

Manufacturers and Distributors gear up for digital transformation in the new normal

Sydney, October 29 2020. Business leaders within APAC and global manufacturing and distribution sectors have shown urgency in embracing digital transformation to overcome the disruption caused by the pandemic. This is according to new research that has been released by SYSPRO, a leading global provider of ERP software.

In order to understand the impact of the pandemic on manufacturers and distributors as well as emerging trends, a survey was completed by 144 industry professionals of different managerial levels within the United States, Canada, EMEA and APAC. The survey was conducted in August 2020 and focused on the rise of the remote workforce and the need for increased collaboration, the impact of supply chain disruptions, and emerging trends that will shape the manufacturing and distribution sectors moving forward.

The rise of the remote workforce

As social distancing became the new normal, entire workforces needed to connect as well as collaborate remotely. Based on the survey findings, nearly half of businesses were unable to function effectively due to a reliance on their operational staff only being able to function from the work premise. In a shift towards remote work and increased collaboration, 73% of businesses stated they would need to invest in technology to facilitate remote working capabilities in the future.

According to Paulo De Matos, Chief Product Officer at SYSPRO, "COVID has had a ripple effect in many areas but remote work is here to stay and will need to be supported by systems that allow for easy communication, collaboration and performance management."

Supply Chain disruptions and resulting trends

Unsurprisingly, the survey showed that 60% of businesses were impacted by supply chain disruptions during the pandemic. When looking specifically at distribution, 45% agreed that they were unable to operate at the same levels of distribution efficiency enjoyed before the pandemic.

"Supply chains have been heavily integrated and increasingly reliant on foreign raw material, in particular from Asia. Companies looked to offshoring with the knowledge of the potential risk of quality control, but with the benefit of lower labor costs. With the increasing shortages of parts, manufacturers and distributors started looking to find alternative supply sources and establish more resilient supply chains. This shift in strategic sourcing and procurement as well as a high percentage considering re-shoring, is now being considered as a viable option worldwide."

This was echoed in the study, where 42% of businesses stated that they will re-shore manufacturing operations. "Near or re-shoring is the practice of transferring a business operation that was moved overseas back to the country from which it was originally relocated. Here, industry-built technology solutions will deliver industry specific functionality for manufacturers and distributors to optimise and simplify operations, stay current and in control," said De Matos.

The inflection Point for the Factory of the Future

According to the study, only 38% of businesses felt that their business systems were adequate to handle the disruptions. When diving deeper into these findings, the study found that business systems lacked the necessary accessibility, availability, insights and basic planning tools needed by the industry to react to the pandemic. In fact, 29% of businesses stated that their systems lacked in providing them with the availability and accessibility during this time and they would be pursuing cloud-based business systems to deal with any possible future disruptions.

"Manufacturers and distributors are shifting their preference towards a cloud deployed business solution, not only to address immediate needs, but as a catalyst to accelerate their digital transformation journey. We also anticipate that organisations will adopt different approaches to sourcing strategies and will shift their focus away from cost and efficiency control towards certainty and quality. This shift will be long lasting and innumerable," concludes De Matos.

Read more about SYSPRO's study into how manufacturers and distributors handled the shift during COVID-19 via this link.

About SYSPRO

SYSPRO is a global, independent provider of industry-built ERP software designed to simplify business complexity for manufacturers and

distributors. Focused on delivering optimized performance and complete business visibility, the SYSPRO solution is highly scalable, and can be deployed on-premise, in the cloud, or accessed via a mobile device. SYSPRO's strengths lie in a simplified approach to technology, expertise in a range of industries, and a commitment to future-proofing customer and partner success. For more information, visit www.syspro.com.

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