

LOGISTICS UNCHAINED BY IT

BY JASON WALSH

IT changes everything, it seems. Jason Mallon, managing director of supply chain management company Cold Move, said that the business has been revolutionised in exactly the same way as every other sphere of life.

"It's amazing how everything can turn on its head every five years thanks to IT," he said.

In the case of supply chain management, the IT revolution has been in track-and-trace, which may sound simple, but has major implications for both retail businesses and manufacturers.

"The term we use is 'integrated supply chain'," he said. "We manage the physical to process, from the point of manufacture to the point of retail delivery. It's designed to give them the visibility throughout the supply chain."

Goods arrive at one of Cold Move's distribution centres, are automatically logged, and then sent out to retail on-demand. That demand isn't based in guesswork, nor does it require any phone calls or emails.

"For one retailer in Ireland, anything that goes through their till is automatically sent to our IT platforms. Our systems go through that data and convert it into data pertaining to individual suppliers and it goes through to the supplier based on those actual retail sales. This is done at a cut-off point during the day – most retailers choose 4pm – then the data is consolidated into an XML file, or really any kind of file they want, and that's the order for the next day," said Mallon.

The advantages of such a system are obvious: it cuts down on the need for retail warehousing and makes ordering an efficient process, based on actual demand.

Sophisticated end-to-end supply chain management of this kind is, as yet, relatively rare, but it is something that we will see more in the future, said Mallon.

"We do this for two or three high-street retailers," he said. "It's not something

that's particularly common here. It's something new for Ireland, really."

Certain products, particularly perishables such as dairy, lend themselves very well to such a process. Items are tracked throughout the chain, from arrival at one of Cold Move's locations, including its two major consolidation centres in Galway and Dublin, again when they are loaded for delivery, once more when they arrive with the retailer, and finally when they move through the till to the customer.

The business model was a natural leap for Cold Move, but one that required significant investment in IT.

"We started out in frozen warehousing, but between 2005 to 2008, I could see the market was changing and that, long-term, frozen storage was no longer an opportunity. People were becoming aware that tying up their cash in pallets wasn't a good idea," he said.

Cold Move turned to IT to solve this problem, specifically barcoding, designed to ensure suppliers and customers know where everything is at every moment in the distribution and sales process.

"Everything is barcoded," said Mallon. "We can tell a retailer how much product they have in stock and how much they need. Previously, the grey area was how much they had on the shelves. We can also tell them what stores are selling what products quicker, so we can create regional statistics."

Cold Move grew, even throughout the recession, adding an average of 20 employees annually. "Historically we invested one-third of our profits back into IT. The next opportunity we're going to try is RFID tagging to see if that will create efficiencies as it reduces human intervention and, with it, the potential for error. We're not just moving boxes, we're using IT to add value for customers," said Mallon.

Qualifications

Given the increasing complexity of supply chain man-



Jason Mallon,
managing
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Cold Move

agement, it's no surprise that formal qualifications are available at third level.

The National Institute for Transport and Logistics (NITL), managed by the School of Transport Engineering, Environment and Planning at the Dublin Institute of Technology, is one such institution where qualifications are available, and the emphasis is on effective business strategy.

"Supply chains now compete rather than individual companies. Costs are embedded in the chain: it may not be your organisation, it could be your supplier or supplier's supplier, so it's important to have efficiency within the chain, from the design point-of-view," said Eoin Plant, head of the NITL.

"Cold chain is very im-

portant for pharmaceutical and other goods. Pharma has become very important for Ireland. It's professionally regulated, and this has increased complexity within the supply chain for international export.

"There is a lot of electronic data interchange with temperature sensors and RFID tags. There's a lot of technology used, there's even a lot of technology used from a security point of view. It lets people know the status of goods on the road," he said.

Plant said that the complexity of the job can only increase and that his students, who primarily study for an MSc part time while working, are prepared for major challenges ahead as consumers and regulators demand ever more traceability.

"The meat scandals is one recent example. Being able to monitor this complexity in a supply chain is difficult for even large organisations, and there are questions of sustainability: is a supply chain sustainable; is that even possible?"

RFID tagging and sensors connected to the 'internet of things' are a clear path forward, but how these things will play out is still an unknown quantity. "Another thing will be how will 3D printing affects things," he said. "How will MRO [maintenance, repair and overhaul] for aeroplanes be affected for example? Will items be produced on-site? The impact has yet to be assessed."

Yvonne Delaney, manager of the management development unit at the University of

Limerick's Kemmy Business School, struck a similar note.

"Sensors, barcoding, the whole logistics areas has come on dramatically over the last number of years with tracking where the trucks are, route optimisation and so on. It really is an expansion of the supply chain," she said.

"More recently, a lot of the more innovative companies are starting to look out of the four walls toward end-to-end operations including supply chain. The tracking of deliveries coming in and delivered out to the customer is much more accurate."

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