

Impacts of e-business on supply chains: the case in textiles and clothing industries

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An initiative of the



European
Commission

The European *e-Business W@tch*

www.ebusiness-watch.org



- *E-Business W@tch*: EC, DG Enterprise observatory on adoption, development and impact of e-business in different sectors of the European economy
- Launched by EC, DG Enterprise in late 2001. Operational until November 2005, possible extension until the end of 2006
- More than 50 Sector Studies published on 17 different sectors, three synthesis reports, two statistical pocketbooks and other resources

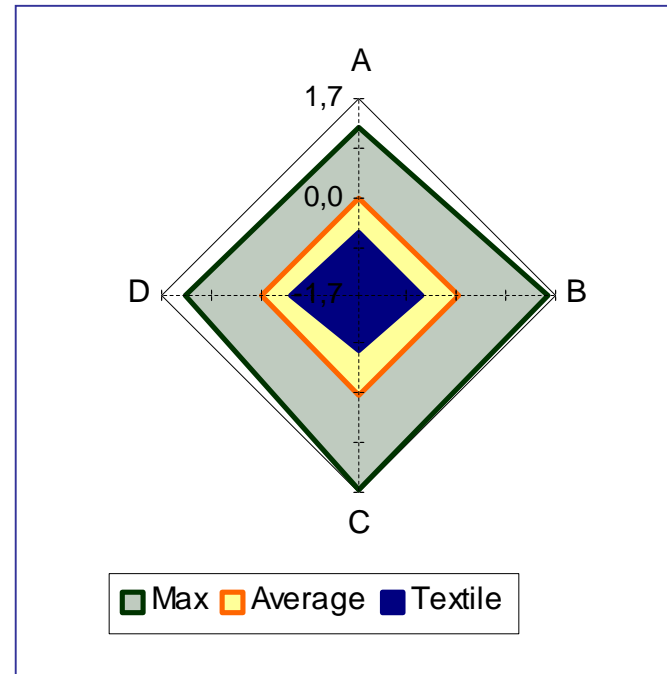
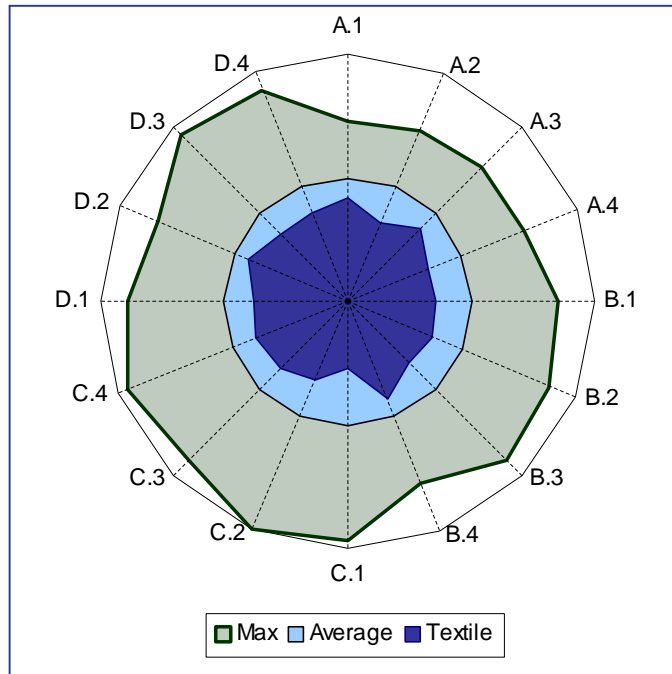
Objectives

- Assess the maturity of e-business
- Focus on sectoral perspective and SMEs
- Gather empirical evidence based on statistical surveys and case studies

Methodology

- **Decision Maker Survey:** 5,000 enterprises (2005) from 10 different sectors across 7 EU member states (561 in T&C)
- **Case Studies:** more than 70 case studies on e-business activity from all EU, EEA and Accession Countries
- **Interviews** with experts from Industry and Associations
- **Desk Research**

The T&C industries: sector scoreboard –intensity of e-business activity



- A: ICT infrastrucute
- B: Internal business process autom.
- C: Procurement and supply chain
- D: Marketing and sales processes

