CHAPTER – V

FINDINGS,
SUGGESTIONS
&
CONCLUSIONS

5.1 FINDINGS

In this chapter an attempt is made to provide the findings of the study. The results of the hypotheses framed are summarized and based on the findings, suggestions are given. The impact and changes in the Supply Chain based on the findings are clearly narrated and conclusions are drawn.

1) The primary use of Information Technology in purchasing is to check the prices online before the order is placed. Information Technology is also used in communicating with vendors and making purchase from vendor catalogues. The use of Information Technology has eased out face-to-face negotiations.

2) It is observed that company demographic factors like functional responsibility, years of attachment with institution, industry experience, company category, annual sales volume, number of employees, company using Information Technology and frequency of using Information Technology are associated with the use of information technology with customer and suppliers.

3) It is found that the demographic factors are associated with priority for redesigning information technology applications for Customers and Suppliers.

4) Information technology implementation issues like advocating the development of electronic information links with customers or suppliers, redesigning the information systems when implementing a new information technology (eg: EDI) with customers or suppliers, priority given in simplifying the existing process before the implementation of IT were considered to find the association between company demographic factors using Chi Square test. According to the results obtained, it is found that the implementation issues of IT are associated with the company demographic factors.

5) It is observed in this study that the Company demographic factors have an association with impact of Information Technology on business performance.

6) According to the results obtained from the study, it is found that there is an association between Company demographic factors and Supply Chain co-ordination.

7) To find the relation between the Company demographic factors and Information Technology implementation issues, Correlation test was applied, where in the results showed that there is an association between them.

8) ANOVA test is applied to find the association between Company demographic factors and IT implementation. The respondents' priority is high for purchases, sales administration, distribution and Information technology implementation.

9) It is observed that the preference is high for less than 5 years of attachment with institution in case of IT links with Customers and Suppliers and the respondents' preference is high for more than 10 years of attachment with institution in case of priority for redesigning IT and priority for simplifying existing process before IT implementation.

10) It is found that the respondents' priority is high for 5-10 years of Industrial experience for IT links with Customers and Suppliers.

11) The priority is high for the distributor of FMCG products in case of Information Technology links with Customers and Suppliers, Information Technology usage with Customers and Suppliers and Company experience with Customers and Suppliers.

12) The respondents perceived high priority for the manufacturers of raw materials in case of priority for redesigning Information Technology and priority for simplifying existing process before IT implementation.

13) The respondents' priority is high for the manufacturer of FMCG in case of Business impact.

14) The study found that an annual sales volume of 51-75 lakhs got high priority in case of IT links with Customers and Suppliers and high value for 76-100 lakhs in case of priority of redesigning IT along with priority for simplifying existing process before IT implementation.

15) The study preferred high value for an annual sales volume of 51-75 lakhs in case of IT usage with Customers and Suppliers and also high value for an annual sales volume of 25-50 lakhs in case of business impact.

16) In terms of number of employees, the study found high priority for Companies with 76-100 employees in case of priority for redesigning IT & priority for simplifying the existing process before IT implementation.

17) In terms of number of employees, the priority is high for companies with 51-75 employees in case of IT usage with Customers and Suppliers and is high for companies with 26-50 employees in case of impact of IT on business performance.

18) The respondents' priority is high for on an exception basis of frequency of using IT in case of IT links with Customers and Suppliers along with priority for redesigning IT.

19) In terms of frequency of using IT, the respondents' priority is high for daily usage in case of priority for simplifying existing process before IT implementation.

20) The study identified high value for Companies with 6-10 years of IT experience in case of IT links with Customers and Suppliers, high priority for simplifying existing process before IT implementation and IT usage with Customers and Suppliers.

21) The priority is found high for companies with more than 10 years of IT experience in case of impact of IT on business and Company experience with Customers and Suppliers.

