The Automated Supply Chain

BARRIERS AND 4.0 SOLUTIONS FOR
MANUFACTURERS SEEKING TO GROW
IN A DIGITAL WORLD

*Sales
Layer

Table of Contents

Sales Layer: a commitment to the future of ecommerce

Your goal is to design and expand an online strategy through diverse channels and marketplaces that reach distributors, sellers or digital consumers in multiple markets. Our mission is to provide you with agile tools and more services for automating and enhancing your day-to-day operations and your catalog. This ebook focuses on the importance of automating the supply chain so that manufacturers can face the challenges of the future.

If you are looking for other resources related to the management and improvement of product and catalog content, visit the Sales Layer **resource center**, or request a **personalized consultation** with our team.

Do you want to tell us more? Write to us at **info@saleslayer.com**

Introduction

According to Deloitte, **49% of manufacturers already use some type automation technology in their supply chain and logistics process**, and plan to further expand their digital and automation resources.

When the world was recovering from the most recent economic crisis, investing in automation and digitization was seen by a large proportion of manufacturers as an expensive initiative with no foreseeable short-term benefits. When the global market recovered, buying trends soon became entirely dependent on the digital medium. **Being conservative is a fatal strategy for companies in this climate**.

From a budgeting perspective, it may not seem that now is the best time to be spending money on new strategies, tools, and resources. But from a survival point of view, manufacturers that have not yet started planning **a new digital and automated supply chain** must accelerate the process and catch up with the industry leaders.

Manufacturers' customers are not looking for the best price, but rather a supplier that will offer them greater purchasing and distribution facilities.

In a scenario that appears chaotic, implementing a more effective system within the supply chain is the best option.

Digital transformation:
the definitive leap for manufacturers

Activity in the manufacturing and B2B sector has shown a consistent growth in recent years. It is time for manufacturers to start incorporating the resources so far only used as tools for retail and B2C.

More savvy

Despite the current global climate, many industries will continue to grow. Demand is being redirected to other digital channels, and manufacturers must be prepared to meet these changes, while maintaining the same quality of service and supply to their distributors, retailers or direct sales customers.

However, **the majority of manufacturers associate 'digitization' with 'ecommerce'**. They believe that brands that do not sell directly to the public do not need to worry about ecommerce and digital platforms.

This is a fatal mistake! Communication with the distribution network is heading towards digitization, which is just as relevant to direct online sales as buyers shopping in brick-and-mortar retail stores.

> Manufacturers that offer a simple, convenient, and streamlined access to their catalog that is more digital, will be preferred by suppliers and retailers.

According to a survey carried out by Digital Commerce 360, two out of three company managers are most concerned with:

- Quick and easy searches
- Brand trust
- Quality customer service

Also...

- A manufacturer's catalog
- Commercial collaboration between the brand and the distributor
- Product presentation (which today and for the future will require digital tools for teams and sales representatives operating remotely)

Like end consumers, distributors are increasingly using online channels. This is not only to make purchases and orders, but also to access product information and review terms and materials before proceeding.

A 2019 report from The Avionos found that **88% of B2B buyers would switch providers if they were offered a better experience**. And today, a better experience is a more digital, agile and personalized experience.

Another Gartner study revealed that **80% of B2B buyers rely on digital information** at every stage of the buying process. According to other data supplied by Gartner, 61% prefer to consult a website or digital resource, and 33% want to complete the purchase process without the involvement of a sales representative.

This does not mean the end of human involvement, which remains a key component in the supply chain that begins with manufacturers. Nor does it mean that manufacturers have to reveal their entire catalog on the Internet; as we will see later, there are **solutions for sharing private digital catalogs or allowing customized access.**

> **"Businesses that took the opportunity to improve their online presence are now being rewarded. Digitization requires new tools and concepts, as well as more modern sales methods. It is an investment in the future."**
>
> *Javier Gómez Laínez, director of Nousmedis*

Younger

Another issue facing manufacturers reluctant to digitize is **the generation gap.**

Younger team members are getting more involved, hoping to find a digitized process by consulting product data and contacting manufacturers. However, some more conservative companies still rely on outdated technologies, that get in the way of this more modern type of representative. Which results in... **another lost business opportunity**.

