Thank You To Our Respondents

We are pleased to present the findings of the 2004 study on Connectivity in the Supply Chain.

Our hope is that this data will provide useful information regarding current trends, and assist you in assessing your organization's performance relative to other companies.

Thank you again for your support of this research effort.
Research Study Team

University of Tennessee
  Mary Holcomb, Ph.D.
    » Associate Professor
  Brian Fugate
    » Ph.D. Candidate

Capgemini - Americas Supply Chain
  Peter Moore
    » Vice President
  Tony Ross
    » Senior Manager

Supply Chain Management Review
  Frank Quinn
    » Editor

A Special Thanks

The research team would like to acknowledge and thank Mr. Eugene Pierce, MBA Candidate at Georgia Southern University, for his assistance and work on the development, creation, analysis and dissemination of the study.

His contribution to this effort is much appreciated.
Survey Details

A few comments regarding the data and methodology are worth noting here:

- The mail survey was conducted in July 2004.
- There were 374 participants in this year’s study.
- Since some questions have more than one response, not all percentages will add to one hundred.
- Not all respondents answered all of the questions.
- Where appropriate the mean, the median and the mode are provided in the report.
- The mean is the average of all of the responses, while the median is the midpoint (50% above and 50% below) for a specific response to a question. The mode is the single most frequent response.

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</tbody>
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©2004 - UT and Capgemini
What **TOP 5** Areas Will Investments In Supply Chain Technology Be Made In 2005?

- **Enterprise resource planning (ERP)**: 31.0%
- **Supplier integration**: 32.0%
- **Warehouse management system (WMS)**: 33.0%
- **Demand planning**: 35.0%
- **Customer relationship management (CRM)**: 38.0%

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What Are The 5 Least Likely Areas For Investments In Supply Chain Technology For 2005?

- Partner relationship management: 14.0%
- Use of B2B Industry Standards (e.g., RosettaNet in high tech): 17.0%
- Distribution requirements planning (DRP): 20.0%
- Customer integration: 22.0%
- Materials resource planning (MRP): 24.0%

What Is The Major Obstacle Affecting Supply Chain Technology Spending This Year?

- Measurement/reward system has not been changed: 6%
- Insufficient support from corporate IT: 7%
- Current state of supply chain technology development: 9%
- Lack of clear direction in terms of supply chain technology needs: 18%
- Business processes need to reengineered: 20%
- Budget: 39%
To What Extent Is Supply Chain Technology Outsourced For Your Area?

Supply chain technology is totally outsourced: 4%  
Greater than 50%: 10%  
26% - 50%: 14%  
11 - 25%: 13%  
<10%: 30%  
0%: 28%

Primary Tools Or Methods Used For Distribution Management

- Commercially purchased software package: 47%  
- Software developed in-house: 20%  
- Spreadsheets: 13%  
- Third party provider: 12%  
- Manual: 5%  
- Other: 3%  
- Software developed in-house: 0%

Percent of Respondents
Primary Tools Or Methods Used For Transportation Management

- Commercially purchased software package: 50%
- Third party provider: 29%
- Software developed in-house: 14%
- Spreadsheets: 14%
- Manual: 11%
- Other: 3%

Completed Implementations - Technology / Software / Business Practices

- Inventory management: 53%
- Enterprise resource planning (ERP): 44%
- Materials requirements planning (MRP): 43%
- Warehouse management system (WMS): 41%
- Order fulfillment: 40%
- Percent of Respondents
How Well Integrated Are These Processes With Each Other?

<table>
<thead>
<tr>
<th>Process Combination</th>
<th>Very Integrated (1)</th>
<th>2</th>
<th>3</th>
<th>Somewhat Integrated (4)</th>
<th>5</th>
<th>6</th>
<th>Not Very Integrated (7)</th>
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</thead>
<tbody>
<tr>
<td>Order management – ERP</td>
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<td>Order management – Warehousing</td>
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<td>Event visibility – Order fulfillment</td>
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<td>Warehousing – Transportation</td>
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<td>Order management – Transportation</td>
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<td>Order fulfillment – Customer profitability</td>
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<td>CRM – Warehousing</td>
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<td>CRM – Supply Chain Event Mgmt</td>
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</tbody>
</table>

Average of All Responses

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How Important Is It To Be Integrated?