22) It is observed that, the firms use intranet mainly for communication. The use of extranet is primarily in inventory management decisions where the users are more likely to use Electronic Data Interchange (EDI) programs with Vendor, Communicate with Customers on Out-of-Stock, notify customers on order shopping delays, Communicate with field warehouses and depots on inventory levels.

23) It is revealed from the study that the Information Technology integration with Supply Chain Management has shown impact mainly on Procurement, Logistics, Vendor relationship management and Customer relationship management.

24) The advances in information technology like internet, Electronic Data Interchange, Enterprise Resource Planning, e-business and many more have enabled the companies to rapidly exchange products information, funds and utilize Collaborative methods to optimize Supply Chain operation.

25) The Supply Chain integration mediates the relationship between IT implementation and Supply Chain performance. Thus IT is considered to be a good enabler to integrate Supply Chain to achieve Competitive advantage.

5.2 SUGGESTIONS

1) The success of any company is mainly based on updating of technology. Information technology can support internal operations and also encourage collaboration between companies in a Supply Chain. Using high speed data networks and databases, companies can share data to better manage the supply chain as a whole and their own individual positions within the Supply Chain. The effective use of this technology is a key aspect of a company's success.

2) The companies have to analyse the demographic factors for implementing IT. Demographic factors include functional responsibility, years of attachment with institution, industry experience, company category, annual sales volume, number of employees, company using IT, frequency of using IT and IT experience. The companies have to analyse the internal factors for implementing IT. Successful implementation of IT as an enabler of SCM depends upon the support of top management and overall organizational structure. The nature of skills available within an organization influences the success of IT in Supply Chain.

3) The companies have to analyse the benefit for implementing IT. One of the major benefits technology has given to the Supply Chain concept is the ability for companies to collaborate. These collaborations are designed for the mutual benefit of all parties. For example, a supplier of consumer goods may be linked up via the Internet to one of its distributors so that when the supply gets too low an order for more of those goods can be placed automatically. In this way, the distributor need not worry about running out of a product and disappointing customers and the supplier doesn't have to worry about maintaining a large inventory in expectation of demand. Similar systems have also been constructed to send out multiple requests to vendors when an order is placed. Collaborating this way makes better use of existing resources and paves the way for a larger profit margin on all sides of the equation.

4) The companies have to identify the requirement of IT, based on that they have to plan for implementing IT in required areas. Nowadays, companies are in the race for improving their organizational competitiveness in order to compete in the 21st century global market. This market is electronically connected and dynamic in nature. Therefore, companies are trying to improve their agility level with the objective of being flexible and responsive to meet the changing market requirements. In an effort to achieve this, many companies have decentralized their value-adding activities by outsourcing and developing virtual enterprise (VE). All these highlight the importance of information technology (IT) in integrating suppliers/partnering firms in virtual enterprise and supply chain. Supply chain management (SCM) is an approach that has evolved out of the integration of these considerations.

5) The companies have to analyse the requirements of functional departments, accordingly plan the implementation of IT. Strategic planning of IT in SCM includes organizational issues such as organizational structure, awareness of top management, business processes, strategic alliances and information technology that influence the overall performance of IT-enabled SCM. Considering the organizations business and top level strategies, suitable information systems should be selected with a view to support the application of IT and in turn to develop an effective supply chain. Since the current enterprise structure is complex in nature and therefore, there is a need for an effective IT system to manage the system in a more productive manner. Strategic planning involves decisions that affect the long-term performance of an organization. For example, lack of IT in an organization can make the organization obsolete and not able to qualify as one of the partners in a virtual enterprise. Since the market characteristics have changed, it would be difficult to survive in a global market without an IT-enabled SCM.

6) The market is the driving force for any changes in an organization. Market factors such as customer requirements, competitors and price forces the organizations the way they

manage their operations. For example, companies select IT enabled SCM in order to compete in a networked economy in a global market by multiple competitive performance objectives such as price, quality, flexibility, responsiveness and dependability. The economic reasons here is the cost. Though flexibility and responsiveness are important in order to compete in a global and networked market, the cost still plays an important role in being competitive. Obviously, flexibility and responsiveness are interconnected with cost.