Refreshing the process does not mean having to rejuvenate and replace the template. Managers must lose their fear of incorporating new technologies and stop thinking that they are incompatible with their team, simply because they have not used them in the past.

Training and learning are essential for teams, and many digital solutions include this service in the implementation phase. In addition, implementing **new technologies within established teams has lots of other advantages:**

- It streamlines the work of all employees
- It gives more freedom in the way manual or repetitive tasks are performed
- It reaffirms that the human team is still important
- It doubles the value of the company compared to distributors that are less digitized

> **"The digital channel was already here to stay. Now it is going to become even more prominent, and companies will have no other option than to view it as a crucial part of their strategies."**
>
> *Gonzalo Pérez Gasca, Sales Manager at Aktios*

More intelligent

Investing in new technologies has become a priority for many manufacturers, because it also provides them with more data.

The **priorities** of manufacturers include:

- Solutions for streamlining and automating the supply chain.
- The management of corporate and internal data.
- The relationship with the customer.

Ultimately, each step contributes to creating a more attractive and effective manufacturing, storage, marketing and distribution process.

Claiming that, "in my sector there is no big rush towards digitization, no one else is doing it" is another fatal mistake. Sometimes the grass doesn't look greener on the other side... because they are hiding it. Boasting about new software-based strategies and teams can lead to plagiarism by competitors, that would otherwise stay resting on their laurels.

In fact, according to a survey carried out in 2019 by SAP Ariba, **83.9% of business executives consider the implementation of artificial intelligence and associated technologies as the key to improving performance.**

More figures: almost two out of three managers are investing in cloud programs to improve their storage systems and the sharing of information. And 78% believe that their company has already developed a sufficient technological level of automation, which indicates two things.

The companies that have not opted for digitization need to implement it as quickly as possible, and that most manufacturers are exaggerating their actual situation... and they too need to accelerate their own implementation of technologies.

Stakeholders involved in automotive manufacturing, consumer goods, chemical products, construction, and other industries and retail sectors agree on the importance of digitization, although they do not openly announce their strategies to the wider public and competitors.

Do you think your company would agree?

"Sellers are divided into two categories: those who recognize the importance of digitization and those who think that the crisis is temporary and will not be a big change in how things are done."

Fede de Gispert, Strategic Alliances & Business Development at Telematel

Challenges of business digitization

- Collecting and declaring taxes and certificates
- Maintaining customer, business and distributor databases
- Quality control in manufacturing
- Inventory control, storage and shipping
- Testing products before launch
- Customer support
- Product and catalog information management
- Developing catalogs
- Managing marketing content
- Opening and maintaining digital sales channels
- Managing content and international brand presence

Barriers
in the supply chain

3

Business weak points

The majority of manufacturers have **three weak points in their supply chain**:

- Internal talent and knowledge that could be applied to new technologies
- Master Data Management
- Carrying out research and analytical reports

As we mentioned at the beginning of this ebook, many manufacturers believe that digitizing their company can be achieved by simply publishing a website. This might be one step, but it is not enough on its own.

Digitization is an in-depth transformation of the fabric and culture of the company, aimed at making it more efficient and more flexible going forward.

Another potential weak point facing manufacturers today and in the future is **cybersecurity.**

After all, a supply and distribution network is a spider's web full of potential risks. It involves the participation of many different users, and therefore information is less secure than on a two-way system.

Ensuring that multiple users have access to a manufacturer's database is very inefficient and time consuming using traditional methods (paper catalogs, sending a large volume of physical documents that could be lost, giving presentations in person or at events that may be canceled in the medium to long term).

Traditional data management systems do not guarantee adequate security for the company or its business network.

Digitizing the network is as important as guaranteeing its security, for everyone involved. **Manufacturers must be able to choose which information they want to share with their distributors, how and with whom**. And they must have the option of being able to revoke these permissions at any time, without needing to edit or make changes to the primary information.

The most advanced cloud technologies are already able to address this complex issue, reduce vulnerability by sharing information, and protect the storage of backup copies.

Costs

Is digitalization expensive?

The answer, like everything else, depends on the type of services that are selected. These days there is a very wide range of options, from budget-friendly technological solutions, to powerful software that is fully customized for large corporations.

