

EXECUTIVE BRIEF

Cloud-based B2B integration builds agility and resilience in Retail supply chains

IDC research identifies benefits and challenges for retailers



Key findings

Retailers are amongst the most advanced in their use of B2B integration and are already reaping significant benefits.

- More than half of respondents (54%) already use automated B2B integration when dealing with customers. This is set to rise to three quarters (75%) within the next three years.
- Speed and agility are as important as cost reduction when it comes to the benefits of B2B integration.
- Supply chain visibility is key, but achieving that goal remains challenging.
- Supply chain performance has improved through the digital sharing of key documents including inventory inquiries (89%), product catalogues (88%), purchase orders (86%) and advance ship notices (85%).
- Retailers lead the way in cloud/SaaS deployments and are reaping the benefits as a result.

Disruption has become the watchword for every supply chain, and in the Retail supply chain more than most. Volatile customer demand, growing supply chain risks, and regular supply shocks are only a few of the issues faced on a daily—even hourly—basis.

To address these challenges, companies must leverage digital technologies such as B2B integration, cloud and AI. OpenText and IDC conducted global research to understand the role B2B integration plays in building agile and resilient supply chains. The results from the Retail industry showed a sector that's applying its B2B integration capabilities to meet specific industry demands.

Automated B2B integration is important for retailers

Retailers understand the need to automate and optimize their supply chain processes. However, the myriad of supply chain systems, both internally and externally, make this increasingly challenging. For retailers, B2B integration is a vital weapon in their armory, leading to rapid adoption.

According to our research, more than 50 percent of retailers are already using automated B2B integration when dealing with customers in the form of either automated message-based integration using EDI or automated real-time system integration using API. This figure is set to rise to three quarters of all B2B transactions within the next three years.

	Today	Three years
Manual and unstructured communication (paper, fax, phone, email, file sharing, etc.)	21%	11%
Manual but structured communication (web EDI or other portal solutions, web forms, smart forms, etc.)	25%	14%
Automated message-based integration (direct EDI integration, value-added networks)	29%	39%
Automated real-time system integration (API-based synchronous integration)	25%	36%

Table 1: Format of B2B transactions with customers

“Our major challenge is trying to automate more tasks in the background to make order processing and shipping more efficient.”

Supply Chain Manager,
Canada

B2B integration delivers focused business benefits

This acceleration in the adoption of B2B integration can in large part be attributed to retailers responding to the increasingly volatile and uncertain nature of their supply chains. Over the past two years, retailer respondents have experienced supply chain disruption in relation to customer demand that’s increasing (46%), but less predictable (31%). While, in turn, suppliers have become more expensive (53%), but less reliable (30%).

It’s interesting to note that this environment seems to have had an impact on the advantage that retailers report from their B2B integration capabilities. Where business agility is vital, respondents place faster time-to-market and improved inventory turns on par with costs as the major benefits.

	Retail	Industry
Reduced operating costs	49%	41%
Faster time to market	46%	37%
Improved inventory turn rates	37%	30%
Improved data quality and accuracy	37%	31%
Improved customer satisfaction	35%	34%

Table 2: Top 10 benefits from digitally integrating the supply chain

In these areas, retail shows a significant lead compared to the average of all industries. In a sector where empty shelves and poor fulfillment spell disaster, these results are to be expected. In all, almost 40 percent of Retailers (37%) report three or more inventory turns each month.

Achieving necessary business velocity requires a highly automated and integrated digital supply chain. Our research looked at which business documents are exchanged digitally and the benefits that retailers receive.

Digitizing supply chain information improves performance

When asked about the level of improvements that automating a range of collaboration documents made to their supply chain, retailers report that exchanging information digitally through B2B integration brings substantial benefits.

It appears that almost a half of retailers have already digitized their invoices and purchase orders but there is substantial automation of documents across the breadth of supply chain activities. In all cases, an average of over 80 percent of respondents report high levels of improvement in business performance across all document types.

	Respondents currently exchanging digitally	Percent of those reporting performance improvements
Price information	40%	86%
Functional/Order acknowledgement	21%	86%
Shipping status	43%	83%
Product catalogue	33%	82%
Request for quote	29%	80%
Logistics service request/Response	31%	79%
Payment remittance advice	28%	79%
Advanced shipping notice	28%	79%
Receiving advice	28%	79%
Forecast/Planning management	35%	77%

Table 3: % of respondents that report supply chain improvement through digital exchange by information type

“Improve efficiency through transaction automation and transparency.”

VP, Supply Chain,
Australia

An interesting outcome from this survey is that retailers state that they receive the greatest benefits from supply chain documents that aid with supply chain visibility, such as functional/order acknowledgements, shipping status and ASNs. This finding reinforces the impression that there’s an increasing focus on visibility across the sector.