<table>
<thead>
<tr>
<th>Capability</th>
<th>Very Important</th>
<th>2</th>
<th>3</th>
<th>Somewhat Important</th>
<th>4</th>
<th>5</th>
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<th>Not very Important</th>
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<td>Order management – Warehousing</td>
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<td>Order fulfillment – Customer</td>
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<td>Order management – Warehousing</td>
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<td>Order fulfillment – Customer</td>
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<td>Order management – Transportation</td>
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<td>Warehousing – Transportation</td>
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<tr>
<td>CRM – Supply Chain Event Mgmt.</td>
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<tr>
<td>CRM – Warehousing</td>
<td>3.4</td>
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</tbody>
</table>

Average of All Responses

Most Important Capabilities In Achieving Goals/Objectives For Business Unit/Division

<table>
<thead>
<tr>
<th>Capability</th>
<th>Very Important</th>
<th>2</th>
<th>3</th>
<th>Somewhat Important</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Not very Important</th>
<th>7</th>
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</thead>
<tbody>
<tr>
<td>Routing/scheduling optimization</td>
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<td>Global visibility of orders</td>
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<tr>
<td>Tracking inbound shipments</td>
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<td>Domestic visibility of orders</td>
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<tr>
<td>Vendor compliance</td>
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<tr>
<td>Tracking outbound shipments</td>
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<tr>
<td>Alerts to late or delayed shipments</td>
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<tr>
<td>Internal visibility of orders</td>
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</tbody>
</table>

Average of All Responses

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How Do You Primarily Communicate With Suppliers Regarding Order Status?

- Mail: 0%
- Sales / customer representative: 3%
- Internet via suppliers’ web portal: 6%
- B2B transaction information: 9%
- FAX: 10%
- Phone: 15%
- EDI: 16%
- Email: 40%

Percent of Respondents
How Do You Primarily Communicate With Customers Regarding Order Status?

### Percent of Respondents

- **Mail**: 1%
- **FAX**: 2%
- **B2B transaction information**: 9%
- **EDI**: 10%
- **Sales / customer representative**: 11%
- **Internet via suppliers’ web portal**: 12%
- **Email**: 27%
- **Phone**: 29%

How Would You Rate Internal Visibility For The Following Information?

<table>
<thead>
<tr>
<th>Information</th>
<th>High visibility</th>
<th>Somewhat visible</th>
<th>Very limited visibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods inventory at field DC level</td>
<td>2.09</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finished goods inventory at plant level</td>
<td>2.27</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer order status information</td>
<td>2.29</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outbound shipment status</td>
<td>2.30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production schedules</td>
<td>2.65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vendor order status information</td>
<td>2.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand forecasts</td>
<td>2.91</td>
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<td></td>
</tr>
<tr>
<td>Inbound shipment status</td>
<td>3.01</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Average of All Responses
### How Often Is The Following Type Of Information Updated?

#### Production Schedules
- **Daily**
- **54.0%**

#### Vendor Order Status Information
- **45.0%**

#### Inbound Shipment Status
- **40.0%**

#### Outbound Shipment Status
- **38.0%**

**Note:** Information Item "Demand Forecasts" are most often updated on a Weekly basis, according to respondents.

---

### How Often Is The Following Type Of Information Updated?

#### Finished Goods Inventory at Plant Level
- **Real-Time (or near real time)**

#### Customer Order Status Information
- **52.0%**

#### Outbound Shipment Status
- **45.0%**

#### Finished goods Inventory at Field DC Level
- **42.0%**

#### Finished Goods Inventory at Plant Level
- **38.0%**
If Real-time (Or Near Real-time) Information Were Available **Internally** How Would It Be Used?

**Top 5 Responses**

- To reduce costs (e.g., reduce inventory levels and/or inventory obsolesce): 65.0%
- To analyze supply chain performance: 60.0%
- To improve order and inventory accuracy: 60.0%
- To improve internal operating efficiencies: 50.0%
- To improve customer service: 50.0%

How Would You Rate **External Visibility** For Suppliers And Customers?

<table>
<thead>
<tr>
<th>High-visibility</th>
<th>2</th>
<th>Somewhat visible</th>
<th>4</th>
<th>Very limited visibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer order status information</td>
<td></td>
<td>2.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outbound shipment status</td>
<td></td>
<td>2.65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finished goods inventory at field DC level</td>
<td></td>
<td>3.14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vendor order status information</td>
<td></td>
<td>3.23</td>
<td></td>
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</tr>
<tr>
<td>Inbound shipment status</td>
<td></td>
<td>3.29</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production schedules</td>
<td></td>
<td>3.46</td>
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<td></td>
</tr>
<tr>
<td>Demand forecasts</td>
<td></td>
<td>3.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finished goods inventory at plant level</td>
<td></td>
<td>3.60</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Average of All Responses
If Real-time (Or Near Real-time) Information Were Available **Externally** How Would It Be Used?