Any manufacturer can begin the automation and digitization process, from any starting point and at their own pace. The best systems are flexible and scalable, so they can be adapted to the growing range of services and functions, and are appropriate to the size and purchasing power of the business.

However, the fear of the cost of digitization is one of the main obstacles to transforming the supply chain. **46% of B2B companies claim they are faced with budget restrictions**, in addition to other impediments:

- Reluctance of senior management to make the necessary investment
- Resistance to change from departments and teams
- Fear of not being able to compete with large platforms (Amazon)
- Refusal to invest in new specialized personnel

Global problems

Commerce is becoming more international, but that does not mean that selling to the global market is easier.

In addition, the recent geopolitical situation has severely affected distribution chains, and manufacturers may be affected by factors beyond their business strategy.

The trade war between the United States and China, or the friction between the United Kingdom and the European Union resulting from Brexit, are indications of what could transpire if international trade becomes overly complicated and expensive, compared to domestic trade.

According to another study by Deloitte carried out in 2019, **34% of manufacturers view the trade and tariff war as highly concerning**, because it affects their supply chains. This is especially true if they have factories, warehouses and customers in other countries or on other continents.

The COVID-19 crisis has also shown us that having a network of factories in China, India and other Asian countries is not a viable option, if international trade slows and borders are closed.

> Many manufacturers are developing new strategies for their distribution network. They are considering opening factories in other countries that are closer, and are calculating the cost, legal procedures and the ease of accessing raw materials in these new regions.

For a manufacturer, the world map looks like a game of Risk: a board that lets them decide where to manufacture, and where to store and distribute from.

But, just like a board game, plans can change unexpectedly: from a natural catastrophe in a specific region, a global health crisis such as the coronavirus, or political unrest affecting one country or several borders.

The pillars of automation
and digitization of the supply and distribution network

Contingency plans

Sometimes there are catastrophes which nobody saw coming. The COVID-19 crisis was anticipated by few and has required a response which most were not adequately prepared for.

Was anybody?

Yes: **manufacturers who already had implemented a digital method of managing their company data and catalogs.**

Before the 2020 crisis, **49% of manufacturers in the United States had already begun the automation** of some of their business processes. These companies were already capable of continuing to operate in a world where meetings, events, conventions, in-person presentations and physical catalogs were no longer possible.

Those who hadn't started the digitization of their company have experienced a sudden halt in activity. Many manufacturers have had to quickly look for a way to digitize their entire catalog, and open platforms and channels in order to communicate with their distributors remotely, share their content, and maintain a fast and secure ordering system.

And what has been their silver bullet in this crisis?

Technology 4.0.

> **"The current focus is towards online channels, business continuity, and adopting cloud systems that enable people to work from anywhere, anytime, and on any device."**
>
> *Jack Kurtz, CEO and Founder of Fortuitas*

Technology 4.0

Anyone who ever thought that a website was useless has been proven completely wrong.

And whoever believed that a website was all they needed for digital transformation… has been hit hard.

A website alone is not able to solve the current and future problems of a supply chain.

Many manufacturers, regardless of how modern their website is, still rely internally on outdated technologies that do not improve the productivity of their teams or provide a positive customer experience.

In the past, the participation of many different people was necessary to share even basic product data. The manufacturing team prepared the texts, the technical team uploaded them on the platform, the sales department mailed them by hand to all the potential buyers…

And in the process, the files were duplicated and given to people in different locations, who may have different versions or make unauthorized alterations to them.

It is clear that a better process is also a highly complex one. And for this there are **digital technologies that streamline and innovate the management of data, content storage and sharing, and give control over the customer database, inventory and ordering.**

- Automation of data: Improved productivity, performance and financial control

- Artificial intelligence: Improved analytical capacity and customer retention

2020 Technology Trends for Manufacturers

Artificial Intelligence

IoT (Internet of Things)

Blockchain

PIM Solutions

ERP Systems

Machine Learning

The expansion of Industry 4.0 is a reality, and manufacturers must design their roadmaps for the implementation of digitization before it is too late.

Artificial Intelligence

Artificial intelligence is not a science fiction robot that will end up rebelling against the company.

At least for now.

