



Driving Strategic Value with IBM Sterling Supply Chain Business Network

Authors: Simon Ellis, Stewart Bond, Matthew Marden, Harsh Singh

Business Value Highlights

335%

three-year ROI

>\$4

in benefits for every \$1 in investment costs

\$4.61M

per organization per year in total benefits

51%

more efficient management of B2B transactions

41%

faster to onboard new partners

50%

reduced late orders

\$13.73M

higher revenue per year per organization

77%

more efficient IT support of B2B/supply chain platforms

30%

improved customer satisfaction

60%

faster transaction queries, organizations using Business Transaction Intelligence

Executive Summary

Supply chains are under enormous pressure, both to be more efficient and effective, and to be able to support new and emerging business models. In a recent IDC supply chain survey, 60% of companies expected their business to be disrupted within the next three years by a competitor with superior supply chain capabilities. This is partly about commercializing the potential of new digital technologies like artificial intelligence (AI), but it is also about understanding core competency and harnessing the power of ecosystems.

The long-term movement of the supply chain from centrally owned and controlled to one that is highly outsourced and connected to ecosystems has created both opportunity and challenge. The opportunity has been to outsource activities that are not a core competency or are less expensive to external parties. The accompanying challenge of an outsourced supply chain is that the ability to communicate in real-time, and have acceptable levels of visibility both upstream and downstream, has become increasingly problematic. Thus, the emergence of the ecosystem-enabling multi-enterprise supply chain commerce network.

Multi-enterprise supply chain commerce networks are a critical element of both current and future “resilient” supply chains. Any company that runs a supply chain will derive significant value from the capabilities that a multi-enterprise commerce network provides to connect them to ecosystem partners. A network can be a single platform, or it can be a platform integrated with various supply chain applications.

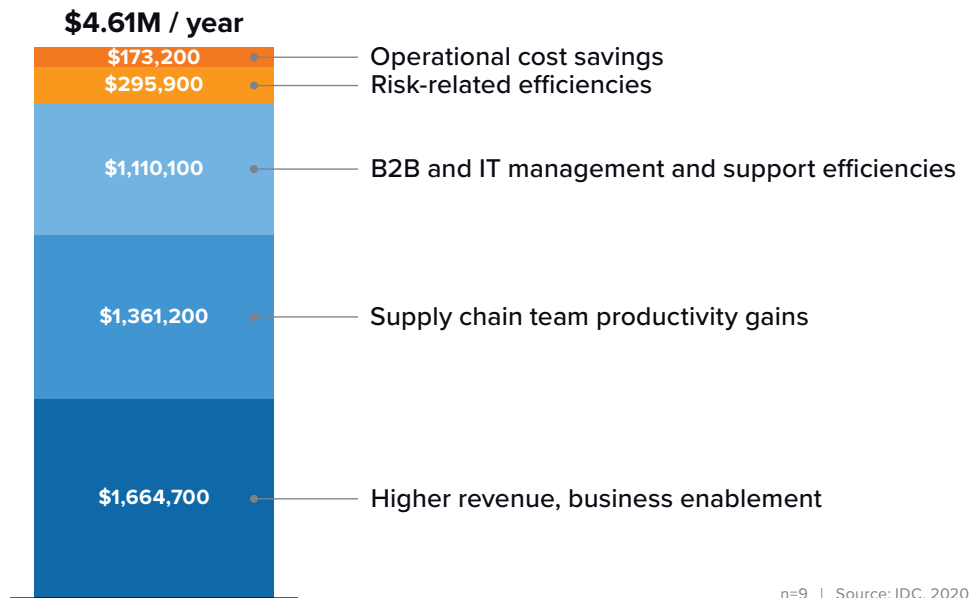
To assess the value of participating in a multi-enterprise supply chain commerce network, IDC spoke with nine organizations worldwide running business-to-business (B2B) transactions and supply chain operations on the IBM Sterling Supply Chain Business Network. They reported that Sterling Supply Chain Business Network has enabled more efficient and effective supply chains by providing end-to-end visibility, automation, and improved integration with trading partners. As a result, study participants have cost-effectively accommodated significant B2B transaction and business growth, while improving the flow of vital information between supply chain partners

Interviewed IBM customers have benefited from greater business agility, timely delivery of products and services, and faster recognition of sales with Sterling Supply Chain Business Network.

With Sterling Supply Chain Business Network, interviewed organizations have significantly sped up their partner onboarding efforts (41% faster on average), ensuring the agility of their business networks.

and customers. IDC’s analysis shows that interviewed customers will achieve strong value with the Sterling Supply Chain Business Network platform worth an average of \$4.61 million per organization per year (\$315,000 per 1 million B2B transactions). This level of benefits translates to a more than 4-to-1 ratio of total benefits to investment costs as discussed in detail below.

FIGURE 1
Average Annual Benefits per Organization
(\$ per organization per year)



Higher Revenue

Interviewed IBM customers have benefited from greater business agility, timely delivery of products and services, and faster recognition of sales with Sterling Supply Chain Business Network. As a result, they have realized net revenue increases that IDC quantifies as worth an average of \$1.66 million per organization per year (\$113,900 per 1 million B2B transactions).

