Five insights: what supply chain complexity looks like in 2020

91% can't stay ahead of their supply chain complexities

You could sum up today's supply chain with one word: more. More DCs. More SKUs. More Demand. At the same time, supply chain professionals are learning to do more with less. We're learning how to automate picking, better utilize our labor pool and pack already crowded space to maximize square footage. And each of these processes involves new technology that has to work with our existing systems – because one small hiccup can significantly disrupt activities down the chain.

In order to better understand which of these challenges give supply chain professionals the most sleepless nights, Körber launched the inaugural Supply Chain Complexity survey. We probed more than **1,200** supply chain professionals around the world to determine how each respondent's team copes with supply chain complexity, how they feel their solutions stack up against the competition, and how they're transitioning from manual to automated processes. We also spoke with professionals one-on-one to learn about how they cope with an ever-evolving business function.

Quick hits

48% have seen complexity grow in the last year

91% can't get ahead of supply chain challenges

51% can only manage one challenge at a time

Supply chain complexity is a growing, global challenge

Around the world, supply chain professionals are reporting an uptick in complexity, working harder than ever to move goods from factory to warehouse to the last mile. **Half** of respondents globally said their complexity has grown in the last year.

Most supply chain professionals say they're still trying to play catch up. Strikingly, **91%** of professionals feel their business can't get ahead of its greatest supply chain challenges. Just over half say they can manage, at most, one challenge at a time.

Professionals are struggling to integrate their supply chains

Building the best supply chain for your business has always been a puzzle – but over the last few years, that puzzle has grown from 50 pieces to 500. Nearly **half** of professionals said integrating different components of their supply chain is among their greatest challenges. **Forty-six** percent said they're managing complexity around end-to-end integration – connecting their factory with the last mile and everything in-between.

For many supply chain professionals, integration isn't only a complexity: it's their greatest complexity. When given the option of waving a magic wand and eliminating just one supply chain challenge, 1 in 5 said they'd eliminate complexity around end-to-end integration.

Customer demand hasn't leveled off – it's only grown in complexity

There's no question consumer expectations have grown as businesses race to provide the best shipping perks. But even years after Amazon introduced its game-changing two-day free shipping through Prime, supply chain professionals are challenged to keep up. Nearly **1 in 2** said they're concerned about challenges such as speed – how quickly can I get a package to my customer's door, cost – how can I get it there without passing fees on to my customer, and adaptability – how do I keep up with my customer's ever-changing tastes?
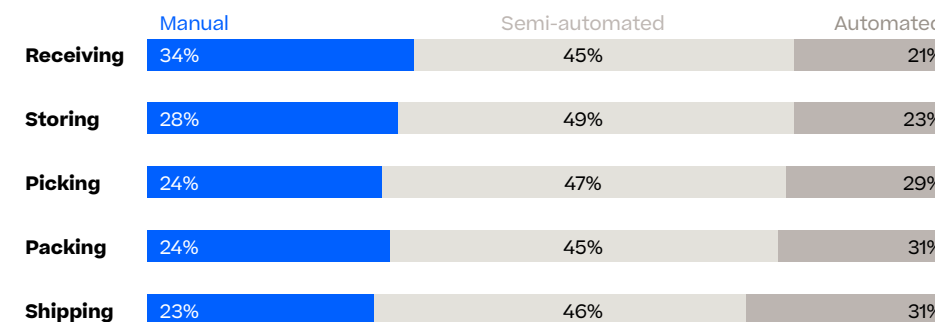
For many professionals, these challenges flood over into reverse logistics. Businesses continue to seek ways to streamline returns, getting useable product back on the shelf and issuing refunds quickly. Nearly **1 in 3** said handling returns is one of their top complexities.

Top 5 issues currently contributing to respondents' supply chain complexity

48% Integrating software/ hardware/technology

46% Integrating functions across the supply chain (from manufacturing to end customer deliveries)

46% Meeting consumer expectations (speed, cost, adaptability, etc.)

42% Integrating with third-party logistics

31% Handling returns

Which supply chains are stuck in manual?

Although many businesses have adopted some form of automation, approximately **one quarter** of businesses are still reliant on manual processes for each of the core warehouse functions.

	Manual	Semi-automated	Automated
Receiving	34%	45%	21%
Storing	28%	49%	23%
Picking	24%	47%	29%
Packing	24%	45%	31%
Shipping	23%	46%	31%

Manual processes still reign supreme

Automation technologies are making it easier for warehouses to pick, pack and ship efficiently – but only if supply chain professionals invest in them. Many aren't all in on robots whizzing through the aisle just yet.

Approximately **one in four** supply chain professionals still rely entirely on manual methods somewhere in their warehouse. Packing and shipping are the most automated functions; still, **fewer than a third** of supply chain professionals say these processes are fully automated. And the manual challenges start long before packaging: **34%** still rely entirely on manual methods for receiving; **28%** for storing; and **24%** for picking.

The C-suite has supply chain's back

In all the complexity surrounding today's supply chain, there's some good news: logistics professionals can expect the support of their senior leadership team. That's critical, as upgrading warehouse and last mile technology will need to be a line item on most budgets within the next few years.

Seventy-three percent of professionals agreed with the statement "in your organization, senior executives see supply chain as mission-critical."

The supply chain is getting more complex for almost everyone – but not at the same rate

There is widespread agreement that supply chains are growing in complexity. But that complexity presents itself differently across businesses. Here are the most frequently cited challenges by industry:

Manufacturing

45% Integrating functions across the supply chain

42% Optimizing workflows and processes

40% Meeting consumer expectations

Third-party logistics

53% Integrating functions across the supply chain

48% Optimizing workflows and processes

39% Meeting consumer expectations

Retail

55% Integrating functions across the supply chain **and** meeting consumer expectations

42% Integrating software/hardware/technology

24% Optimizing workflows and processes
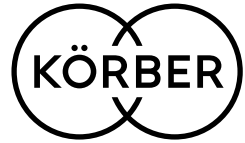
In conclusion
Fitting the supply chain together

The pool of supply chain professionals we surveyed are in radically different points on their journey toward greater efficiency: some are still picking all items by hand, while others rely on robots to get the job done. Some have trouble handling returns, while others have implemented a system that delivers refunds quickly.

The key is to look beyond individual solutions. No matter how manual or automated their processes, supply chain professionals want all of their solutions to work together in harmony. They want unified data to improve processes. They want to strengthen communications to ensure their warehouses and their 3PLs are in alignment. It's critical they get the pieces in place fast.

At Körber, our team provides the advanced software and automation technology supply chains need to thrive. But we also serve as a singular partner – one source for every solution, backed by a global team of experts here to help you select and integrate our solutions. Learn more about how Körber helps you solve the supply chain puzzle: **https://www.koerber-supplychain.com/**

"Our company is aligned on our most important mission – keeping the customer first, driving greater value for them. We see optimized supply chain processes as absolutely critical to that mission."

Project Manager at JYSK

Your supply chain is the lifeblood of your business.
That's why you need more than a vendor. You need a partner. At Körber, we have the industry's broadest range of proven solutions to fit your size, business strategy, and appetite for growth. A range that goes beyond software, including automation technology, mobile, voice, robotics and more. All backed up with a depth of expertise to help you make smart decisions about what to invest in now, and how to move forward as your needs continue to evolve. We'll help you manage your supply chain as a competitive advantage. A strategic asset. An opportunity to excel.

Conquer supply chain complexity - with Körber.

koerber-supplychain.com