

# Mitigating Supplier Risk through Cloud-Based Quality Management Portals

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# Objectives

- Challenges in the Supply Chain
- Mitigation Strategies
- Technology

# Challenges in the Supply Chain

## More complex organizations

- Design and production facilities are worldwide
- Legislation varies worldwide
- Mergers and acquisitions introduce cultural differences
- Suppliers are providing more of the product

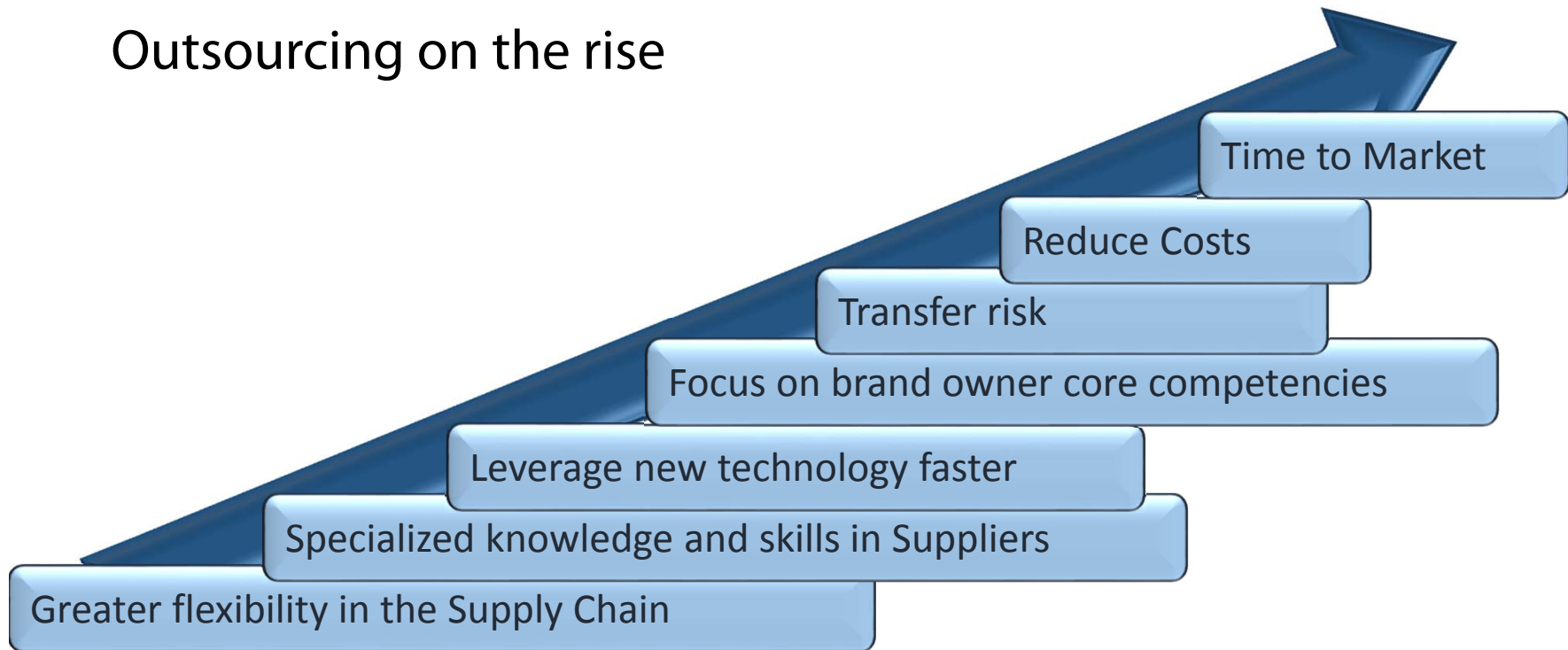
## More intense competition

- Competition leads to shorter product lifecycles
- New technology increases product complexity
- Globalization introduces local differences
- Better marketing data expands product selection



# Challenges in the Supply Chain

Outsourcing on the rise



# Challenges in the Supply Chain

## Risks Associated with the Supply Chain



# Challenges in the Supply Chain

How can we mitigate Risk?