Like all companies, study participants must carry out business operations in a way that enables the delivery of quality products and services in a timely and seamless fashion. This necessitates having an integrated and highly functional supply chain that they can extend and scale to meet business demand and onboard new trading partners to their networks. With Sterling Supply Chain Business Network, interviewed organizations have significantly sped up their partner onboarding efforts (41% faster on average), ensuring the agility of their business networks. Further, they reported needing 11% less time to fulfill customer orders and delivering 5% more orders on time (from 90% to 95%).

Interviewed IBM customers reported that Sterling Supply Chain Business Network had generated efficiencies for procurement, manufacturing, logistics, and other teams through the timely flow of information, data, and materials.

Study participants reported that they could efficiently handle and accommodate rapid growth to B2B transaction volume with Sterling Supply Chain Business Network.

These efficiencies have impacted study participants' businesses directly as they benefit from being better able to meet customer demand and improve customer satisfaction rates (30% higher on average). For interviewed IBM customers, this has resulted in demonstrably better business outcomes, with significant revenue gains—\$13.73 million per organization per year—from winning more customers, limiting customer churn, and speeding up recognition of revenue.

Supply Chain Team Productivity Gains

Interviewed organizations have substantial numbers of employees whose work depends on and relates to supply chain activities. These employees have benefited from improved visibility and automation with Sterling Supply Chain Business Network. IDC puts the value of productivity gains for these employees at an average of \$1.36 million per organization per year (\$93,100 per 1 million B2B transactions).

Companies need their supply chains to be efficient and effective to help employees focus on value-added responsibilities rather than more rote tasks. Interviewed IBM customers reported that Sterling Supply Chain Business Network had generated efficiencies for procurement, manufacturing, logistics, and other teams through the timely flow of information, data, and materials. The positive impact is evident for study participants: They identified an average of 83 employees, each of whom are 26% more productive, the equivalent of 493 hours per year of additional productive time for each of these employees.

B2B and IT Management and Support Efficiencies

Teams responsible for carrying out B2B transactions and managing and supporting B2B and supply chain operations can handle significantly increased workloads with the integrated, scalable, and cloud-based Sterling Supply Chain Business Network platform. IDC calculates that these time savings and efficiencies will be worth an average of \$1.11 million per organization per year (\$75,900 per 1 million B2B transactions).

Study participants reported that they could efficiently handle and accommodate rapid growth to B2B transaction volume with Sterling Supply Chain Business Network. They can efficiently carry out substantially more B2B transactions thanks to much-improved visibility, automation, scalability, integration, and performance with Sterling Supply Chain Business Network. Interviewed IBM customers reported that their B2B transaction management teams have been 51% more efficient on average, yielding significant value with average B2B transaction volumes of more than 10 million per year.

Meanwhile, B2B support teams leverage the enhanced visibility and functionality with Sterling Supply Chain Business Network to achieve 41% efficiencies on average, reflecting their ability to provide more timely and tailored support.

Study participants reported having minimized operational risk and cost to their businesses of platform outages with Sterling Supply Chain Business Network.

Companies that run resilient supply chains will outperform those that do not.

Further, study participants reported needing 77% less staff time to run and operate Sterling Supply Chain Business Network as a cloud-delivered solution that offers robust automation and visibility through Business Transaction Intelligence and other capabilities.

Risk-Related Efficiencies

Companies need resilient supply chains that ensure business continuity in the face of any number of potential sources of disruption. Having a robust and high-performing supply chain platform is core to achieving continuity and limiting risk. Study participants reported having minimized operational risk and cost to their businesses of platform outages with Sterling Supply Chain Business Network. In addition to reducing the frequency of supply-chain-related outages, interviewed IBM customers also noted having improved their ability to comply with regulatory requirements efficiently. IDC projects that they will realize productivity gains worth an annual average of \$295,900 per organization (\$20,200 per 1 million B2B transactions) by limiting risk in these areas.

Operational Cost Savings

Interviewed organizations have leveraged improved visibility and higher data quality with Sterling Supply Chain Business Network to identify and address supply chain cost inefficiencies, including those related to inventory and capital investments. As a result, they have realized cost savings that IDC quantifies as being worth an annual average of \$173,200 per organization (\$11,900 per 1 million B2B transactions).

SUMMARY:

Importance and Value of Having an Efficient, Scalable, and High-Performing Resilient Supply Chain

Managing high-performing and resilient supply chains is a crucial component of best-in-class supply chains. Companies that run resilient supply chains will outperform those that do not. It is time for supply chains to leverage networks and ecosystems, and to take a structured, proactive stance against risks as they take advantage of new opportunities. Whether it's the next disease outbreak, the next war, further trade conflicts, or climate-change-related weather disruptions, supply chains will face both challenges and opportunities. Companies should not only work on alternative plans, though that is a good start; they should develop the structural, network-centric capabilities to enable their supply chain to be resilient.

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IDC Research, Inc.

5 Speen Street
Framingham, MA 01701
USA
508.872.8200

idc.com

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