7) The companies have to consider years of attachment with customers or suppliers for implementing IT. The customer or supplier has to analyse the industrial experience for implementing IT for their business. Implementation of IT differs based on the category of business. For this study the impact is high for distributor of FMCG products. So based on category they have to plan for IT implementation. The companies also consider annual sales volume of the business, number of employees and number of years experience with IT for implementing IT. IT creates good relationship with customers and suppliers. So it is helpful for the companies to develop good relationship.

8) The companies have to analyse the customer and supplier experience with IT. Supply chain co-ordination is important for implementing IT. An IT infrastructure capability provides a competitive positioning of business initiatives like cycle time reduction, implementation, implementing redesigned cross-functional processes. Several well known firms are involved in supply chain relationship through information technology. Three factors have strongly impacted this change in the importance of information. First, satisfying in fact pleasing customer has become something of a corporate obsession. Serving the customer in the best, most efficient and effective manner has become critical. Second information is a crucial factor in the managers' abilities to reduce inventory and human resource requirement to a competitive level. Information flows plays a crucial role in strategic planning.

9) In supply chain management the investments in information technology may turn against business parties if those information technology investments are not used by the people that constitute an organization. If employees do not use new information technology in their work processes then the investments should not be made.

10) It is argued that information technology (IT) has the ability to lower coordination cost without increasing the associated transactions risk, leading to more outsourcing and less vertically integrated firms. Lower relationship-specificity of information technology investments and a better monitoring capability imply that firms can more safely invest in information technology for inter-firm coordination than in traditional investments for explicit coordination.

5.3 CONCLUSIONS

1) Based on the result obtained from this study, we conclude that IT is affecting the Supply Chain Management. The influence of information technology on Supply Chain Management is based on company demographic factors.

2) SCM is viewed as a tool to eliminate non-value-adding activities. IT helps to improve the accurate information flow and in turn accurate decisions to support the business process in an effort to meet the changing market requirements. Availability of resources locally make some companies to opt for global outsourcing and this again demands an IT-enabled SCM with a view to overcome lack of resources.

3) Generally speaking, it is summarized that chosen solutions to be integrated must be those that are relatively easy to re-configure (based on an open source software) since technologies inside and between channel members may change and most of the channel parties have many systems that need to be integrated in order to provide the managerial transparency needed to compete with other supply chains and supply chain networks like value creating networks.

4) Today companies are investing a large amount of money for redesigning internal organizational and technical process, changing traditional and fundamental product distribution channels, customer service procedure and training staff to achieve IT - enabled Supply Chain.

5) To compete in a new market, organizations need to be capable of reconfiguring its resources to meet the changing requirements. This requires organizations to have an effective Supply Chain or physically distributed enterprises.

6) The impact of Information Technology integration with Supply Chain Management is much larger as it facilitates inter-organizational communication, develops collaborative work and provides opportunities for organizations to expand their markets worldwide along with enhanced team work and Customer relationship management.

7) Information technology is redefining the way of managing the Supply Chains. It is time for the companies to embrace Information Technology and accept the IT tools for effective Supply Chain Management.

8) Recently the concepts of Supply Chain design and management have become a popular operations paradigm. This has intensified with the development of Information and Communication technologies that include Electronic Data Interchange and World Wide Web to overcome the ever increasing complexity of the systems driving Buyer-Supplier relationships.

9) Information Technology has expanded the scope of business all over the world. The use of Information Technology is seen to be more prominent in Supply Chain functions and has led to companies competing on a single super objective of how well managed the Supply Chain is.

10) The usage of Information Technology in Supply Chain Management has changed the nature of relationships between Business to Business and Business to Customers. The Information technology usage will continue to increase in the future and the Supply Chain managers will be able to access fast and accurate information from areas including Transportation, Inventory, Purchasing, Customer service, Production scheduling, Order processing and Vendor operations. The net effect is reduction of costs and dramatic increase in the profitability of firms.