Disaster recovery plan for supply chain interruptions  
Contingencies in the Supply Chain

Different Visions

Supplier selection based on more than specs and cost  
Move from Supply Chain to Supplier Network

Loss of IP & Counterfeiting

Risk management plan to protect IP

Promote industry groups and standards adoption  
Invest in Track-and-Trace technologies  
**Integrate business systems**

Loss of Critical Skills

What skills should we retain?  
What are the core activities?

Supply Chain Risk

Loss of Operational

Lower Visibility in performance

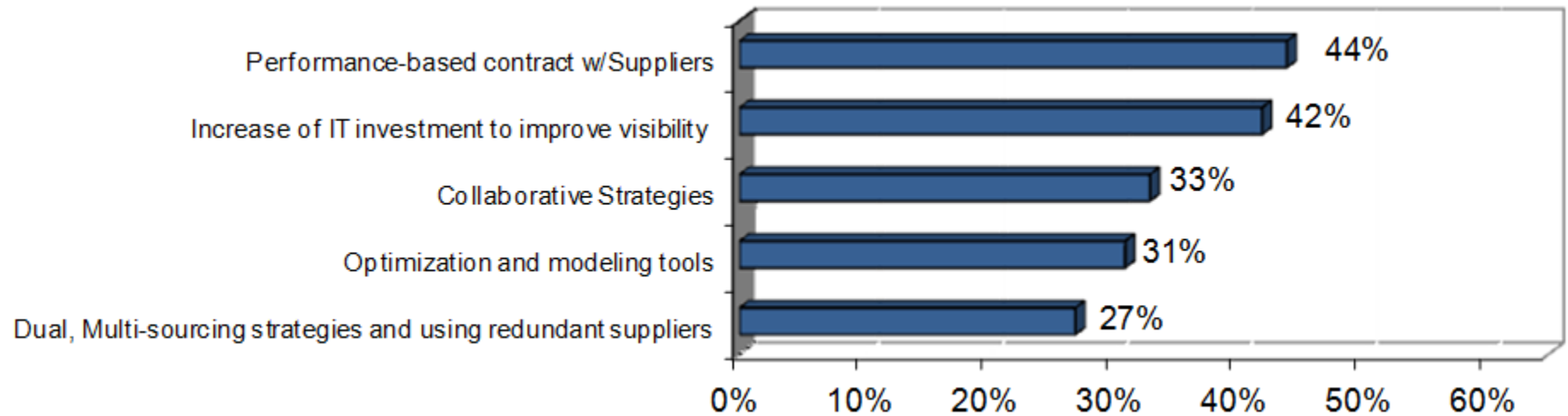
Implement a Supplier Quality Agreement

Quality

Quality

# Challenges in the Supply Chain

## Top risk mitigating strategies



Source: Aberdeen Group

# Mitigation Strategies

## Goals

- Improve communication and transparency between your organization and your supply chain
- Extend your processes to your external resources





# Mitigation Strategies

## Communication and Transparency

1. Publish – provide controlled, secure self-serve access to select documentation
2. Report – Supplier Report Cards, Audit Results, Comparisons
3. Collect – SCARs, External Testing Results



# Mitigation Strategies

Extend your processes

1. Streamline quality assurance practices
2. Create efficiencies in supplier oversight
3. Reduce the overall cost of quality initiatives



# Mitigation Strategies

What's needed?

1. Need to improve communication and transparency
2. Need to streamline processes and the flow of information with external parties
3. Need to reduce costs
4. Need to address security concerns over external access



# Technology

What's needed?

