

Supply chain budgets to buck trend

Despite gloomy predictions that IT budgets will continue to tighten, a survey of company's supply chain intentions indicates that spending is likely to increase in this area at least.

But the increase is not likely to go to the IT vendors' favoured major applications and packages. The survey, by supply chain consultants The Dawson Group, concludes that companies will tend to buy a series of smaller packages and projects aimed at getting existing systems efficient in controlling the flow of goods. It's a time for consolidation.

Dawson surveyed 300 companies with significant supply chain issues, following up a questionnaire with face-to-face interviews with CEOs. It was surprising to find that the supply chains planned to increase spending on IT, said the group's Managing Partner, David Sanders, and Managing Director, John Dunphy.

The survey found that 62 per cent of respondents intended to increase spending in the next 12 months, with 28 per cent not planning to change their spending. A mere 10 per cent planned to cut spending.

This spending on IT will represent more than 50 per cent of all capital earmarked for supply

chain was an overhaul of their planning and forecasting systems, the survey found.

Second on the list was improving warehouse management to extract more value from a part of the company always seen as a necessary cost.

In third place were all the systems

"Top priority was an overhaul of planning and forecasting systems"

chain improvements, Dawson said. However, a little more than half of this budget will be dedicated to getting more from existing systems rather than implementing new systems.

There are no earlier, comparable surveys on supply chain spending, but Sanders and Dunphy said they found the result surprising, given recent surveys indicating a general decline in IT spending.

Top priority for most corporates wanting to improve their supply

used to connect with trading partners, such as EDI and Web-based communications, with 'collaboration' between corporations and their suppliers to be a 'major theme in Australian supply chain management for some time to come'.

One result of consolidating supply chains after the big spending of the 1990s would be reduced inventory and administration costs, Dawson predicted.

The survey was part of a larger research effort that found which



John Dunphy,
Managing Director of Dawson Consulting.

corporations were increasingly seeing the chief supply chain officer as a member of the senior management team. That executive was also increasingly a general executive who reported directly to the CEO, as opposed to a specialist who had climbed through the ranks to middle management.

The survey also found that corporations were beginning to see supply chains as a source of competitive advantage rather than a cost centre.

MHD-Supply Chain Solutions promotes industry-leading events



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As readers may have noticed from our masthead, *MHD-Supply Chain Solutions* magazine is proud to have been appointed Official Media Partner to the 2003 Smart Conference and MHD Exhibition, the two primary events to be held during Supply Chain Week 2003—March 24–28.

The Smart 2003 Conference is jointly organised by the industry's leading professional associations: the Australasian Production and Inventory Control Society (APICS), the Logistics Association of Australia (LAA) and the Australian Institute of Purchasing

and Materials Management (AIPMM), with the Chartered Institute of Logistics and Transport in Australia (CILT).

This appointment continues MHD magazine's association with Smart Conferences over the past decade which has seen Smart grow in stature to become the region's largest conference for supply chain professionals and those operating in associated industries.

The inaugural MHD Exhibition was held in 1995 and established a new standard in materials handling equipment trade shows in Australia. It later incorporated

the IT aspects of operating an integrated and efficient supply chain, and is now organised by DMG World Media.

The Smart 2003 Conference and MHD 2003 Exhibition will both be staged at the Sydney Convention and Exhibition Centre, Darling Harbour. This world-class venue features interactive technology, allowing conference delegates to inter-relate with presenters and the audience as a whole.

The MHD 2003 Exhibition will be conveniently located in the halls adjacent to the conference allowing visits during breaks in conference proceedings. A full day

of exhibition access is available on Friday March 28, following the closing of conference proceedings.

A number of delegate and partner activities are scheduled to run concurrently with the conference, but outside the presentation session times, including the Supply Chain Industry Dinner on Wednesday, March 26.

From now until March, MHD-Supply Chain Solutions will present an update of Supply Chain Week 2003 activities with special attention to conference topics and the technology on show at the MHD Exhibition (see pages 23–26).

Manufacturers recognise Freighthub's focus on service

When Freighthub first entered the e-commerce marketplace 18 months ago there were numerous players, both in Australia and overseas. Since then, a combination of ill-conceived business models and conservative market endorsement has led many to the wall, leaving behind those either with some cash still in reserve (and struggling to re-align their business models to gain acceptance) or those with proven applications that have provided their clients with a competitive advantage.

Freighthub has throughout the past 18 months proven to belong to the latter category. This is primarily due to Freighthub maintaining its focus on providing services that reduce the inherent inefficiencies that currently exist within the freight tendering process, from initial mobilisation, tender development, and shortlisting all the way through to selection and Service Agreement sign-off.

