

‘Disruption is the new normal’



The year 2021 will not see a return to 2019, but it will probably be less disruptive than

2020, according to Shaun Phillips, Director of Product and Market at QAD DynaSys.

Greater supply chain uncertainty has increased the need for flexibility to rapidly respond to unexpected situations. For this, it is essential to have real-time visibility of the entire supply chain.

“This has been an unprecedented year,” says Shaun Phillips, Director of Product and Market at QAD DynaSys. “No one had planned for a pandemic of this severity in 2020. And besides the pandemic, we’ve also seen disruption in many other areas. There are the geopolitical tensions between the US and China, Brexit of course – the consequences of which are still unclear – and then there’s the US election, plus various natural disasters have had a significant impact in vast areas of Australia and the United States.”

All of this is affecting QAD DynaSys customers in some way, although the scale of the impact depends largely on the sector in which they operate. “In particular, the events of 2020 have drastically changed consumer behavior. There have been enormous peaks in demand due to in-part to panic buying driven by a perception of supply chain constraints. And people are shopping online in categories they usually bought in stores, which has resulted in a tremendous boost for e-commerce (and Click and Collect has grown significantly during the pandemic). In addition, the rise in home-working has reduced the demand for luxury goods in apparel and cosmetics, because

people may not consume as much when they’re working from home.” Some of the new consumer behavior is here to stay in 2021 and beyond.

Fluctuations

“So it’s not that the demand has completely disappeared. It has in some market segments, of course, but other categories have actually seen demand increase. And that in turn has led to peaks bigger than we’ve ever seen before,” he continues. “The hospitality industry has been severely disrupted. Restaurants used to base their planning around the number of tables, for example. But the pandemic enforced transition to takeaways and food deliveries means that those restrictions no longer apply, so the demand fluctuations can be much more extreme.”

“It’s difficult to predict the future, but I don’t expect 2021 to bring such a high level of disruption as we’ve experienced this year. Having said that, we certainly won’t revert to the situation of 2019 either. Things remain uncertain and there will definitely be some form of disruption, so companies will continually need to adapt to unforeseen changes quickly.”

Solution

In terms of the solution offered by QAD DynaSys, the impact of these trends means paying more attention to various aspects: “The first is end-to-end supply chain visibility and, because so much data is involved, visibility is closely related to analytics. Every customer we talk to is working on this, or wants to. The second aspect is collaboration. People are increasingly ‘connected’, by which I mean that they are sharing more and more data. For that, they need technology so that they can connect and collaborate to solve problems together.”



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“The third aspect is that there is so much data available that people don’t know how to digest it all. The issue increasingly revolves around how to extract actionable insights from the available data, particularly from a planning perspective to model different business scenarios. We’re seeing growing business benefits from the use of machine learning in such solutions.”

“The crux of the matter is that you may no longer be able to work with monthly or even weekly plans, because the situation is constantly changing. You still need plans, but you have to be prepared to adjust them at any time. That calls for more real-time connectivity and real-time visibility. Only then will you be flexible enough to respond to unexpected supply chain events effectively.”