For now, artificial intelligence applications perform **analyses of sales data, make supply chain predictions, and monitor processes to prevent errors.**

While we may not like to hear it, machines analyze data more precisely than humans. They can also automate fault and omission detection, that would be overlooked if done manually.

Using the appropriate digital systems, which we will examine in more detail, machines will not replace the human team members of a company, but they will be important tools. They will enable a manufacturer to offer **higher quality content, faster and with greater centralized control**.

- **Without artificial intelligence: human teams must perform repetitive tasks**

- **With artificial intelligence: tasks are performed more creatively, there is more attention to detail and predictions are made of sales, inventory, and distribution routes.**

ERP and PIM

The two essential systems for any company that manufactures, distributes or sells products.

Unless a manufacturing company wants to be left behind its competitors, they need ERP and PIM. These two systems are inseparable and work in harmony.

> Manufacturers must ensure above all a smooth, secure and reliable network for their data and product content for team members within the company, as well as for external parties.

ERP (Enterprise Resource Planning) is a system that stores all the company's information, both corporate data and resources for their catalog, as well as employee and customer databases.

PIM (Product Information Management) is a solution that uses data from the company's ERP to centralize and automate the management of all content related to products. These cloud-based platforms are the definitive and most agile software solutions for controlling the dissemination of product information in any language and country, in any format, and on any channel or program.

At Sales Layer we are **experts in PIM technology** and we have seen first-hand the leap in performance that companies and manufacturers have achieved in various departments, which until then were hamstrung by outdated and manual processes.

> The key is to choose the most flexible technologies that can be customized and implemented quickly, that adapt to the growth of the company and offer machine learning and artificial intelligence updates, with a focus towards an increasingly interconnected and automated future.

CMS (Content Management System)

Not all manufacturers choose to show their catalog to the public, make it accessible on the Internet, or opt for a D2C (direct to consumer) sales model.

For manufacturers who do want to include ecommerce as part of their strategy, a CMS or content management system is an indispensable platform for creating a **website or online store** that offers reservation and purchase options, and easily integrates with their company's PIM. (like Shopify, Magento, PrestaShop, or WooCommerce, etc.).

CRM (Customer Relationship Management)

Customer service (and dealing with distributors or other commercial agents) is crucial to the success of any manufacturer.

Maintaining a good relationship with distributors is key to developing a long-term system, that manufacturers need to maintain a consistent rate of production, without running out of stock.

CRM systems allow you to compile **all documents related to customer service, as well as information regarding their profiles and order and purchase history**. Customer service teams need to be able to access this data quickly, so they can give better answers to questions and solve issues more effectively. For this reason, it is also useful for them to be familiar with the manufacturer's catalog and have access to updated product data via the PIM.

Other cutting-edge B2C customer service solutions that are becoming more popular with manufacturers, such as **chatbots** using artificial intelligence, can cater to customers outside of business hours.

MDM (Master Data Management)

Finally, another crucial factor for manufacturers: having control over all the data related to distributors, orders, invoices, payments, taxes, contracts, licenses and other legal documents.

An MDM system allows a company to manage **master data and passwords**, and access them quickly. Artificial intelligence also plays a role in these processes, as it can automate the sending of payments and invoices, track financial movements and shipments, and generally **streamline accounting tasks** that previously needed to be done by hand.

Digital channels

It is important for any manufacturer to start developing digital channels for showcasing their catalogs, even in private mode.

For example, the Sales Layer PIM includes the exclusive function of **Instantat Catalogs**, that enables the creation of digital catalogs with any selected content in a short time, ready to share in public or private with anyone.

> **The experience of buying from a manufacturer should replicate that which already happens in B2C transactions: a quick process that offers accurate and relevant product information, and results in an increase in brand loyalty.**

Distributors and other partners want easy access to manufacturers' catalogs and purchase options at any time, and they also expect ecommerce solutions. A digital channel allows orders of any volume to be made, altered and their status tracked from anywhere, without contacting a sales representative.

Some manufacturers choose to set up **online portals**, only accessible to their network of distributors, collaborators, warehouses and partners. Others also want to showcase products on Amazon Business or other **industry marketplaces**.

