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Q: Why is SaaS the next big thing in supply chain?

CAVANO: Business leaders and the supply chain community are just beginning to recognize the potential of SaaS and Cloud technology. As this continues, the innovation and impact will rapidly snowball.

A recent note by AMR analyst and supply chain guru Kevin O'Marah provided an interesting summation of the supply chain's impact on productivity gains and the potential impact of SaaS. For most of the 20th century, productivity grew at 1.5 percent per year based on mechanical innovation, O'Marah explains. From 1995 to the present, productivity is closer to three percent, based on supply chain efficiencies.

The point is that supply chain organizations, which are improving their own metrics 10 percent per year by combining mechanical operations and engineering with new technology and Internet-based tools, are allowing organizations to double their overall annual rate of productivity. The issue many of us have come up against is that supply chain and ERP projects, and other technologies designed to improve performance and efficiency, are expensive. They're costly to deploy, costly to maintain, and, unfortunately, costly to replace.

This is where software-as-a-service becomes key. As O'Marah put it: software-as-a-service architecture allows nearly constant revision without the pain of on-premises upgrades. This is a major breakthrough.

Q: What challenges or issues are you hearing from business leaders today regarding supply chains?

CAVANO: Most IT, finance, or operations folks have apprehension about the supply chain. It's complex. It's outside the four walls of the organization. There's too much risk associated with it. SaaS in the supply chain changes all this.

Supply chain strategies built around SaaS or Cloud computing eliminate many headaches that often come with supply chain investments. The need for presence overseas is reduced or

eliminated. Time spent integrating systems across internal departments is cut. Time spent integrating with hundreds of suppliers and partners is greatly reduced.

Q: What types of initiatives are being tackled with SaaS or Cloud computing?

CAVANO: There's a lot already underway. The people who "get it" see that, with the right approach, SaaS becomes your ERP for the supply chain – but without the major headaches and costs. The companies TradeCard is working with today are using SaaS to address things like:

- Their sourcing organization's need to provide automated connectivity to suppliers.
- Their logistics team's need for shipment visibility.
- New Homeland Security, social, and SOX compliance regulations.
- Direct ship/DC bypass/crossdocking capabilities.
- Their finance group seeks to eliminate overhead supporting manual vendor and freight payables.
- Import documentation reconciliation and payments.
- First Sale Import enablement.

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