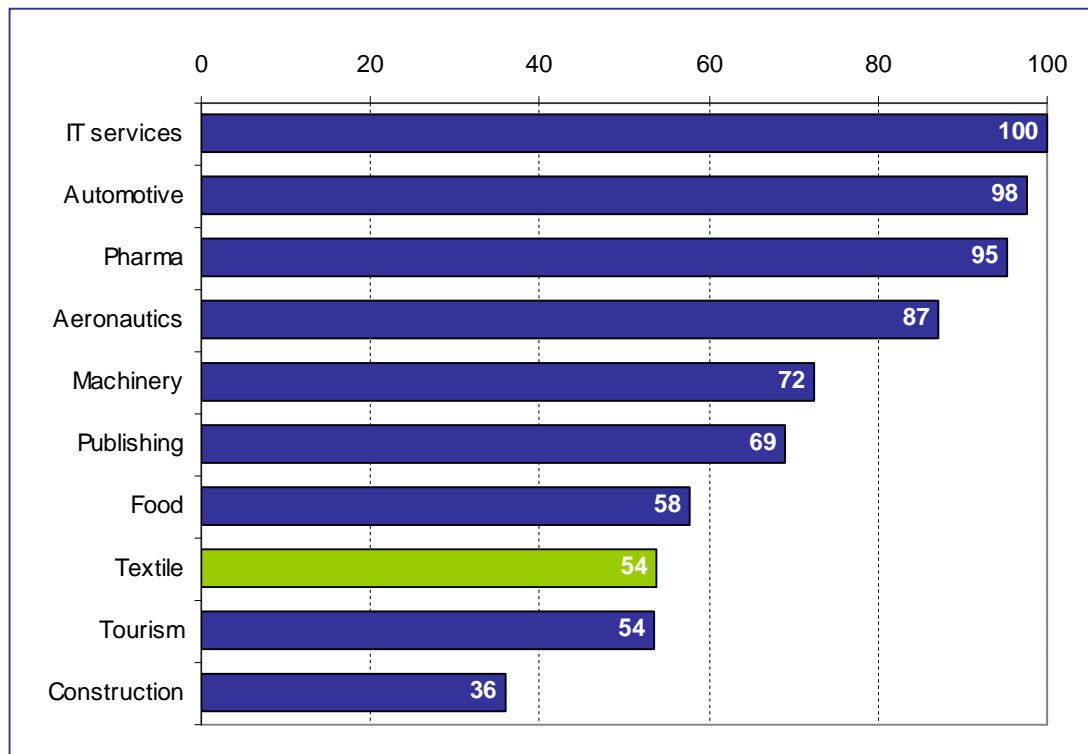
Max: maximum indexed values for one of the 10 sector bench.
Average: value for all 10 sectors

e-business in T&C is below average compared to the other manufacturing sectors, in all four dimensions measured by *ebiz w@tch*

In 2005 there are signs that e-business activity has increased among large companies. The economic crisis has hampered innovation among small firms

Small company size is reported as the main reason why e-business does not play a role in their operations

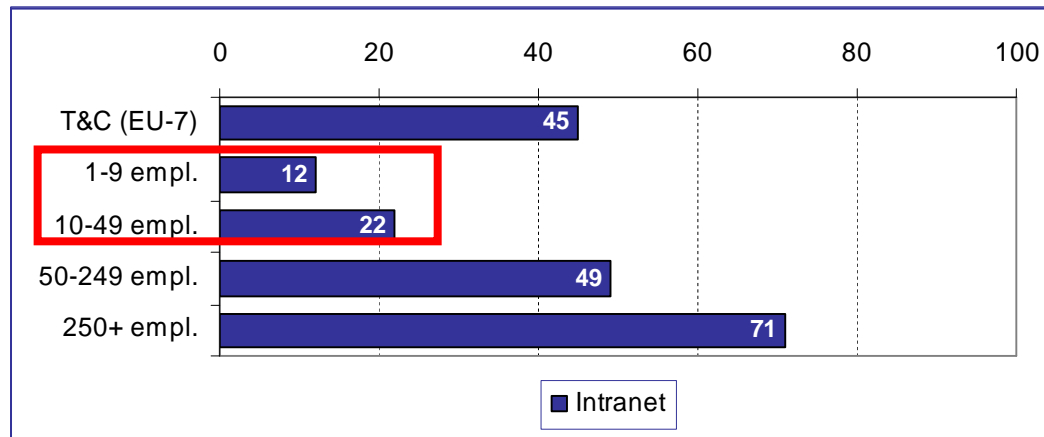
The T&C industries: e-business index – comparison across sectors



Compound indicator of ICT adoption and e-business intensity, based on 16 component indicators. Indexed values (max. = 100). Component indicators weighted by employment.

Limited degree of computerisation and diversity of ICT equipment are constraints for the adoption of e-business among small firms.