- Highly secure
- High availability
- Redundant
- Scalable
- Data segregation
- Future proof
- Cost effective

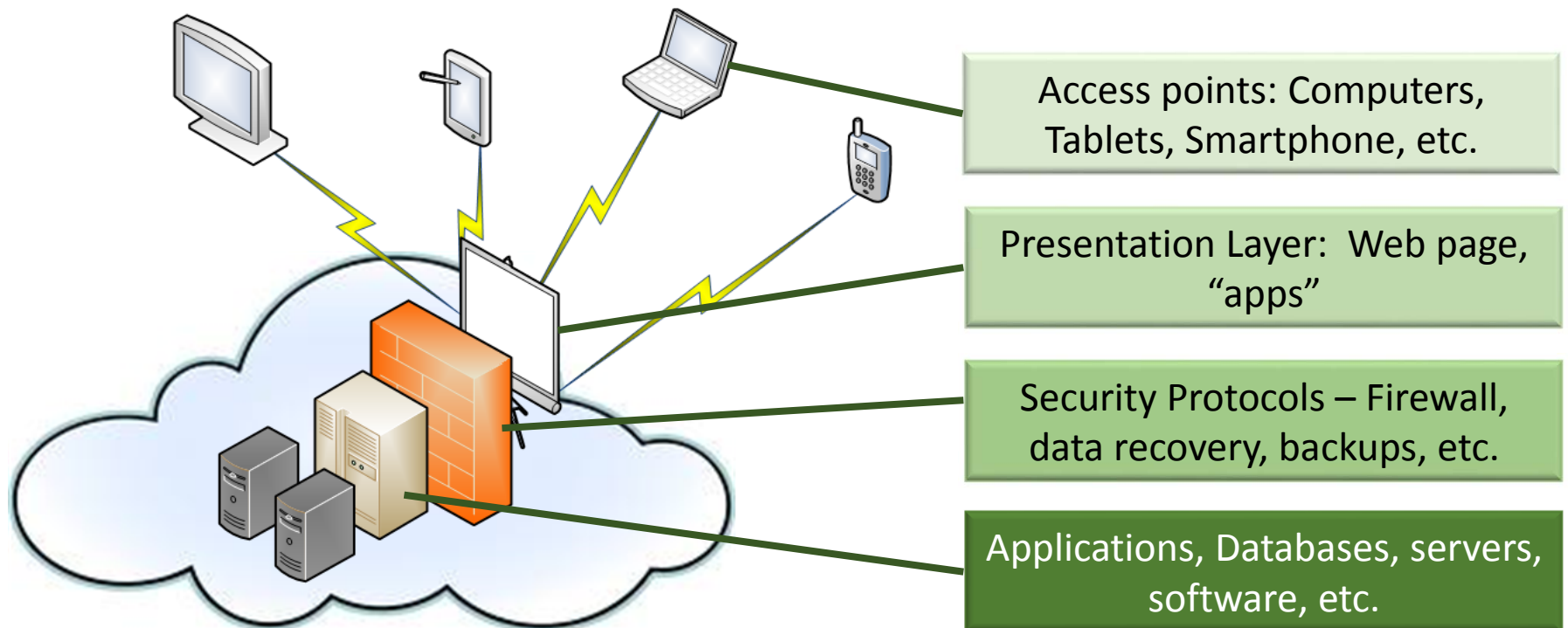
In-house or outsource?



