

IBM Sterling

# Journey to the cloud

*A strategic approach to optimizing your supply chain*

Creating a smarter supply chain by reducing cost and complexity in B2B networks and enhancing collaboration with customers and suppliers





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## Highlights

- Understand the benefits of transitioning B2B integration to the cloud.
- Analyze the strategic benefits of migrating to the cloud and how it can optimize your supply chain.
- Identify criteria for selecting the right B2B business partner.

The future of business-to-business (B2B) integration is in the cloud. As electronic data interchange (EDI) grows increasingly vital to orchestrating thousands of B2B relationships, forward-looking organizations are transitioning their network infrastructure to a cloud model to reduce cost and complexity. The move is also enabling them to strengthen collaboration with partners and improve agility to meet fast-changing demands at scale.

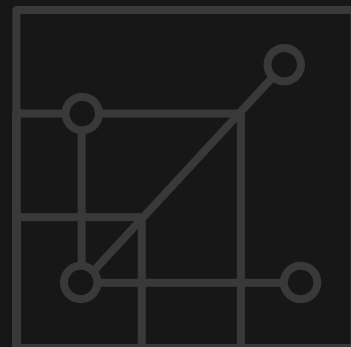
But for all its rewards, the journey to cloud can be challenging. An approach that's poorly conceived, executed and managed can expose your company to unnecessary risk. Developing a well-informed strategy and selecting the right B2B business partner are essential to your success.

## The disconnect between B2B vision and reality

In highly complex global markets that put a premium on speed and cost efficiency, synchronizing with suppliers and customers in automated networks is a prerequisite for long-term success. Without an advanced EDI environment, it's nearly impossible to meet customer expectations for real-time visibility into orders, affordable pricing, inventory, payments, multi-channel fulfillment and fast, flexible delivery.

IT decision makers know that B2B integration is the answer. But they're struggling with a well-recognized gap between the vision of seamless B2B integration and a more fragmented and siloed present-day reality. For most, B2B integration remains a work in progress. A recent IDC study conducted for IBM shows that only 40 percent of IT decision makers say they have full view of trading partner onboarding and mapping for data exchange.<sup>1</sup>

Companies are leveraging the cloud to excel amid escalating global complexity, demand volatility, compliance changes and new customer expectations.



## The challenges of B2B complexity

Many organizations are trying to extend and expand transactional automation across their supply chain by building on established data exchanges with strategic trading partners. But designing B2B systems that meet a diverse set of requirements isn't easy and often exacerbates complexity, driving up infrastructure costs and straining IT resources.

The typical organization manages over 250 suppliers, partners and customers.<sup>2</sup> Furthermore, 75 percent of organizations exchange data with external ecosystems across 2 to 5 business processes while heavily relying on manual processes. Of the typical exchanges made by these organizations, 33 percent of transactions are tendered by form-based exchanges.<sup>1</sup>

While the advantages of transitioning from error-prone, manual transactions are clear, many organizations hesitate to adopt an automated approach because of problematic B2B environments with multiple systems, data formats and protocols. Without a strategic blueprint that maximizes efficiency and collaboration across the supply chain, moving to an automated, cloud-based B2B environment can amount to replacing one type of complexity with another.

## Meeting demands in dynamic global markets

With a growing number of trading partners in a global marketplace, many traditional EDI solutions in place today are not well suited to support more complex and collaborative relationships. Adding to collaboration limitations are changing regulatory requirements, degrees of technical expertise, data security concerns, communications protocols, data standards, and varying disparate back-office systems used by partners. In fact, many organizations are still unhappy with latency, elastic scalability, partner management, visibility, and governance.<sup>1</sup>

At some organizations, the result is stagnation in the EDI environment—laboring on with the status quo because the cost and scope of an upgrade to existing systems is too daunting to undertake. Adding to this complexity is the short supply of EDI and B2B process expertise, skilled resources and technologies to meet the demand for heightened collaboration. This shortage is prompting leaders to break their dependence on antiquated B2B systems that require EDI expertise. In fact, to meet mandates to cut administrative costs and increase efficiency, many organizations are electing to move their B2B integration to a cloud environment.

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## The cloud as a strategic option for B2B integration

The cloud has emerged as a compelling option for B2B integration. After gaining a stronghold in application areas such as sales force automation, customer relationship management, and human resources and payroll, the cloud has made significant inroads in data integration, business intelligence, enterprise resource planning (ERP) and B2B integration.

Taking a cloud-based approach to B2B integration is a strategic decision that can materially improve an organization's operational performance and interactions with its B2B relationships. Reducing on-premise software and servers can dramatically shorten implementation times while avoiding the high capital costs and maintenance expenses of an in-house system for customized legacy EDI systems and staff.

Every organization's journey to the cloud is different. If you prefer to maintain the highest level of control over data and service level agreements (SLAs), a hybrid cloud strategy is a good approach. It provides the flexibility to choose where customer and partner data is stored, such as on-premises or a cloud server. This strategy also ensures you don't lose current or future investments in on-premise B2B solutions.