The drive for supply chain visibility

Achieving business agility is predicated on having effective visibility across supply chain processes and operations. Today, many retailers are focused on improving visibility. More than a quarter of survey respondents (27%) say it is a key benefit they’ve received from B2B integration—increasing to more than half (53%) when featuring cloud-based or SaaS deployment.

Yet, there’s still a good deal of work to be done. When asked, almost 40 percent of retailers surveyed said they have no or only basic levels of visibility over their

supply chain operations. Fewer than one in five had advanced visibility across all their supply chain processes.

This is a situation that can't continue, as responses to a question on the barriers to successful supply chain integration demonstrate:

Global, extended supply chains, elongated lead times	27%
Complex supply networks with multiple tiers	26%
Multiple sales channels	25%
Complex integration of multiple IT systems	24%
Lack of budget to implement process changes	24%
Lack of trust in trading partners	23%
Disparate processes across divisions and brands	21%
Frequent new products and increased product obsolescence	21%
Complex products and product ranges	20%
Too complex integration of multiple IT system	20%

Table 4: What are the major barriers to successful supply chain integration?

Retail supply chains have become multi-tier, multi-layer digital networks of trading partners, processes and systems. Basic, manual activities to achieve supply chain visibility will not work. Neither will simply introducing new supply chain applications designed for that activity.

B2B integration becomes the foundation upon which overarching supply chain visibility can be built. The retailers we surveyed understand this and are beginning to prioritize visibility capabilities over the next two years, with better visibility into inventory (32%) topping the list.

Better visibility of inventory	32%
Improved collaboration with suppliers	28%
Improved integration of planning tools	26%
Better use of demand data	26%
Better visibility into supply chain execution	24%

Table 5: Top 5 priorities to improve supply chain integration

Retailers lead in cloud-based B2B integration

Our research investigated the underlying digital technologies that are enabling B2B integration. For almost three quarters of retailers, cloud represented the most important technology. Compared to other industries, the sector showed a seven-point lead as it looked to find a high performance, scalable and secure way to connect and collaborate across elongated, global supply chain networks.

“Digital maturity means improving the accuracy of real-time information sharing with affiliated companies.”

VP, IT, Japan

	Retail	Industry
Improve collaboration with suppliers	74%	67%
Increased digital communication across trading partner community	42%	44%
Better use of demand data	39%	38%
Increased data sharing	30%	29%

Table 6: Digital technologies driving supply chain integration

Although the technological capabilities to automate B2B integration do not hinge exclusively on cloud, the reality is that almost all new application development for the supply chain is taking place in Software as a Service (SaaS) applications. Retailers are reaping many benefits as a result of taking a cloud-based approach to B2B integration, especially visibility and performance.

Improved overall supply chain visibility	53%
Cloud/SaaS means that we are always on the most recent version of an application	49%
We can more easily scale (either up or down) our supply chain IT/application needs	47%
Better features and functionality	47%
Improved compliance and risk mitigation	44%
Improved data sharing/collaboration	42%
More robust security and data protection	41%
More nimble and better able to respond to supply chain disruptions	38%

Table 7: Benefits of deploying cloud/SaaS for supply chain integration

As importantly, cloud delivered the foundation upon which the other technologies are built—especially AI and machine learning. This is an area where retailers are quite well advanced, with half of all respondents saying they were already using AI and machine learning to generate predictive and prescriptive analytics.

Use basic analytics across our supply chain	20%
Use advanced analytics aligned with key supply chain metrics	47%
Use AI/ML to generate more predictive or prescriptive insights from across our supply chain operations	50%
We don't use any form of AI/ML analytics at the moment	9%

Table 8: Use of advanced analytics and AI/ML in the supply chain

“The introduction of digital technology is not enough. The ability to utilize it throughout the organization is essential.”

VP, Supply Chain, Japan

[➔ Read the entire report](#)

[➔ See how Lids did it](#)

[➔ OpenText integration solutions](#)

Looking forward

The recent pandemic didn't just introduce the idea of continuous supply chain disruption, it permanently altered supply and demand patterns. Today, the multichannel customer has an expectation of speed and convenience—whether they're a consumer or business buyer.

Agile and resilient supply chains are complex and multi-faceted beasts but there is a common denominator that ties them all together. In a digital world, B2B integration is the glue that ties together connectivity, data quality, information sharing and collaboration. Similar to the cloud, it provides the foundation upon which other digital technologies such as AI or control towers can flourish.

Our research with IDC shows that retailers are rapidly embracing cloud-based B2B integration to deliver the speed and visibility required across their entire supply chain operations.

About OpenText

OpenText, The Information Company, enables organizations to gain insight through market leading information management solutions, on premises or in the cloud. For more information about OpenText (NASDAQ: OTEX, TSX: OTEX) visit: [opentext.com](https://www.opentext.com).

Connect with us

- [OpenText CEO Mark Barrenechea's blog](#)
- [X \(formerly Twitter\)](#) | [LinkedIn](#)