



Challenges in Logistics Pertaining to the Telecom Sector

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Organizations increasingly find that they must rely on effective supply chains, or networks, to compete in the global market and networked economy. In the last decade, several options were examined for determining operational and logistics strategies for competing in the market. The push in the industry is to integrate processes through the use of technology and create a seamless platform for communication.

Integrating information could eliminate the delays caused in trying to coordinate various business processes in a seamless manner and with minimal human interface. In keeping pace with the dynamic demand trends, over the past decade, collaboratively, both telecom companies and the logistics service providers transformed its supply chain in more ways than one.

With speed at which technology is changing, life cycles of telecom products are becoming shorter and shorter and as a result there is added pressure on the label switched path (LSP) to constantly innovate the supply chain to meet market demand. Traditional supply chains are broken down into smaller segments to better manage higher levels of complexity. Moreover, the supply chain is now treated as a strategic enabler.

The telecom industry's radical shift from a supply-driven market to a demand-driven model has significantly impacted not only how companies market and sell their products, but also their supply chain strategy. At the same time keeping in view the current economic climate, achieving operational efficiencies and reducing cost has

taken paramount importance.

Supply chains in the telecom industry are primarily motivated to reduce the operating cost, increase market share, and improve real-time information. This pressure is pushing telecom companies to opt for outsourcing their supply chain. The shift to a demand-driven model has impacted the end-to-end supply chain – right from sourcing to reaching the products to the customer's customer. The complexity grows exponentially with increase in product profile, geography, and market segment.

Technology and concepts like APS (advance planning and scheduling) have become key enablers to seamlessly integrate planning, sourcing, make and delivery. The future also belongs to those who will adopt one or more options like collaborative planning, forecasting, and replenishment; demand/supply planning; strategy and network design of the supply chain; and electronic interface with all the stakeholders. It is a known fact that the FMCG supply chain is well established and has the highest penetration. Telecom companies are collaborating with FMCG organizations to leverage on the supply chain network that they have built to reach the tier-3 and tier-4 geographies.

Hence now supply chain outsourcing is done not just on experience in the similar sector, but also based on the complexity handled by the logistics partner. Today, telecom companies benchmark LSPs based on experience in sectors like FMCG, capability to handle telecom infrastructure equipment, ability to offer value added services, spread of storage points,

geography reach in secondary and tertiary markets, and scalability of space and resources on demand. Of all the services it is noticed that VAS has recorded the highest year-on-year growth in terms of outsourcing. Complex and intricate kitting of recharge vouchers, SIM cards, value packs, which were done in telecom factories are now more efficiently done by LSPs. The added advantage to the telecom companies is that it is closest to point of consumption.

While increase in operating costs like fuel, electricity, and manpower can not be avoided, companies look at value adds like integration of pull-push systems, dynamic scheduling, JIT assembly, heavy equipment leasing, ERP-trained resources, inventory analysis, vendor consolidation, supplier coordination, and built-in logistics reporting to key executives to take business decisions. Also the expectation from LSPs on technology deployed in managing telecom supply chain is certainly more than just visibility. Telecom supply chains will be much efficient and effective if they are supported with ASN capabilities – lot tracking, batch picking/receiving, and KPI-based reporting.

Collaboratively implementing these technologies into the telecom supply chain among customers, service providers and key stakeholders will result in better response, enabling stakeholders to respond quickly to changes, swiftly capitalize on new opportunities, align with current business strategies and priorities, increase inventory turns across the network – all which can lower the overall costs. ■