

JUST IN TIME

News, Notes and Quotes Just When You Need Them

Tracing Food With RFID Tags

Regulations that mandate the ability to trace the origins of food (such as the Health and Consumer Protection Directorate in Europe and the Bioterrorism Act in the United States) are being put in place to control the food chain, solve food scares quickly and prevent bioterrorism. According to a recent brief by Forrester Research B.V., tagging food with RFID tags will help manufacturers and retailers comply. Traditional tracing technologies, such as ear tags in animals and bar codes on packaged meat, provide data for one or two steps in the food business but don't connect up the entire food supply chain. To achieve multistep, forward-and-backward food traceability, Forrester advises firms to turn to suppliers that offer RFID tags to link unprocessed agricultural products to retail-environment-ready consumer products. Firms can use RFID in multiple strategies to get a better understanding of: how goods flow through the supply chain; stock control; anti-theft strategies; buying pattern analysis; and food tracking.



BPO Gaining Interest in Procurement

Although a relative newcomer to the business process outsourcing (BPO) world, the procurement function holds promise for BPO adoption over the next 12 months, a recent report from IDC reveals. IDC's study indicates that current adoption of procurement BPO is discrete in nature and will continue to be so over the next year. Interest in outsourcing procurement activities and subsegments is strong, particularly among large organizations with over \$1 billion in revenue. However, interest is also mainly for small-scale engagements, and the overriding goal for procurement BPO is still that of cost management. IDC estimates that the worldwide procurement BPO market was \$5.9 billion in 2002 and expects the market to increase at a 5-year compound annual growth rate of 15.2 percent, to \$12 billion by 2007.



Tracking Strategic Sourcing Trends

A recent executive survey by Boston Logistics Group uncovered five important trends about where organizations will be focusing their strategic sourcing efforts:

1. Senior executives will place 30 percent more emphasis on implementing strategic sourcing over the next four

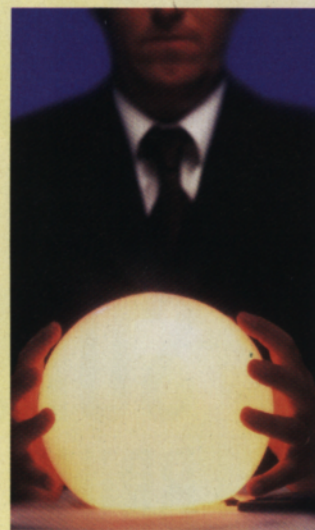
years, as supply chain partners pressure each other for total cost reductions, and as procurement continues to become more strategic and less tactical.

2. Companies will use scale to drive more production and distribution economies by centralizing strategic procurement, forming purchasing councils and rationalizing the supplier base.

3. With fewer major suppliers, there will be more emphasis on integrating processes and systems through e-procurement, long-term agreements, and supply chain programs.

4. Global sourcing is becoming a way of life due to the increased availability of skilled and inexpensive offshore labor, especially in China, and to technologies that facilitate those relationships.

5. Companies need to hire and develop a new breed of procurement professional with a strategic perspective, cross-functional and international experience, and top management potential to keep on top of these trends.



Rethinking Supply Chain Integration Strategies

According to the Yankee Group's 2003 *Edge of the Enterprise End-User Survey*, 71 percent of companies (from a 78 end-user sample) increased spending on applications that improve interactions with customers, suppliers and service providers during 2003, compared to 2002. Spending on edge-of-the-enterprise technology rose more than 75 percent in 2003, albeit from a limited base. "The opportunity to automate



interactions with customers, suppliers and service providers and streamline the value chain can deliver powerful business capabilities and impressive returns. Companies are investing at the edge of the enterprise to reap these benefits," says Jon Derome, Yankee Group Business Applications & Commerce program manager. "Integration technologies will underpin any successful edge-of-the-enterprise solution. Organizations must articulate objectives, understand supply chain integration complexity and assess resource availability. With this information, decision makers can apply appropriate integration infrastructure to the organization's edge-of-the-enterprise needs."