

## **Reducing Overall Supply Chain Costs is #1 Priority Among Manufacturers**

Material Handling Industry of America

According to a recent survey titled “Business Strategy: 2012 Supply Chain Survey- Manufacturing Priorities and New Technology Adoption” by IDC Manufacturing Insights, 82% rate reducing overall supply chain costs as the number one supply chain priority in the coming year.

Nearly 55% suggest supply chain agility is second and 52% suggest improving product quality and safety is the third most important priority. When asked to rate the level of importance of new technology areas, big data/analytics came out on top, followed by mobility, cloud computing/software as a service and social business tools.

While manufacturers face increasing complexity as customer demand diversifies and supply globalizes, supply chain organizations are adapting to respond to requirements such as:

- Complex and extended global supply networks
- Volatile demand
- Growing regulation, particularly in the area of traceability
- Pressure to be more agile and increase the clock speed of the supply chain
- The "rise" of the savvy consumer

### **Key Findings**

- Although most companies identified themselves as product-centric, cost reduction is the top rated supply chain priority
- Half of the companies reported that ‘improving customer service’ is among their top three supply chain priorities
- Demand volatility remains a challenge for all the manufacturers we speak with, and is reflected in the high correlation of supply chain planning applications (and production scheduling) with the achievement of critical business goals
- Big Data/Analytics leads amongst manufacturers in terms of importance – particularly for those value chain segments that have significant consumer-facing businesses
- Satisfaction with IT support is higher than in previous surveys

“According to our findings, the key supply chain challenge facing all manufacturers today is the juxtaposing of complex and extended supply networks with increasingly fast and volatile demand networks - and the increasingly ineffective role for inventory as a way to buffer cadence mismatches,” said Simon Ellis, IDC Manufacturing Insights Practice Director.

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“While there is anecdotal evidence to suggest that 2012 may indeed represent the most challenging time in the history of the manufacturing supply chain, significant opportunities also abound in terms of the supply chain this year. For example, consumer-facing manufacturers have an opportunity to redefine their core relationship with the consumer through mobile and social media tools; or the ability to apply next-generation analytics to massive new sources of data (both structured and unstructured).”

To learn more about this survey, please join IDC Manufacturing Insights analysts Simon Ellis, Kimberly Knickle, and Catherine White for a complimentary one-hour web conference, “Big Data Leads the Four Pillars - U.S. Supply Chain Survey 2012 Results,” June 28, 2012 - 12:00 p.m., U.S. Eastern time. During this time, the analysts will share their insights into these results and explore a number of pressing questions related to supply trends in the coming year.

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