Identifying Supply Chain Management and E-Commerce Opportunities at PaperCo Australia

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EXECUTIVE SUMMARY

Established supply chain management techniques such as Quick Response (QR) or Customer Relationship Management (CRM) have proven the potential benefits of reorganizing an organization’s processes to take advantage of the characteristics of electronic information exchange. As the Internet and other proprietary networks expand, however, organizations have the opportunity to use this enabling infrastructure to exchange other, more varied types of information than traditional electronic data interchange (EDI) messages. This is especially true of companies with global operations and interests, which lead to a more diverse set of trading activities.

This case presents the experiences of a large Australian paper products manufacturer in implementing an electronic document exchange strategy for
supply chain management, including the drivers for change which spurred their actions, and describes the issues associated with trying to support existing and future requirements for document exchange across a wide variety of trading partners. The experiences of PaperCo will be relevant to organizations with diverse trading partners, especially small to medium enterprises (SMEs).

**THE ISSUES ON HAND**

While looking beyond established schemes for more creative and opportunistic exchanges of information with trading partners offers promise of new benefits, the proliferation of potential document exchange types and mechanisms involved have two implications: they demand a more sophisticated technological infrastructure and require a strategy for the coordinated management of the information flows themselves.

Such a strategy is especially important to organisations operating in Australia, for the following reasons:

- Australia has a very large proportion of SMEs, with a comparatively low uptake of traditional EDI (Parker, 1997), supply chain management (SCM) schemes and technologies such as the Internet, email and the Web (Pacific Access, 2000).
- While smaller businesses have had a low e-commerce adoption rate, Australia has one of the highest overall rates of IT adoption in the world, with Internet penetration ranking well ahead of comparable nations such as the UK, Taiwan, Korea, Germany and Japan. “At 36% of the total population accessing the Internet, Australia is only behind Sweden and Canada, which are both at 43% and the U.S. at 41%. Australia is among the world leaders in accessing the Internet, whether it is measured by households or population” (NOIE, 2000).
- The country’s geographic isolation increases the population’s dependence on communications and computer technologies.

The potential for less structured, less formalized (and less expensive) uses of document exchange to improve trading partner linkages in such an environment is high. Although Australia has a particular need for improved document exchange mechanisms, this situation will potentially face any large organization with a diverse set of (especially smaller) trading partners. A company in this position is faced with obvious concerns: how do we identify the types of document exchange which might be involved? How do we identify where they might occur: which parts of the organization are involved, and which processes might be improved? What is involved in the development of a document exchange strategy? How can we build a supporting
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