The tendering process within most organisations continues to be characterised by the painfully slow tender framework development and carrier assessment involved, followed by unnecessarily long and unduly complex carrier evaluation. A specific example is where the outsourcing team must wade through non-standardised responses and attempt to apply an 'apples to apples' evaluation model.

Freighthub's Agreement Manager module directly addresses these issues and provides both the tools and frameworks to allow organisations to dramatically improve their outsourcing pro-

cess, while at the same time providing the appropriate levels of transparency that are required in undertaking any major initiative.

Nick Capp, General Manager of Freighthub emphasises that "Any successful outsourcing program is based on a reliable, trusting commercial relationship from 'Day One'. Freighthub's Agreement Manager greatly assists in the development of such relationships."

So, despite the appearance of the market having moved on from the re-engineering '90s, this type of solution remains both relevant and attractive to companies embarking on an outsourcing program.

The Freighthub solution is further enhanced by its commercial model, which allows organisations to access Agreement Manager on a subscription basis. This means that a company is no longer locked into an application for extended periods (with its associated maintenance and service costs), with the ever-present pressures to upgrade for additional functionality. Freighthub's freight procurement tools are available on a 12-month subscription plan, offering an organisation the ability to join only when it is planning to tender its freight accessing the latest version available. And at \$1,500 per subscription, members have experienced disproportionate returns on this minimal outlay.

Robert Bosch Australia and BASF Australia are just two of the organisations that have chosen to use Agreement Manager to conduct their tender processes in order to realise improvements.

BASF Australia's streamlined supply chain cuts distribution costs

When BASF acquired the crop protection business, Cyanamid Australia, in 2000, they needed to integrate the new business into BASF Australia with minimal impact. Through working with experts in this field, they developed a three-step approach to ensure a smooth integration process. The process started in early 2000 and by July 1 the first two steps of the integration process were completed. The final step of 'systems integration' between Cyanamid and BASF kicked-off in December 2000 with the rollout of the BASF SAP system to the crop protection business.

In the final stage of the integration process, the Supply Chain team at BASF Australia engaged Dawson Consulting, Australia's largest specialist Supply Chain consultancy, to assist with the integration of the third party warehousing and transport

operations for the two companies.

"The combined volumes of the two networks provided us an opportunity to leverage significant savings, while designing a more efficient and transparent distribution network" said Ross Pilling, General Manager of Supply Chain for BASF Australia.

The process began with an extensive review of BASF's transport and warehousing requirements and a comprehensive specification of service and performance standards. These were then developed through Freighthub, an online freight management portal, into a RFP (Request For Proposal). The RFP was prepared using the purpose built templates of Freighthub's 'Agreement Manager', which framed the comprehensive transportation and third party warehousing needs of BASF.

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A shortlist of pre-qualified providers with the capability to meet BASF's requirements was compiled, including BASF's current providers. Freighthub was then used to manage the RFP and response process via its internet capability and assumed the role of 'tender manager' throughout the entire project period.

"Agreement Manager was developed primarily to address the inefficient processes associated with the procurement of freight services. The service automates the various elements of traditional tender administration processes, such as RFP distribution and RFP response management. Other Freighthub members have achieved similar benefits when they have conducted their RFP through Freighthub," said Nicholas Capp General Manager of the Freighthub service. Following an intense period of negotiation and evaluation, BASF has appointed Patrick Logistics as the main warehousing and local distribution provider, with McColl's Transport providing national linehaul services.

"Overall the integration project managed to significantly streamline our logistics network, improve the level of service from providers and reduce our distribution costs" said Pilling.

Intelligent clamps save waste



"The latest Bolzoni-Auramo CTX-G2 second generation of intelligent paper roll clamps is the result of close co-operation between the Finnish lift truck attachment manufacturer and the paper industry.

"Auramo is well known for its expertise in paper handling equipment, and the company holds the market leader's position in sales of paper handling tools in Europe. Auramo has a special development

program for the paper industry, to develop roll and bale handling into an efficient yet damage free operation," he said.

Intelligent, sensor-equipped paper handling attachments for fork trucks are making rapid inroads into Australia's paper industry. "Gone are the days of plain clamps and the wastage they caused through harsh gripping and rough handling," Garry Jackson, Managing Director of Bolzoni-Auramo.

The CTX-G2 offers both continuous and automatic clamping force adjustment. This Auramo feature compensates for the effects of paper quality, roll weight, type of wrapping,



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