# Technology

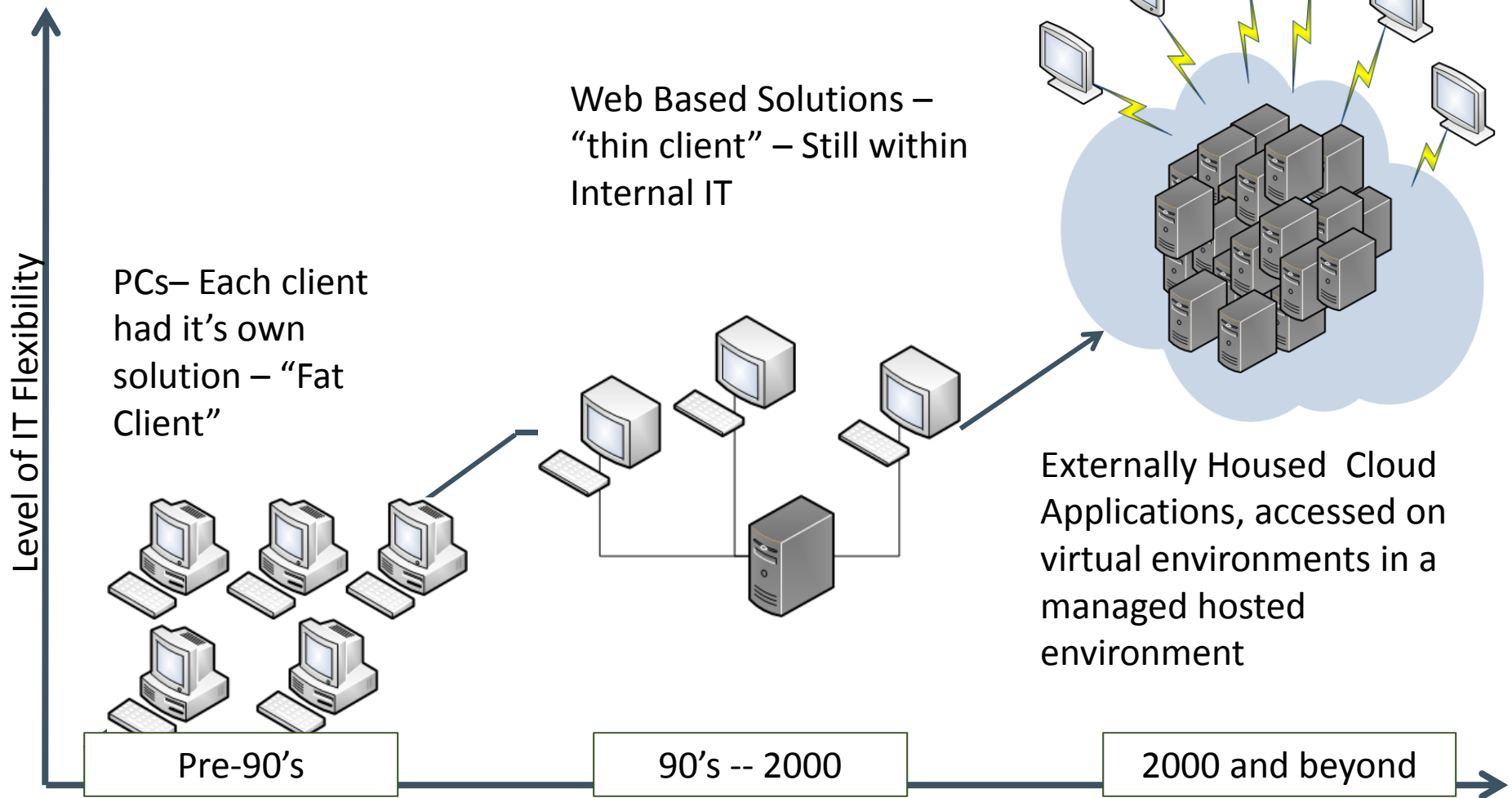
## What is Cloud Computing

- IT deployment model
- Large Web Service firms have created large virtual environments to store applications and data



