

The Role of Information Technology in SCM

Supply Chain Management is a broad-based role that includes, but is not limited to, all business and operational operations such as procurement, manufacturing, and finished goods transportation, storage and distribution, and inventory management.

In a worldwide economic landscape marked by geographically dispersed markets, global raw material procurement sources, and cheaper manufacturing and labor markets in developing countries, the business of matching demand with supply is continually changing and evolving.

IT technology has fueled and empowered global business, redefining all facets of company today. ERP - Enterprise Resource Planning - is used by all firms today to handle various tasks such as procurement, production, sales, and financial management in a seamless and integrated manner.

These software solutions, such as SAP, Oracle, and PeopleSoft, have taken over and improved corporate procedures that were previously controlled manually.

Demand planning, forecasting, and global procurement management are some of the enabling technologies used to build and manage global procurement strategies. The availability of these advanced technology has also allowed businesses to apply smart and cost-effective production techniques such as JIT, Kanban, VMI, and so on.

The numerous ERP modules, together with extra particular applications as needed, drive finished goods distribution, transportation, and inventory management, in addition to the sales process.

ERP has enabled businesses to manage their business operations across several markets and nations using a single common business process, offering uniformity and control.

The supply chain of the enterprises is driven by a complex network of multiple processes, software platforms and applications, and different software tools utilized by various vendors and agents along the chain.

E commerce has further altered the way businesses are conducted. Online purchases have changed the way supply chains and marketplaces are organized. Customer behavior and tastes are changing as internet marketing establishes one-on-one interaction and may provide a customized experience. The client responds and acts quickly when information is delivered instantly over the internet. The time it takes to close a deal is gradually reducing. As a result, the demanding consumer must be handled instantly and at the same speed. Companies' geographical borders have been further eroded by internet technology. With the press of a button, anyone in any part of the world may buy a product online. To be able to support the consumer, the company must be well-equipped with a logistics and supply chain network.

The availability of data, documentation, and information becomes crucial for the organization's ability to make decisions, ensure smooth operations, and manage the supply chain when goods and services move through multiple chains involving a large number of agents, including transporters, forwarders, customs, distribution centers, distributors, and finally retail outlets.

In the complicated modern world of global businesses, IT is one of the most crucial supply chain enablers.

Conclusion

However, IT continues to be the key to effective supply chain management. Data is essential in bringing the full set together, from the start of the supply chain to its conclusion. The essential communication channel between all entities is provided by IT equipment. It enables people to collaborate while yet working separately. It follows that IT plays a crucial role in supply chain management.