

Manufacturing Insights Recommends Three Process Transformation Projects to Deliver Significant Business Benefits

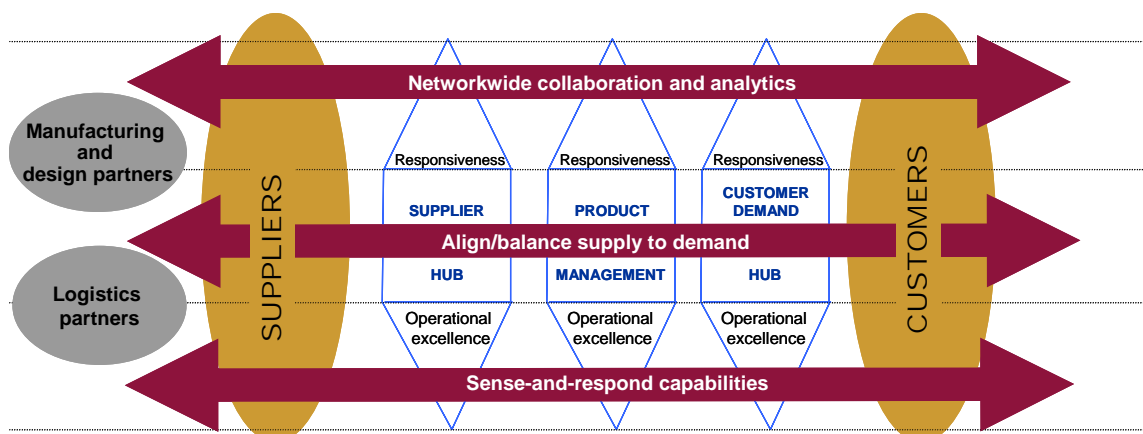
New report outlines strategy for the agile supply chain

FRAMINGHAM, Mass., May 3, 2005 – Manufacturing Insights, an IDC Company, today announced the availability of *The Agile Supply Chain: Three High-Value Process Transformation Projects That Can Deliver Significant Business Benefits*, a new report designed to educate manufacturers on the imperative need to implement a supply chain process capability that is both agile and efficient. Today's more optimistic markets and business conditions add complexity and challenge the supply chain to support new global markets, increased customer initiatives, more frequent new product initiatives, and top-line revenue growth, while sustaining efficiency gains.

The study provides an overall process framework that manufacturing companies can utilize for spawning agility and effectiveness across the extended supply chain. Specifically, three high value, horizontal transformation projects are identified for integrating the needs for more efficiency, flexibility, and responsiveness in overall supply network process capabilities:

- **Networkwide Collaboration & Analytics:** Evaluate the alignment of all global supply processes to actual demand, whenever possible (e.g. shift focus to a left-to-right, pull-oriented supply chain driven by actual customer demand).
- **Align and Balance Supply with Demand:** Place high emphasis on incorporating demand, supply, logistics, and product design network partners in all aspects of network-wide collaboration and joint performance management.
- **Sense and Respond:** Invest in the ability to more quickly sense unexpected events, with the ability to globally adapt and respond to them.

Manufacturing Insights' Agile/Adaptive Supply Chain Capability Model



Source: Manufacturing Insights, 2005

Manufacturing Insights identifies three broad domains of high-value supply chain capability investment including product, demand, and supply chain process capabilities. In addition, a horizontal integration that ties each of these domains together represents how leading companies effectively translate market and customer fulfillment needs to overall integrated value-chain process capabilities. The most successful adopters will be those manufacturing companies that can align their overall business, customer, and product support strategies with these key process capabilities.

"In many manufacturing industry settings, the supply chain has become more extended and globally dispersed," said Bob Ferrari, program director, Supply Chain Strategies, Manufacturing Insights. "This extension of the supply network, either as a response to reducing overall costs or a means for supporting broader markets or services, adds new dimensions of control, uncertainty, and potential complexity. The combined need for implementing both an agile and an efficient supply chain process capability is no longer an option. It is the competitive imperative."

Additional highlights of the report include:

- Current cross-industry benchmark studies point to the widening gap between those companies that have harnessed the full competitive benefits of advanced, more agile practices and those that have not.
- Supply chain initiatives need to be reconciled. The ability to source supply chain activities in lower-cost regions must be balanced with the need to support more overall agility and responsiveness.
- Analysis of those companies that have adopted advanced practices indicate that they are more profitable and agile than their industry peers.
- Further research indicates that investing in more mature business practices, followed by advanced IT systems, can result in as much as a 75% advantage in net profitability.

According to the report, two fundamental forces are driving current and future business strategy for manufacturing-focused companies. First, the bulk of future growth markets in areas such as consumer goods, electronics, telecommunications, and automobiles, for example, will lie outside the United States, in the developing economies of China, Southeast Asia, and Eastern Europe. Second, in a growing number of these product areas, being the lowest-cost and most-efficient producer, as well as the quickest in time to market, is fast becoming the key ingredient for overall competitiveness. The extension of the supply chain is just beginning. Companies that have not mastered overall agility in the extended supply chain will find themselves outpaced by those that have.

Note to Editors: To receive a copy of Manufacturing Insights, *The Agile Supply Chain: Three High-Value Process Transformation Projects That Can Deliver Significant Business Benefits*, or to schedule an interview with an analyst, please contact Sarah Murray, 781-356-7135 or smurray@horngroup.com.

ABOUT MANUFACTURING INSIGHTS, AN IDC COMPANY

Manufacturing Insights, an IDC Company, provides business and IT decision-makers with fact-based research and analysis to inform and support critical business decisions. The global independent research and advisory firm closely follows processes associated with the design, development and distribution of goods across markets including Discrete Manufacturing, Process Manufacturing, High Tech/Electronics Manufacturing, Consumer Packaged Goods and Retail. Manufacturing Insights' research and analysis is critical for end-users, as well as hardware and software vendors, service providers, and purveyors of IT outsourcing. Founded in January 2005, Manufacturing Insights is headquartered in Framingham, Mass. Visit www.manufacturing-insights.com for more information.

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