

The urgent need for greater **supply** chain visibility in Africa

Improving visibility in the supply chain remains a massive challenge in Africa, but technology ranging from smartphones to big data is coming to the rescue. By **Tielman Nieuwoudt**.

SELECTING A PIZZA DELIVERY company in our house has only one criteria; the delivery must be made with a red motorbike. My young son is the key decision maker in this regard, and how the pizza tastes is a secondary consideration.

Waiting for the pizza can be agonising. Has the motorbike already left and what time can we expect it? And while my son is unfamiliar with real-time driver tracking, messaging, alerting and ETA (estimated time of delivery), an Uber-like technology is essentially what he wants to ensure he sees the red motorbike arrive.

In emerging market countries like South Africa, the supply chain has many degrees of sophistication, or lack thereof. Businesses may deal with cutting-edge companies that deliver real-time data and tracking of deliveries, or they may face an organisation like the South African Post Office, which is a black hole when it comes to on-time delivery and supplying credible tracking information to customers.

In 2015, a Chartered Institute of Purchasing and Supply (CIPS) survey noted that 65% of SA companies lacked supply chain visibility. Visibility can be defined as the process whereby companies and

customers know exactly at which point in the supply chain the product or raw material is located. However, the real percentage is likely much higher than that indicated by the survey.

Situation in parts of Africa

In the consumer packaged goods (CPG) industry, Africa's fragmented retail market and reliance on distributors and wholesalers creates many challenges. Collaboration and shared metrics with distribution partners are often still in the early stages of development.

Part of the problem is that technology infrastructure is sometimes limited and often paper-based systems coexist with technology. In East Africa, for example, I recently found organisations where hard copy flow is still the main source of information, as technology-driven ERP (enterprise resource planning) implementation 'didn't work so well'.

Limited warehouse and transportation management systems often leave organisations in the dark. As one CPG supply chain director in Ethiopia said, 'for all we know, the transporters could be driving our stock to [the neighbouring country of] Somalia'.

In Africa, paper-based supply chain systems frequently coexist with technology

In the same operation, salesmen call the warehouse every morning to determine the SKU (stock keeping unit) availability, even with an ERP system in place. The reason is that the warehouse and sales department run on different IT systems. So the salespeople improvise

65% of South African companies lack supply chain visibility

and use instant messaging – despite the security risk – to receive stock updates from the warehouse.

In healthcare logistics, which typically struggles with limited analytics and reliable data in Africa, inventory has traditionally been pushed down the supply chain. This is a particular problem in the public sector, where an overworked and sometimes poorly trained workforce struggles to record out-of-supply stocks and determine demand, especially taking into consideration seasonality (e.g. malaria in rainy season) and random outbreaks of diseases such as Ebola.

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Smartphones supported with apps give companies real-time visibility, including tracking salespeople's movements with GPS technology. Smartphone cameras can record standards of sales execution and even determine visible share of inventory – all of which makes even the smallest outlet in a remote area visible and accountable.

Similarly, cloud-based technology can help to optimise transport costs and consolidate transport providers. Mobile apps supported with cost-effective barcoding have the potential to reduce out-of-stock situations in the warehouse and at distribution level.

In the cold chain industry, high-tech sensors can detect if doors have been left open or seals broken. Currently, colour-

Often paper still remains the main information source

coded temperature strips can indicate a break in the cold chain, but do not provide the required visibility at regional or head office level.

Disrupting the courier market

While the traditional scan, track (you go online and enter the tracking code) and trace technology used by

courier companies has matured, many logistics start-ups in Africa are also using mobile apps to disrupt the traditional players and create increased visibility.

In South Africa, for example, WumDrop has evolved from a diaper (nappy) subscription service into an Uber-like delivery service. Kenya's Sendy and Ethiopia's Besew are both looking to breathe life into the traditional courier market. Many more are joining and the names of Sendr, Fastvan and Rush have all been added to the list of competitors in SA.

The challenges

African businesses are now generating a much-increased volume of data. As one operator told me, 'five years ago we didn't dream of big data, just accurate data'. Now, given the increased data availability, big data is providing opportunities for companies to better respond to supply chain volatility and related risks.

But the sheer amount of available data creates its own difficulties. Organisations must recruit analysts that are able to filter, analyse and present information in such a way that it makes sense to management. In addition, most companies' current IT infrastructure is unable to analyse the volume of data being produced.

Therefore, finding cost-effective tools and analysts – or specialist companies to do the analysis – present an increased challenge for African organisations involved in the supply chain process. 📍



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