

Digitization:

The Route to Supply
Chain Maturity



EXOSTAR®

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Your supply chain needs exist on a wide spectrum. If you're in a small company with few suppliers, you may be able to get by the old-fashioned, manual way—with hand-written logs, spreadsheets, and emails.

But as an enterprise grows, its supply chain gets more complex. If you are part of a huge, multi-national enterprise dealing with thousands of suppliers, it's a good bet that spreadsheets and sticky notes have fallen by the wayside long ago. And if your company is somewhere in between, your supply chain processes might be lingering in the middle, too.

You can't afford to have a less-than-optimized supply chain environment. As organizations watch their margins diminish due to increased competition, they are looking to internal efficiency to help make up the difference. The Supply Chain, Procurement, and Finance business units are typically ripe for updating.

Many organizations invested in on-premise solutions many years ago to run these business functions. They chose to stay on-prem due to technology constraints but also for security concerns. These legacy solutions have been exposed as limited, inflexible, not designed for collaboration, and requiring many manual steps. In addition, the resources needed to support such systems have become costly and negatively impact the bottom line.

Plus, these old systems can't keep up with today's technology. Digital capabilities such as the Internet of things (IOT), Artificial Intelligence-driven demand forecasting, and the continued growth of e-commerce digital business models will require supply chains to be more agile, responsive, and efficient in processing information and collaborating to meet demand.

A fully mature supply chain solution suite takes advantage of digital technology to streamline processes and save money. Companies can no longer get by managing your business in silos with weak hand-offs. Gartner research notes that a best practice among organizations with the top supply chain results is to, "build digital supply chain capabilities, internally and with partners, in areas that best meet the strategic business objectives of your company and customers." Let's take a look at how digitization can impact your supply chain.

¹ "Gartner Supply Chain Top 25 Results for 2017", 2 June 2017

It is not easy to find reliable, acceptable suppliers, no matter what industry you are in. For highly-regulated industries, however, there are additional hurdles to clear.

For example, suppliers in Aerospace & Defense supply chains must adhere to strict compliance standards when it comes to storing, protecting, and sharing data. For example, they are subject to DFARS 252.204-7012-Oct2016: Safeguarding Covered Defense Information and Cyber Incident Reporting. Provisions include encryption of data and requirements for multi-factor authentication (MFA).

These standards mean that organizations must apply additional rigor to their supplier qualification and selection processes. Unfortunately, too many organizations try to keep track of the current compliance status of dozens, hundreds, or even thousands of suppliers in spreadsheets, and exchange that information through email.

The Digital Difference

Mature digital solutions make it much easier to determine if a supplier meets your needs—and keep track of this information for later use. You can use the systems to correlate basic company data with the specific details that relate to your industry and your contracts. This information might include:

- Self-attestation of NAICs
- Capabilities and inventory
- 3rd party validation
- Cyber certification
- Certification expiration dates
- Identity and Access credentials

Digitization facilitates data gathering, speeds the onboarding process for both the supplier and the buyer, and reduces costs of supplier approval and certification.

The Exostar Way

Exostar offers Vendor Qualification & Certification solutions that centrally collect, track, and manage information about the supplying organizations that may become qualified vendors. We offer customized prequalification forms and defined workflows to ease and automate the process of establishing new business relationships.



Once a supplier has been deemed qualified to become a vendor, there are steps that must be taken in order to start doing business together. For example, you must gather and review specific information about the security posture and data handling capabilities of your new vendor.

In addition, preparing for the daily activities of your relationship requires work. Onboarding a new vendor can be a cumbersome process if you have multiple systems that required shared access. These could include inventory, billing, communication, and other systems. Organizations with less mature supply chain processes may spend many hours setting up accounts and log-ins to get their new vendors into these various systems—if they have the systems in place at all.

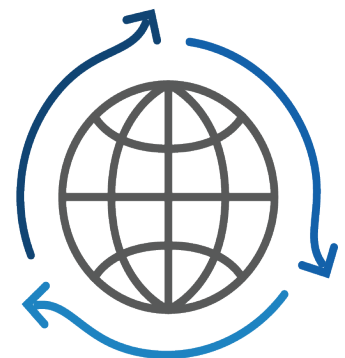
The Digital Difference

If you have a mature systems, you can use a single set of identity credentials to grant access to all the systems and applications in your stack. This saves time in setting up new log-ins, reduces the need for constant reminders and password resets, and gives your vendors a better experience when they are working with you.

In addition, MFA access provides an additional level of security. This is crucial, particularly in highly-regulated industries. As noted above, government regulations place specific requirements on A&D organizations serving the DoD. These requirements range from self-reporting on NIST standards to the use of multi-factor authentication to access sensitive data. These requirements flow down to the entire supply chain.

The Exostar Way

Exostar provides our Identity Access Management platform to grant secured access to your systems to those vendors who qualify. Our identity verification complies with US Federal Government standards, offering single sign-on and multifactor authentication to safeguard processes, data, and applications.



Of course, the whole point of qualifying and onboarding new vendors is so that you can work together. From sourcing and contract management to order management, receiving, invoicing, and payment, there are a host of transactions that take place between buyers and suppliers that can be labor intensive and inefficient. Without a way to see the big picture of your entire supply chain, you have no way to recognize or combat inefficient processes, supply chain disruptions, or excessive costs.

And if you are working in a multi-tier supply chain environment, or dealing with projects that require collaboration above and beyond simple order fulfillment, things can be even more complicated. You may find that your organization lacks expertise on regulations and best practices that could improve your performance.

