

# How Digitalisation Mitigates Brexit Risks to the Supply Chain

Wholesale Distribution faced massive disruption in 2020. The pandemic was a catalyst for change in the sector, as it drove organisations towards digitalisation to adapt to the new business environment. Now, in 2021, Brexit presents new challenges for the supply chain.

The regulatory implications of leaving the European Union has forced distributors to ask new questions. How can they maintain smooth operations and satisfy their customers, all while adapting to the new business environment and staying compliant?

Many wholesale organisations have recognised the need for a technical solution to achieve maximum efficiency in the supply chain.

Here are 5 ways digitalisation is helping organisations mitigate and control the risks of Brexit's impact on their business.

## Optimal Risk Management

The regulatory impact of Brexit has set the roadmap for most organisations in 2021, who have been making necessary adjustments in order to comply with the new rules that impact supply, logistics, and more.

Wholesale organisations are executing their plans to mitigate disruptions to their supply chains. In 2020, wholesale distribution was impacted by panic stockpiling, purchasing, inventory uncertainty and subsequent obsolescence, due to erratic surges and declines in demand.

The challenge for wholesalers will be to ensure the same thing doesn't happen - or at least, that they can better adapt to such fluctuations. Now however, organisations are forced to contend with:

- Imports and exports to and from the UK which require formal transaction declarations and documentation.
- Labelling certifications.
- Import tax and tariffs in trade with EU countries.
- More sector specific standards, such as food and drink standards.

Because of wholesale distribution's traditionally thin margins, wholesalers can't afford uncertainty in the supply chain. Now, with the regulatory questions surrounding Brexit, effective democratisation of critical business information, such as transactions, traceability, taxes, and task management will be vital to success in 2021.

The leading digital solution provides a platform that enables you to review and prepare for risk. For example, solutions like cloud ERP standardise critical information, and integrate supply, logistics, and labour, and are also crucial to maintaining smooth operations and a competitive advantage. At the same time, Business Intelligence systems empower decision making and organisation agility, as businesses can make swift adjustments to operations and business models to adapt to the business environment.



## Intelligent Forecasting Overcomes Supply Chain Uncertainty & Volatile Demand

Even with the agreement of the trade deal between the UK and the EU, it is difficult to forecast demand in markets continually reacting to new developments. For instance, a wholesaler working with multiple third parties may find it difficult to stay updated on their partner processes which are vulnerable to change, and could find themselves unprepared for the impacts of this disruption.

Without the right Business Intelligence solution, organisations lack insight into relevant business information, and thus risk missed growth opportunities, sparse forecasts, and investments in incorrect inventory.

To prevent these outcomes, organisations need a platform that continually reviews and updates forecasts in real-time. Wholesalers that embrace solutions such as cloud ERP and Business Intelligence benefit from:

- A 360° View of Inventory and Costs.
- A clear picture of demand, with better customer insights.
- Better analysis of geographical markets.
- Improved Execution and Coordination.

Armed with these technical solutions, the supply chain can be easily adapted to sudden changes in demand. This prevents problems such

as stock-outs and helps to ensure that inventory meets customer requirements.

## Intelligent Stockpiling

Organisations across sectors have been driven to stockpiling vulnerable stock impacted by the new EU trading laws, to avoid shortages. However, this has a negative impact on working capital, diminishing cash flow and liquidity, ties down human capital, and can lead to excess and obsolete inventory if it fails to meet demand in the long term.

As such, it is crucial to regularly analyse stock in real-time, and whether it can meet forecasted demand, or whether it is in excess.

Digital solutions like cloud ERP give a complete overview of the health of inventory, and inform supply chain and purchasing decisions. Wholesale organisations gain a 360° view of inventory and costs, including:

- Real-time inventory data.
- Performance measurements.
- Supplier contract management.
- Automated scheduling.
- A clear view of supply networks, and more.





Wholesale organisations that embrace technology are also better able to identify redundant and slow moving inventory, so they can assess which inventory items are most affected by Brexit. Calculation of forecasts, safety stock, and order requirements are completely automated. This allows distributors to predict what issues may manifest and to put plans into place to mitigate them, such as increasing order quantities, negotiating deals with suppliers, or changing supply routes and more, whilst navigating the uncertain road ahead.

### Management of Brexit Supply Chain Delays

Adjustments to the supply chain can lead to unexpected delays and potentially dissatisfied customers as a result. In a sector renowned for its thin-margins, wholesalers don't have the luxury of making such errors. The right digital solution allows distributors to:

- Actively track supplier lead times.
- Increase recording quantities or bringing forward future orders to compensate for delays.
- Increase safety stock levels as supply lead times increase so you have greater quantities of buffer stock to help prevent stock-outs.
- Track 'at risk' items and adjust reordering efficiently.
- Increase transparency and traceability.

Having accurate and insightful data is critical to help make informed decisions. Businesses that respond quickly to changes will be in a better position to prevent stock-outs and keep customers happy, ensuring smooth operations.

### Making the Supply Chain More Flexible with Insight for Wholesale Distribution

As we face another year of volatility, organisational agility is what wholesalers must strive for in order to maintain a competitive advantage. The digitisation of the supply chain brings wholesalers one step closer to adapting to the new business environment fostered by Brexit.

Investing in a technical solution that both integrates core wholesale business functions and makes intelligent forecasts, means successfully harnessing the impact not just of Brexit, but also uncertainty that comes with any rapid change.

INSIGHT for Wholesale Distribution is an out-of-the-box solution that makes enterprise resource planning and business intelligence accessible to rapidly growing wholesale organisations.

In April, we'll be hosting an On Demand Webinar, where we'll be speaking with industry experts about how digitalisation is changing the Wholesale Distribution landscape. We'll also be showcasing how you can navigate the complex and competitive road in 2021 with INSIGHT for Wholesale Distribution.

Until then, stay tuned for all new content that will be released to our Wholesale Distribution webpage: <https://www.clarivos.com/special-events/insight-for-wholesale-distribution>