



it news

THE OFFICIAL NEWSLETTER OF TECHNOLOGY SOLUTIONS

FEBRUARY 2006



GLOBALIZATION DRIVES CHANGE IN SOFTWARE DEPLOYMENT STRATEGIES

Web Solutions Help Supply Chains Stay Connected

By Rick Ludolph, President, Productive Solutions LLC

Improved collaboration, visibility, and synchronization are among the most promising benefits of today's hottest technology solutions. As sewn-products companies decentralize and outsource more and more of their processes, the business case intensifies for extending enterprise software solutions such as PLM and ERP to suppliers, manufacturers, agents, mills and other supply chain partners.

In today's full package business model, where owned-and-operated facilities have been replaced by independent sourcing partners, many companies struggle with the decision of how to deploy these important software tools across their networks. The equation becomes more complex as companies frequently shift their supply base from country to country to leverage more favorable costs, trade policies, logistics capabilities, and other critical business factors. And then there's the question of "Who pays" for the technology – specifiers, middlemen, or the vendors?

In response to these challenges, software vendors are promoting new technology platforms and licensing models that better align to the realities of today's global, and more mobile, supply chain models. Although sewn-products companies have been comparably slow to adopt these technologies, a clear trend is emerging with the use of web-based software, web portals, and subscription software pricing.

Case in point is the rapidly growing product lifecycle management (PLM) software category. For years, the product data stored in PDM systems (the predecessor to PLM) was largely confined to use by in-house product development teams. For most, collaboration with suppliers and vendors still meant e-mail distribution of static tech packs. In addition to significantly expanding the capabilities of PDM, many of today's PLM solutions are web-based tools that offer secure, global access to product information, real-time calendaring, process tracking and more through a common internet connection. This elimination of traditional computing infrastructure clearly advances connectivity.

Sewn-products companies are also benefiting from the use of the web to link global sourcing and production activities. Web-enabled supply chain management tools allow business partners to electronically manage the bidding process, track production, and manage quality and shipments. A growing number of companies are also finding ways to link partners directly with information housed in their ERP systems. Web portal technology is used to enable remote factories to enter production and shipping information directly into their business systems without requiring a copy of the software at the remote site. These new platforms also facilitate connections with suppliers located in emerging countries, where sophisticated IT infrastructures are the exception rather than the rule.

It is clear that web and middleware technologies are expanding the opportunity to share information across the global supply chain. Another key enabler is an emerging shift in the way companies purchase software. The traditional perpetual software licensing model is giving way to subscription or pay-as-you-use pricing programs. These plans allow buyers to deploy software solutions without large upfront costs and long-term commitments. Paying for software as it is actually used greatly simplifies the financial challenge of equipping entire supply chains. Subscription pricing, coupled with simplified web-based software deployment, provides companies with the flexibility, portability, and connectivity they need in today's rapidly changing global business environment.

Productive Solutions, LLC is an Atlanta-based consulting firm providing actionable advice and measurable results through business strategy, technology guidance, and enterprise consulting services. Contact Rick Ludolph at r.ludolph@productivesol.com.