while a third of respondents report seeing some benefits but not the full range. However, most are pinning their hopes on success longer term, with the majority (56%) claiming they will achieve all the benefits they seek in the future. The research has been commissioned by the Evaluation Centre (www.evaluationcentre.com).

The survey's findings suggest that this confidence is not misplaced. Although the proportion who have succeeded so far is small, it is almost twice the proportion who recorded a positive outcome last time around (4%). That 2005 figure is itself double the proportion from the year before (2%), suggesting that companies are indeed on track for benefits realisation further down the line.

Certainly, there is no sign in this year's poll of companies abandoning supply chain technology: one in five (21%) reckon to be investing considerably more in their supply chain and manufacturing systems than they did three years ago and half (54%) say their spending remains the same. None admits to reducing investment in supply chain systems this year, compared to the 20% who predicted spending cuts last year.

Three-quarters of the sample say they revise their strategy for their supply chain systems on a very regular basis—13% do so every six months, while 60% plan an annual overhaul.

This is partly in response to constantly changing requirements. The majority (86%) say their products are now more customised or personalised than before, while a quarter (26%) also report that the lifecycle of their best-selling products has become shorter.

There is some evidence that it's this demand for continual adjustment to the supply chain which is causing problems for organisations. Top of the list of barriers to achieving all the gains they expect from supply chain systems is the difficulty of changing internal processes, cited by 37%.

And despite the fact that 82% of those polled say their supply chain and manufacturing systems are now more flexible than ever, only just over a third of companies (37%) claim to be able to make incremental adjustments to any part of their systems, rather than wholesale re-plans.

Companies have had more success in moving to online working, with 89% saying that improving communication and collaboration along the supply chain and with manufacturing operations, is now more important than it was two years ago.

Nearly all (92%) are using online services for communication, with the main benefits identified as reduced costs (77%), improved service (63%), greater responsiveness (63%) and improved supplier relationships (63%).

Looking to the future, a third of companies (35%) have invested in Advanced Planning Systems (APS), with another 15% indicating they may do so in the next two years. A similar proportion are attracted to the potential of Radio Frequency Identification (RFID)—while only 19% are currently signed up for this technology, a third (35%) say they may consider this option in the near future.

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Note for editors:

About PMP Research

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Press enquiries:

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About the Evaluation Centre

www.evaluationcentre.com is the website and service centre to assist buyers of software, services and technology in their procurement process. It achieves this by dividing the site into four areas (a) Strategy - this part of the site help users build their IT and Business strategy (b) Supplier Evaluation - this part has over 150 suppliers evaluation reports and lists an additional 1200 suppliers (c) Implementation - this part of the site provides guidance in terms of implementation best practice and finally (d) the Service Centre - this part of the site provides help desk facility.

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