**Top 5 Responses**
- To improve internal operating efficiencies: 50%
- To analyze supply chain performance: 59%
- To enable collaboration for planning purposes: 63%
- To create/improve supply chain visibility: 80%
- To improve customer service: 80%

Transaction Management Within Your Company Takes Place In Which Of The Following Types Of Environments?

<table>
<thead>
<tr>
<th>Environment</th>
<th>Percent of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralized</td>
<td>49.0%</td>
</tr>
<tr>
<td>Two – Tier</td>
<td>15.0%</td>
</tr>
<tr>
<td>Three – Tier</td>
<td>18.0%</td>
</tr>
<tr>
<td>Many – Tier</td>
<td>18.0%</td>
</tr>
</tbody>
</table>
Primary Objective For Utilizing Supply Chain Technology

Top 5 Responses

1. Increase firm's competitive advantage through quicker and better decision making - 32%
2. Enable the company to meet financial objectives - 11%
3. Reduce costs - 11%
4. Provide visibility and connectivity for customers - 9%
5. Improve ability to respond to market condition - 9%

Organizational Perspective
Do You Currently Have A Formal Supply Chain Management Strategy?

- Yes: 61%
- No: 39%

How Integrated Is Your Firm’s IT Strategy With The SCM Strategy?

- Very Highly Integrated: 9%
- Somewhat Integrated: 15%
- Not Integrated: 7%

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Overall Objective/Goal For This Division Or Business Unit During The Last Year

- Decrease Time to Market: 2.4%
- Maximizing Asset Utilization: 6.7%
- Improve Flexibility to respond to Market Requirements: 12.1%
- Maximizing Profitability: 18.8%
- Increasing Customer Satisfaction: 24.0%
- Reducing Costs: 27.5%

How Is Logistics / Supply Chain Management Viewed?

<table>
<thead>
<tr>
<th>Management Team</th>
<th>Cost Center</th>
<th>Profit / Revenue Center</th>
<th>Service Center</th>
<th>Strategic Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO / CFO / COO</td>
<td>17.0%</td>
<td>10.5%</td>
<td>17.5%</td>
<td>40.7%</td>
</tr>
<tr>
<td>Business unit management</td>
<td>15.1%</td>
<td>17.5%</td>
<td>30.2%</td>
<td>23.5%</td>
</tr>
<tr>
<td>Mid level management</td>
<td>21.0%</td>
<td>10.2%</td>
<td>37.5%</td>
<td>17.0%</td>
</tr>
</tbody>
</table>
How Is Logistics / Supply Chain Management Viewed?

**CEO / CFO / COO**

- Strategic Component: 40.7%
- Service Center: 17.5%
- Profit / Revenue Center: 18.9%
- Cost Center: 17.8%

How Is Logistics / Supply Chain Management Viewed?

**Business Unit Management**

- Strategic Component: 23.9%
- Service Center: 30.2%
- Profit / Revenue Center: 17.5%
- Cost Center: 15.1%

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How Is Logistics / Supply Chain Management Viewed?

Mid Level Management

- Strategic Component: 27.8%
- Service Center: 37.9%
- Profit / Revenue Center: 10.2%
- Cost Center: 21.0%

Percent of Respondents

Demographics
Type Of Industries Participating In This Study

- Health Managed Care: 2.4%
- Manufacturing – Aerospace / defense: 3.2%
- Energy / Chemical / Mining: 3.9%
- Life Sciences – Pharmaceuticals: 3.8%
- Retail: 4.6%
- Transportation Service Provider: 5.9%
- Distribution / Warehousing / Wholesale: 7.0%
- Manufacturing – General: 11.2%
- Manufacturing – Consumer products: 11.6%
- Manufacturing – High technology and electronics: 18.3%

In The Supply Chain, My Firm's Primary Customer Is A...

- Tier 2 Supplier: 2.0%
- Tier 1 Supplier: 10.0%
- Retail Firm: 12.4%
- Distributor / Wholesaler: 18.1%
- End Customer: 21.0%
- Manufacturer / Assembler: 28.1%