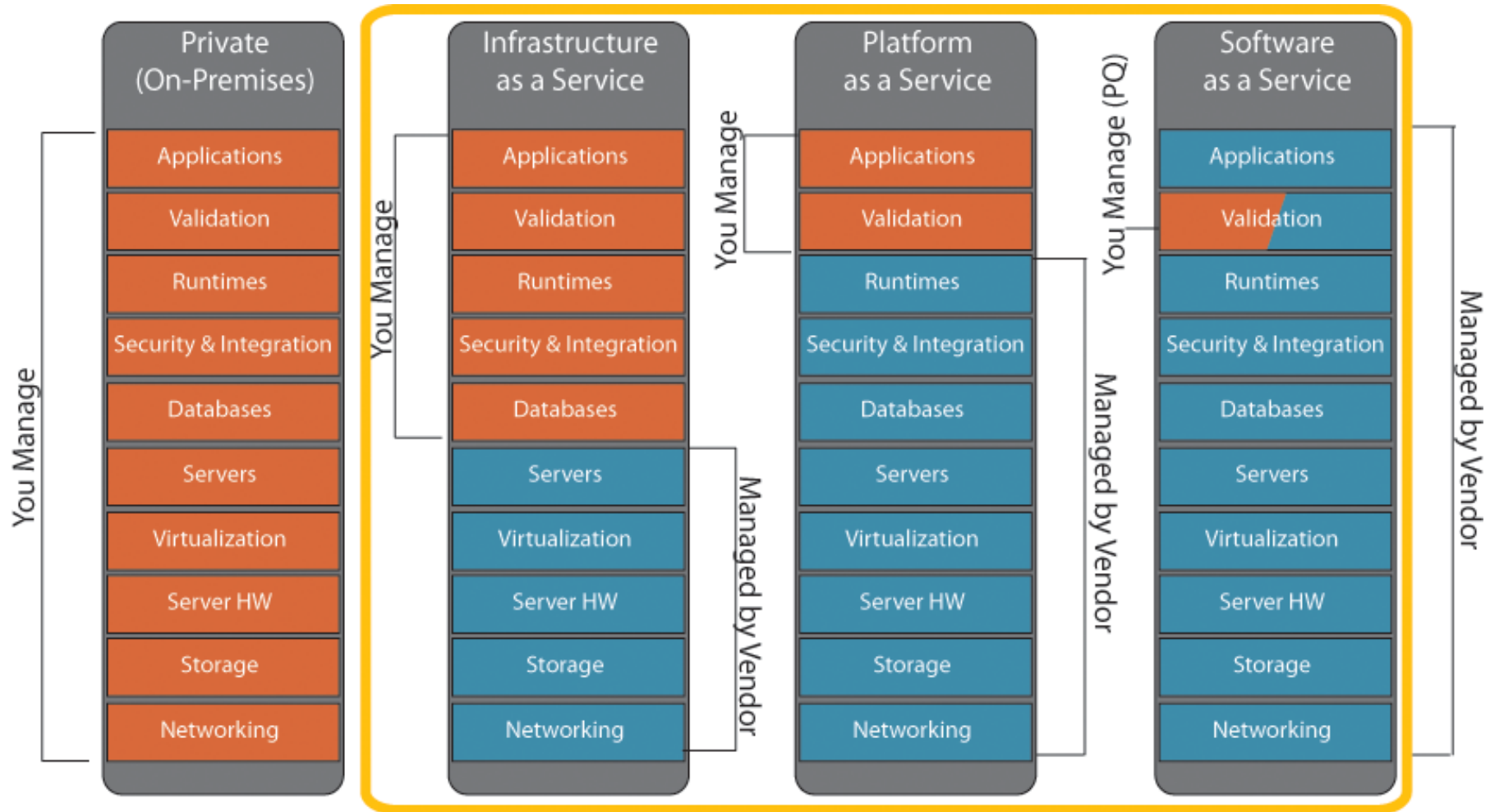
# Technology

## System Deployment Evolution



# Technology

## Deployment and Administration



# Technology

## Benefits of the Cloud

### Cost

- Pay as you go
- Save \$\$\$ on hardware

### World Wide Access

- Leverage the Web
- Accessible anywhere

### Focus on Business Process

- Less IT overhead
- Usage versus Admin

### Scalable for Growth

- Ability to expand use
- Grows with your business

### Security and Recovery

- Top level security
- Ba
- SOC 1 Type II
- US/EU Safeharbor
- TrustE
- ISO 27001