B2B and manufacturing ecommerce is on a par with or is even surpassing the rise of B2C, because it has just discovered that it can also benefit from the advantages. If they are equipped with the technological tools that ensure the quality of the catalog content, the extent to which any manufacturer can expand and diversify their digital strategy is unlimited.
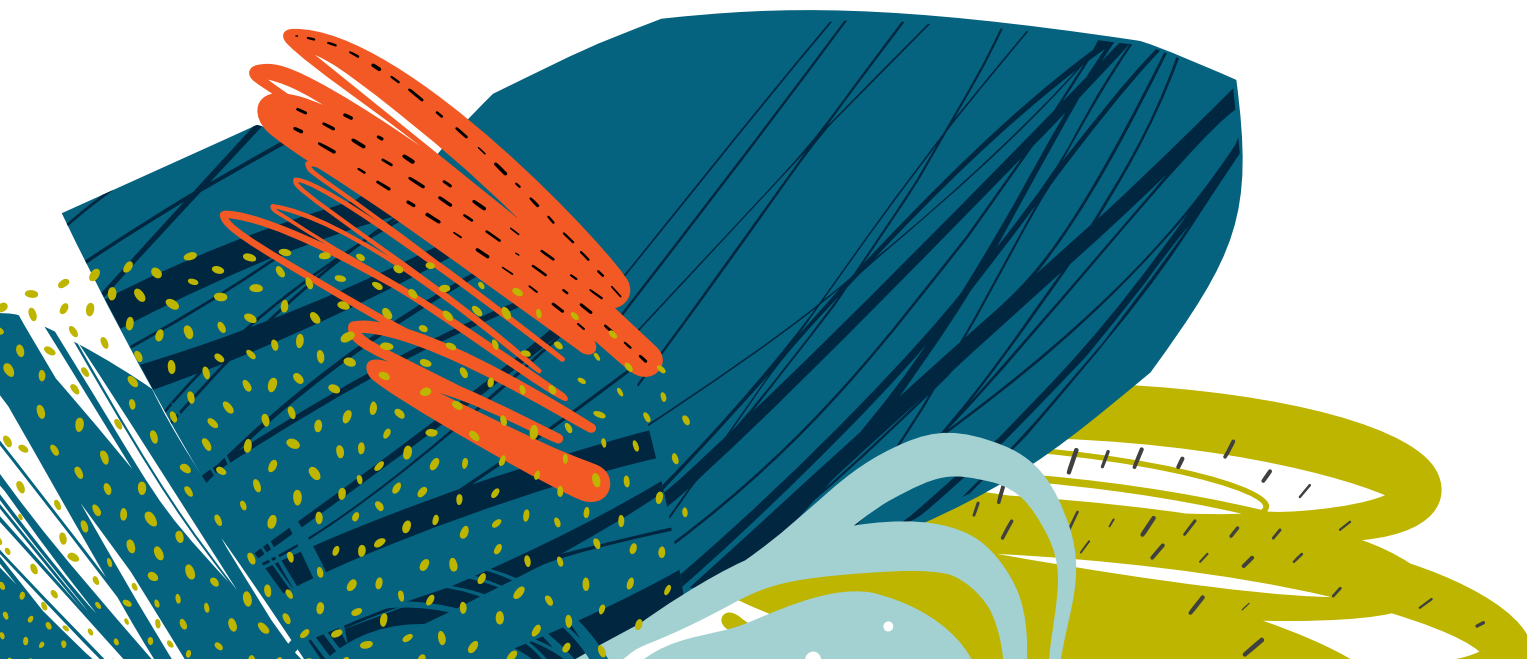
Conclusion

Automation is going to be one of the primary areas of investment for manufacturers and companies in 2020 and for years to come, especially in the wake of the current crisis that has forced us to take the digital path... or disappear.

This is more than just a passing fad: it is a **proven method for improving the productivity and efficiency of manufacturers, and the management of their supply chain.** Something that, at the end of the sales process, ensures a better positioning of the manufacturer's products in the market and, therefore, more sales.

The tools developed for improving these areas, based on **automation processes, artificial intelligence technology and cloud-based operations**, are the keys that will transport manufacturers from the present to the future, maintain the functionality of their internal teams, and prepare them for any unexpected fluctuations in the global business landscape.

Sales Layer