The Digital Difference

Cloud-based supply chain solutions make the process of finding, ordering, receiving, and paying for materials easier than it has ever been before. With the right solutions, you are able comprehensively support interactions with all suppliers across a range of processes including planning, logistics, quality management, procure-to-pay, supplier onboarding, supply risk assessment, vendor-managed inventory, sourcing and supplier information management.

Secure online solutions let you share documents and work together in ways that email simply can't accommodate. And having all of your supply chain activities in a single digital environment provides a host of additional benefits including inventory visibility, supply planning, and expedited transportation and order fulfillment.

The Exostar Way

Exostar offers modular, configurable solutions that span supply chain needs, from sourcing to payment to multi-tier order management and more. They meet your business model and help you adopt industry best practices.



Managing the Relationship

There is more to a vendor relationship than just setting up user credentials. A host of other information must be stored and managed, including the status of the vendor's certifications, security assessments, financial stability, and more. Many organizations lack confidence or clarity on how to deal with supply chain risk—how to gather data about it, calculate the level of risk, and comply with regulations regarding this area.

Similarly, as circumstances change over time your own organization may have changes in security posture, sustainability, or other compliance issues. These changes must be reflected in the way information and access is shared with vendors across the supply chain.

In addition, vendors need to perform consistently, no matter which part of your organization they are working with. However, it can be hard to keep track of that information if you don't have the data stored in a central location.

The Digital Difference

Accurate data prevents your organization from being exposed to risks and liabilities because of the security and compliance status of your supply chain. Digital solutions free your organization's staff from constantly chasing people down by providing a central application for suppliers to keep their information up-to-date. Changes can be registered instantly, and communicated just as fast.

Investing in digital relationship management systems is a hallmark of the most mature supply chains, because it takes those processes beyond the day-to-day work that has to be done. It enables your organization to take a broader view of the way your supply chain processes are impacting your overall business performance.

The Exostar Solution

Exostar offers tools for tracking supplier performance, supplier risk, document sharing, announcements, and certification management through our Supplier Management Portal.



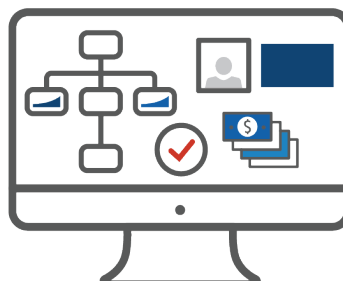
As successful companies grow, additional changes start to arise. For instance, if you make an acquisition, you suddenly have new suppliers to manage as well as different sourcing and procurement, ERP, and MRP systems to integrate. Larger organizations may have duplicate information siloed in dozens of different systems. Over time, this limits visibility into overall spend, and leads to lost value for the company.

The Digital Difference

A central system that contains all supplier information improves your sourcing and procurement efforts. You can ensure that all of your business units are taking advantage of the same favorable rates, get a sense of how much you are spending with any individual supplier, and keep transaction details straight. This visibility is necessary to reduce errors and streamline compliance tracking. All in all, a digital approach to supplier information management increases your overall process ROI.

The Exostar Solution

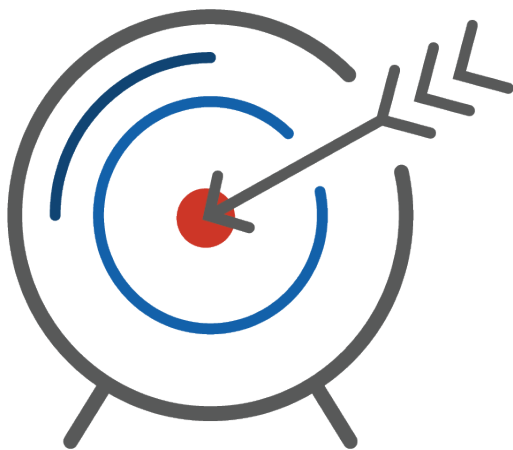
Exostar offers a Supplier Master Data System designed to centrally manage all supplier data such as representation and certifications, along with supplier compliance data.



When you take the steps toward a more mature supply chain, you may face resistance. This isn't surprising—making an investment in new technology is always a daunting prospect. Not only do you have to buy new solutions, you have to take the time to install the new tech and train your people on how to use it. You may worry about how long it will take to show value from your new processes and workflows. Fortunately, there are many ways that adding digitized solutions add value.

The Exostar Way

Exostar's process-driven supply chain offering includes solutions that work sequentially. We leverage our industry-leading Identity & Access Management Platform to control and secure access to our master data, our supplier community, and our secure applications. This all-in-one approach provides consistency, security, and efficiency.



The Digital Difference

Here are a few of the ways that digitized supply chain solutions can impact your bottom line:

- **Efficiency:**
Digital solutions can integrate information from thousands of suppliers' networks, while consolidating 97% of all electronic supplier transactions. Digital access, onboarding, and supply chain management keep transactions fast, consistent, and secure. All-in-one processes reduce red tape, training time, and data leakage.
- **Cost-savings:**
Organizations report reducing per-transaction costs by as much 75% when switching to digital solutions. This results from more effective workflows that can cut the costs of service, transportation, data collection, reorders, and more.
- **Security:**
Complying with stringent DoD regulations for information protection throughout your supply chain is paramount for safeguarding your bottom line. The ability to demonstrate compliance with NIST 800-171 guidelines, for example, keeps you from losing out on contracts.

Get away from email and other manual processes. Comply with regulations regarding sensitive data. Join a community that enjoys the most secure, effective supply chain solutions available. Digitizing the supply chain moves you toward true supply chain maturity.

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