

Insights



Managing the global supply chain and collaboration are the biggest challenges

An overwhelming majority (70%) of supply chain managers indicate that managing the global supply chain is the most challenging factor in their new product development process, or product lifecycle management, above mergers and acquisitions (10%), and overlapping value chain (20%). This confirms the growing tendency for most hi-tech companies to become lean and concentrate on their core competencies, while judiciously sourcing and partnering with alliances across the globe.

This finding is one of many from an Infosys survey of about a hundred supply chain managers from leading electronics companies. The survey was conducted at the Electronics Supply Chain Association (ESCA) Spring 2005 Symposium.

Miguel Zuniga, Solution Manager, Infosys Hi-Tech and Discrete Manufacturing Practice, led an interactive discussion on “Integrated Product Management” focusing on how companies could shorten the product lifecycle and maximizing profitability through information-sharing and process integration. This finding confirms previous Infosys research and perspectives presented in its publication titled “Integrated Product Management” at the beginning of this year.

The purpose of the survey was to bring to light current practices in the management of product lifecycle. It covered critical areas of the product lifecycle such as decision making responsibility, factors influencing the design process, challenges faced during the product lifecycle, and collaboration needs.

Not surprisingly, the majority of the respondents reiterated the increasing need for collaboration within the organization as well as with all partners in the supply chain, and integration of process and applications.

However, despite their indication of a strong need for better integration and collaboration, the majority of respondents felt that the new product development process was done under less than ideal circumstances: 68% indicated that daily conference calls and occasional videoconferences with partners were the main means of communication with customers, suppliers, and manufacturing operations, as opposed to a highly automated PLM system, design portal, or collaboration hub for real-time design updates.

When asked about hurdles preventing companies from increasing ‘collaboration’ with external partners, respondents felt that ‘IP ownership and management’ were the most important issues, followed very closely by ‘lack of established process with external process’ and ‘collaboration being too ad-hoc to scale beyond current level’.

More than half of supply chain managers said that their vision of collaboration went beyond just design partners and also included manufacturing partners, suppliers and customers.

In addition to collaboration, the Infosys survey also covered new product introduction objectives and practices. The survey identified time to market as the most important challenge faced for new product introductions (43%), even more important than quality of design (8%) or product differentiation (34%). This is a very strong indication that hi-tech industry managers recognize that in a rapidly changing market, time is at a very high premium. Companies are willing to tradeoff optimization of product features and performance, cost and reliability, mostly because newer versions of the product are introduced on subsequent releases as newer technologies are being developed concurrently.

Particularly interesting was the fact that the majority of respondents also believed that marketing and sales as well as engineering, were the primary influencers during the new product development phase. Manufacturing, on the other hand, received only 3% of the votes, showing a strong disconnect between the perceptions of the roles played by design and manufacturing.

Furthermore, even though the majority of respondents said changes in product design cause most delays in product launch, 21% identified manufacturing issues as the reason of most delays.

In summary, the Infosys survey confirms that globalization is affecting most everyone in the electronics industry and that collaboration across organizational silos and supply chain partners is critical to a successful product introduction and management.

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