

Cool Vendors in Supply Chain Management, 2010

C. Dwight Klappich, Tim Payne, Tim Zimmerman, Chad Eschinger

Gartner's supply chain management (SCM) Cool Vendors research looks at five vendors that offer targeted solutions that add value to traditional supply chain planning and execution applications. Although supply chain innovation continues, the focus has moved from the automation of commodity business processes to where the processes and activities become more granular and specific to areas of user need and value.

Key Findings

- SCM users' focus has shifted away from a myopic emphasis on reducing costs and investment priorities and now place greater importance on efficiency and productivity improvement.
- SCM innovation demands that users viscerally understand their sources of differentiation so they can target investments for the greatest return.

Recommendations

- Companies with complex, outsourced supply chains need to develop process-based, flexible collaboration capabilities. A multi-enterprise collaboration solution like ones from Amitive could be considered.
- Retail or third-party logistics (3PL) organizations that provide home deliveries where the customer needs to be home to complete the shipment should automate the home-delivery order life cycle using tools like ones from Axida.
- High-volume warehouse environments with complex and high-velocity picking operations should consider tools that integrate warehouse management systems (WMSs) with warehouse automation and provide real-time monitoring, coordination and control over people and automation-based work processes like those from Reddwerks.
- Organizations that want to utilize telemetry and real-time monitoring to provide seamless machine-to-machine communication within the supply chain should consider tools like Telular's TankLink solution.
- Resource-constrained selling organizations should consider combinatorial auctioning to achieve high-revenue/margin by using a product like one from Tradeslot.
- Companies should recognize that there is some risk in adopting innovative application technologies. Users must validate the solution's fit and value as well as vendor skill and expertise through the use of vendor discussions and demonstrations, customer references and pilots, where appropriate.

to address tactical supply problems, instead of strategically implementing to improve efficiency and profitability.

Who Should Care: TankLink is ideal for companies supplying fuels, lubricant, chemical and food products in bulk. It may be used to improve replenishment capabilities or other supply chain processes that require alarm data or current usage analysis.

Tradeslot

Melbourne, Victoria, Australia (www.tradeslot.com)

Analysis by Tim Payne

Why Cool: Tradeslot offers a combination of auctioning and optimization technology that allows companies to create electronic markets for commodities with complex trading terms that traditionally did not fit electronic trading. For some companies, auctions based purely on price do not work, since other significant factors must be taken into account to differentiate offerings and come to the best deal. Tradeslot provides a B2B, SaaS-based auction technology that supports combinatorial auctions that go beyond price based auctions. Tradeslot's solution can include factors such as trade terms, quality bundling, conditional prices and other constraints, with these additional buyer-facing factors built into the auction logic. The optimization engine determines in real time the revenue optimal allocation.

Using Tradeslot's offering, buyers and sellers respond to bids and then work to improve and tailor them. Bidders can respond to market feedback and improve their bids in terms of price and non-price factors. This approach has the effect of a simultaneous negotiation with multiple bidders. Sellers using Tradeslot are seeing a revenue uplift of about 15% or more with the use of combinatorial auctions.

Challenges: Combinatorial auctions are interesting for markets where prospects compete for constrained resources and capacity. During the recession in the big economies, the demand-supply imbalance has switched away from excess demand to one of excess capacity. This dynamic does not favor Tradeslot. However, there are specific markets where capacity is constrained (for example, some ports and commodities). As economies grow again, other product types will become capacity constrained (oil-based chemicals, for instance).

Who Should Care: Tradeslot may interest business leaders in industries with resource and capacity constraints that can sell to multiple clients based on the best deal, which is not solely based on price.