

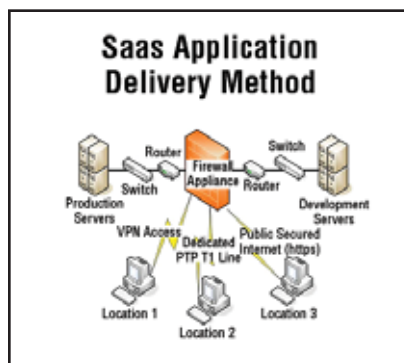
Software as a Service Simplifies Complex Supply Chain Management

As the metals supply chain becomes more global and complicated, service centers may want to consider becoming part of an online community by sourcing software over the Internet.

With today's changing global economies and continually fluctuating international markets, supply chains have evolved from a single entity with a limited set of trading partners to a dynamic lifecycle of multi-enterprise interactions. The big difference is that global supply chain management involves a company's worldwide interests and suppliers rather than simply a national orientation.

Improving supply chain efficiency is one of the most daunting, complex and time-consuming tasks in business today. When fluctuations in the supply chain occur, responding quickly helps minimize the damage. Planning for disaster recovery, retrieval of backup business data and sourcing of goods from alternate suppliers are just some of the ways to prepare for supply chain disruptions

Due to the recession that has affected the entire global economy, many service



centers are choosing not to invest in pricey business software, servers, local and wide area networks, firewalls, PCs, websites and e-commerce. Times are tough, and service centers are focused on reducing costs and investing only in their core business.

Service centers with limited IT resources may not realize how newer technologies can improve their operations at a

reasonable cost. Several IT providers are now offering versions of their service center products over the Internet.

Known as Software as a Service, the IT vendor hosts the servers running the software and takes responsibility for performance monitoring, version upgrades, software patches, data backups, disaster recovery and system tuning. The service center licenses the use of the system, and provides the PCs and printers at its offices and plants. As IT technology evolves, this may be the IT paradigm of the future, but there are many things to consider when evaluating an SaaS solution:

- **Costs savings**—SaaS applications deliver substantial savings because the IT infrastructure costs are shared. It's relatively easy to evaluate SaaS costs since they are typically defined via contract. What is more difficult to define are costs of the current in-house system, which generally include staffing and fringe costs, software license fees, hardware service contracts, technical consulting charges and a disaster recovery program.

- **Service level agreements**—The SaaS

Editor's note: This article was contributed by the experts at Northrop Grumman Information Systems.

vendor should provide help desk and emergency support.

■ **Functionality**—A high-end system should provide the necessary functions to run the business, not require the business to be “re-engineered” to fit a generic system.

■ **Security**—A good SaaS application likely has more security safeguards than an in-house system, because guaranteeing the security of clients’ data is crucial for the IT vendor to succeed. However, the service center considering such a solution should understand the layers of security offered, how they are managed, and its role in maintaining that security. This should then be compared to its own disaster recovery plan, if it even exists.

■ **Flexibility**—Service centers have different product lines, ways of operating and customers with various expectations. The software application should be able to accommodate the current business require-

ments. Just as important is the flexibility to handle changes in the business as customers and requirements change. Does the vendor accommodate system modifications, at what cost and within what time frame?

■ **Connectivity to other systems**—Today’s computer systems are generally required to interface with other systems in some way. Order management systems may be required to pass requirements from level two shop floor systems or to other legacy systems. The IT vendor should be made aware of the required interfaces and integration methods that need to be identified and included in the package.

■ **Other benefits**—Any system upgrade should be just that; while cost savings may be a driver in today’s business climate, new systems should deliver a little extra punch.

SaaS applications by their nature will tie the service center into a “community” that the IT vendor has created. It could be a community of other service centers,

Northrop Grumman’s Supply Chain Management Team, Canonsburg, Pa., supplies ERP applications, e-communications and supply chain expertise to the metals, manufacturing and transportation industries, all offered as SaaS. For more information, visit www.opentrac.com.

mills, transportation carriers and major manufacturers. Other typical SaaS benefits include: deploying common practices across multiple locations, allowing system access outside the office/plant, enabling a web portal, and e-communications and e-mail alerts.

Many businesses are now embracing SaaS for mission-critical workloads both in the U.S. and around the world. As the Internet continues to evolve, companies using SaaS applications will be on the leading edge of this technological revolution. ■