# Technology

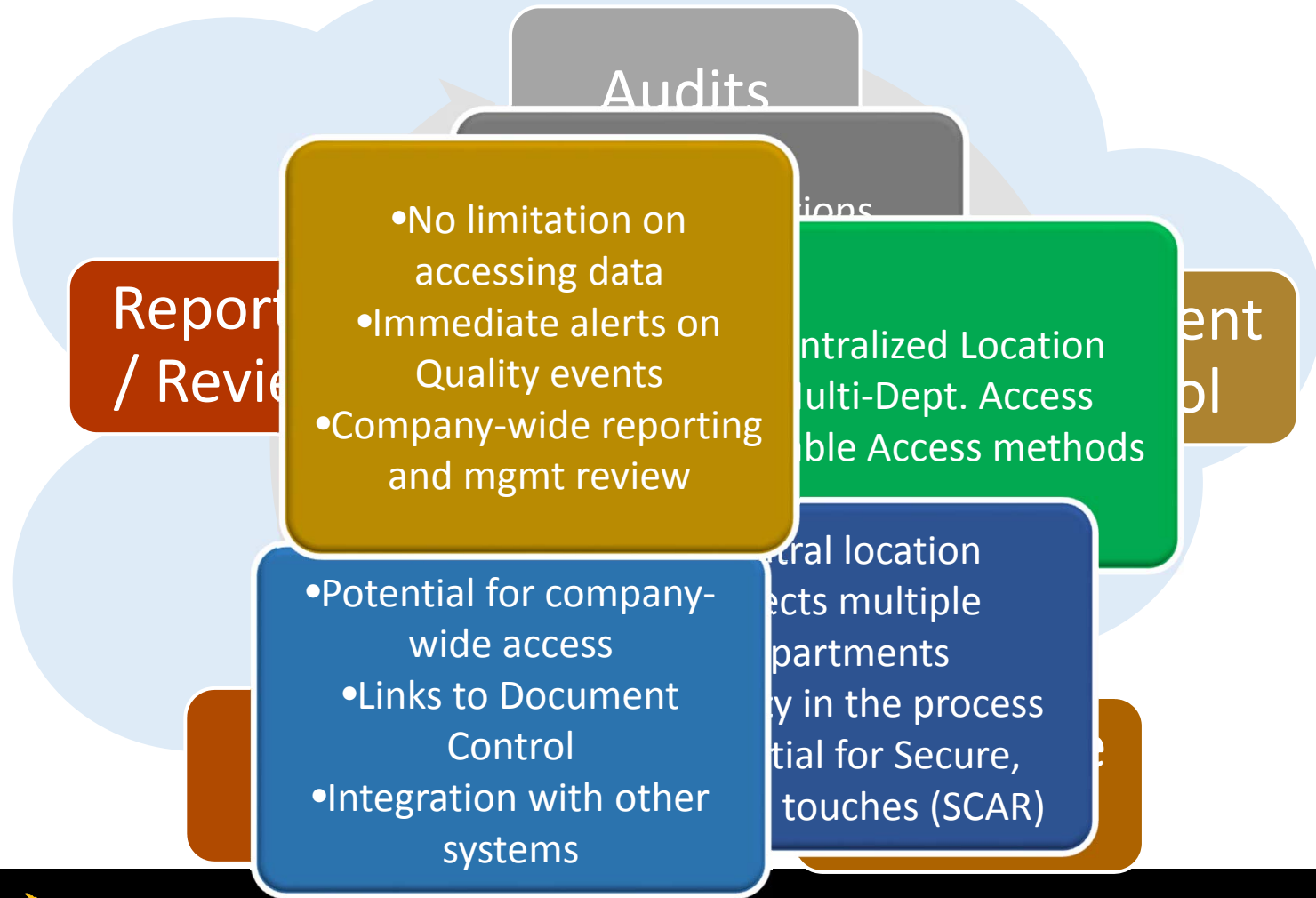
## Why move Supplier Management to the Cloud?

- Flexibility – Process-based QMS relies on flexibility
- Scalability – Ability to impact multiple departments, go from site to site and beyond
- Security – Cloud based portal allows supplier login to external systems which are integrated to internal systems
- Having a cloud deployment can provide a greater degree of flexibility and touch points to operational areas, in a cost-effective manner
- Cost-effective for the business
  - Trend: IT consolidation and Integration
  - Ability to remove IT overhead from the equation



# Technology

What Processes work in the cloud?



# Technology

How can it work?

External User Access



Secure data transfer



Corporate User Access