B2B cloud solutions should address global needs in a strategic framework, based upon collaboration and competitive advantage, in an open, scalable and standards-based environment. Spanning a broad range of capabilities—from global connectivity to expert-managed services to alleviated resource constraints to targeted solutions for discrete business demands—secure and flexible cloud solutions can enable your organization to capture benefits in three key areas:

### **Reduce total cost of ownership (TCO) and internal resource requirements by:**

- Integrating trading-partner transactions with back-end applications using a platform based on a service-oriented architecture (SOA).
- Providing flexible delivery options that allow you to take as much or as little responsibility as needed.
- Offering security-enhanced communication with any partner around the world, independently of protocols or gateway.
- Improving supply chain agility and control with real-time business process intelligence.

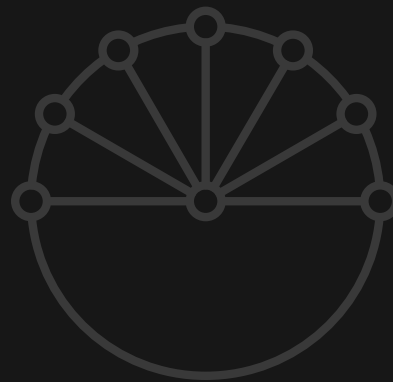
### **Increase profitability and competitive differentiation by:**

- Reducing order, payment, shipment and invoicing errors through automated document delivery processes.
- Making it easier for partners to do business with you—whether they're using EDI or not.
- Meeting stringent regulatory and compliance requirements with reliable auditability.
- Eliminating the need for dedicated IT staff with specialized EDI expertise.

### **Accelerate B2B collaboration to achieve a competitive advantage by:**

- Reducing order, price and invoice errors through automated document delivery.
- Decreasing time to onboard new trading partners.

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## The nuts and bolts of a world-class cloud B2B integration offering

Successful B2B integration requires ongoing management and monitoring. But with so many moving parts and ever-changing requirements, management of B2B infrastructure can strain resources to the degree that collaboration efforts may be delayed or abandoned. B2B integration should not be viewed as a project but as a strategic investment to gain competitive advantage. In fact, 60 percent of the global companies surveyed in North America and Europe are engaged in B2B integration as a tactical process.<sup>1</sup> This process is based on data exchange frequency and system management efficiency, satisfaction with current SLAs, strategic planning and budget planning.

To reduce costs and complexity, increase efficiencies and optimize collaboration with customers and suppliers, design a B2B strategy that meets the following criteria:

- 1. Simplifies and accelerates partner integration in the cloud.** Does the solution allow information exchange with virtually any partner anywhere and any data type using a single, secure connection? Automating B2B integration should reduce errors in orders, pricing, invoicing and fees while preserving working capital to fund other mission-critical initiatives.
- 2. Enables scalable, secure and always-on connectivity across the supply chain.** What level of security capabilities, uptime, disaster tolerance and recovery, and global multilingual support is available? It's essential to have a reliable B2B connections that deliver real-time visibility into critical business data for better decision-making, analysis of partner performance and an enhanced customer experience.

### **3. Automates processes with small partners.**

Can transactions with the smallest partners and customers be automated with little or no impact on current processes? Not all suppliers have the ability to do EDI. However, automating documents with those trading partners is necessary to speed up business and reduce costly errors.

### **4. Maximizes internal resources with managed services.**

Are B2B integration management resources needed? Managed services provide support with maximum flexibility so IT organizations can take on as little or as much responsibility as desired. Use internal resources where they are needed most. Prioritize consistent, real-time visibility into B2B integration operations, regardless of a B2B business partner's scope.

### **5. Accelerates B2B collaboration for competitive advantage.**

Best-in-class solutions should fuel customer and supplier B2B collaboration and speed to market. Faster partner onboarding and improved supplier compliance are key indicators that will enhance customer experience and increase profitability.

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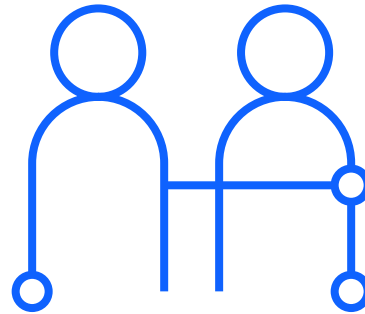
## A smarter supply chain: An integrated approach

A world-class cloud strategy for B2B integration helps companies orchestrate their ecosystem to consistently deliver exceptional experiences throughout the customer journey and drive profitable growth. It includes supply chain processes that put the customer at the center of decisions and actions to improve customer loyalty, profitability and agility.

When selecting the right B2B business partner, look for best-in-class capabilities in advanced analytics, visibility tools, managed services and automation tools for small trading partners. Their platforms should open up possibilities for growth through API-based B2B flows and have the underpinning to accommodate disruptive technologies such as IoT, blockchain and AI to deliver innovative levels of multiparty supply chain collaboration. To truly develop an EDI strategy for the future, select a B2B business partner with a full range of industry-leading solutions for the core supply chain business processes of buy, market, sell and service. IBM and its ecosystem of skilled Business Partners is at the forefront of driving this innovation. To learn how to develop a scalable, security-rich and always-on cloud strategy across your supply chain, consult an IBM Business Partner.

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1. "WW B2B Integration and MFT Survey 2019." *IDC*, January 2019
2. "IBM Supply Chain Data Report." *Vanson Bourne*, 2017

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