WHY VISIBILITY ACROSS THE SUPPLY CHAIN MATTERS

EVALUATING THE INDUSTRY PILOT OF THE GS1 ELECTRONIC PRODUCT CODE INFORMATION SERVICE (EPCIS) STANDARD

The Centre for Workplace Leadership partnered with GS1 Australia and the Australian Logistics Council to evaluate an industry pilot trial of the Electronic Product Code Information Service (EPCIS), an international standard for recording key events associated with the movement of goods or objects through a supply chain. Three logistics supply chains operated by **Nestle Australia**, **OneSteel**, and **The Reject Shop** trialled the use of the EPCIS standard as a means to share information and provide visibility throughout their supply chains, integrating the information into a designated database- or "track and trace" platform.

POTENTIAL BENEFITS

If the EPCIS standard were implemented, participants envisioned benefits for both their organisation, the performance of the supply chain as a whole, and the transport and logistics industry. There could be potential gains around efficiency, including reducing the need to negotiate reporting standards with new supply chain partners, and improving access to delivery information. Better planning could arise from improved exceptions management, early notification of changes to logistics events and timetables, the ability to micro-manage particular deliveries, and the ability to identify emerging patterns in future logistics and supply chain needs. The EPCIS could improve customer service by helping answer customer inquiries in a more timely and cost-efficient manner and facilitating more reliable delivery schedules, leading to better customer satisfaction and retention.

POTENTIAL IMPLEMENTATION CHALLENGES

Although all interviewees were able to identify the broad range of benefits, many also stressed the need for a "whole of logistics" approach to implementation of EPCIS and a level of collaboration and co-ordination among supply chain partners to realise these potential gains, which they saw as potential challenges. Participants worried about collaboration with supply chain partners in terms of their capacity to influence supply chain partners to adopt EPCIS, with many believing customers had the most influence over the supply chain. Competition between non-trading partners was seen as potentially hindering full, industry -wide implementation, with participants concerned that many operators were invested in their own systems and unwilling to change. Issues about data security and different organisational capabilities among supply chain partners were also raised, though these were not considered insurmountable, requiring systematic review before implementation.

The full report can be viewed here: workplaceleadership.com.au/publications/leading-technological-innovation-productivity-improvement-across-supply-chain

> **"** One of the key things about the transport industry is that when it all goes well, it's low cost but when things go wrong, costs escalate incredibly quickly… one of the key levers you've got to manage it is visibility. If you've got that, then you can keep costs under control **"**

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CHECKLIST
IS YOUR ORGANISATION READY TO IMPLEMENT THE EPCIS STANDARD?

A checklist of key lessons from the pilot trial:

Know your own business case for investing in improved visibility

- Clearly define your own business objectives.
- Understand the likely costs that your business will incur as part of planning and implementing EPCIS.
- Identify the strategic value of building B2B relationships through supply chain visibility and performance.

Create your own capabilities to manage change

- Understand the technical landscape of your supply chain, particularly the existing building blocks such as barcoding, scanning, electronic message exchange, and enterprise systems.
- Develop your capability to innovate through planning, piloting and measuring the impact of enhanced visibility on supply chain performance and areas for future improvement.
- Be prepared to invest in the skills and know-how of your supply chain team.

Understand your supply chain partners – downstream and upstream

- The benefits of enhanced visibility will vary greatly among your supply chain partners and may not always be so obvious. Be prepared to work with them to identify how improved visibility can help their own organisational and strategic goals.
- Aim to achieve value for all stakeholders.
- Look to ways in which you can separate the inevitable incentive to compete with the benefits of collaboration.
- Understand the readiness/willingness of supply chain partners to collaborate and barriers to embracing innovation and change.

Don't ignore the invisible 'arc of integration'

- The benefits of enhanced visibility are not simply achieved through implementing better technology or the EPCIS standard. Just as important is the ability to more effectively manage across organisational boundaries to ensure connectivity and information flows.
- Encourage cross-functional collaboration within and between organisations, including teamwork between customer service, sales, IT and logistics to facilitate the capture of data and share the benefits of the events information throughout the organisation, as well as between supply chain partners.

The importance of leadership

- Empower strategic supply chain leadership by securing senior executive sponsorship.
- Be prepared to take a whole of supply change perspective to enable support for change and champion innovation.

> **"**The value [of EPCIS] is about the ease of access to information to make decisions around delivery of shipments... If that comes about then the whole industry benefits from that efficiency in terms of deliveries on time and in full and having a common denomination around metrics and being supplied with that information in an efficient manner. That's a big win for everyone.**"**

Knowledge that works.