The T&C industries: Intranet



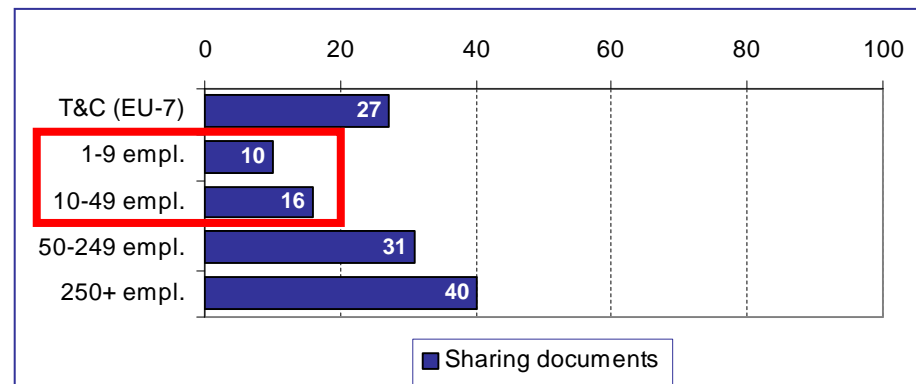
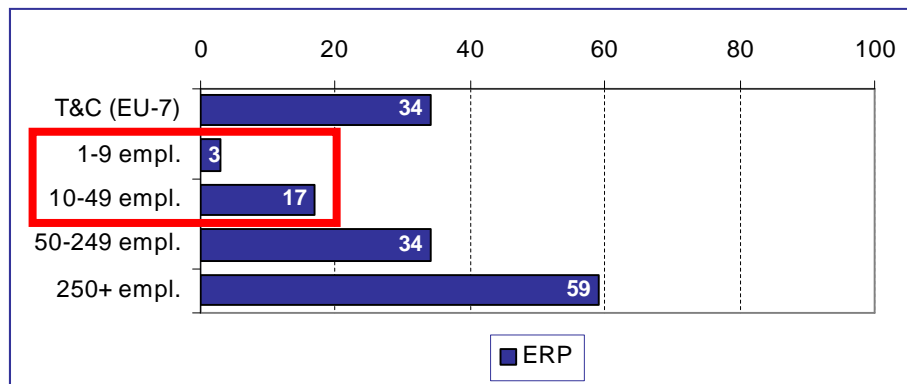
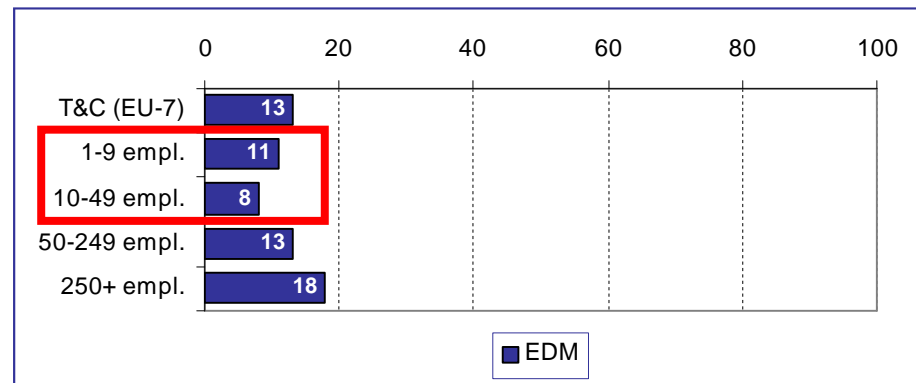
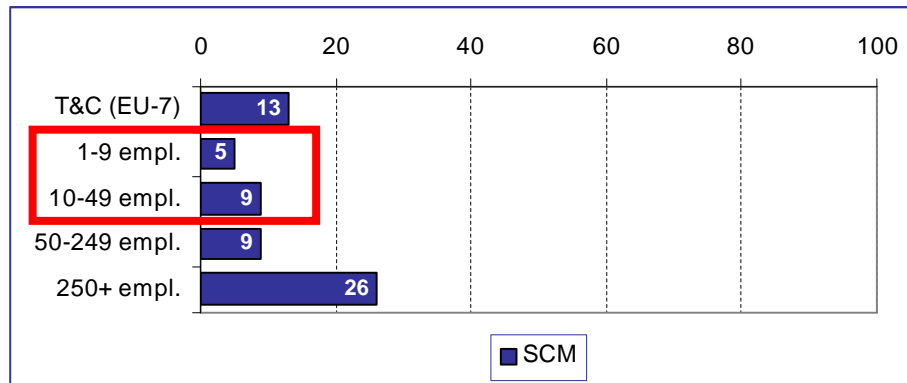
"All" = companies using computers.
N = 561 (T&C, EU-7)

Intranet or a PC LAN/WAN based on IP architecture is the minimum requirement for practising e-business.

The Intranet penetration in T&C industry is in line with the average of the other sectors (47%).

There is a clear digital divide within the industry between medium-large firms and micro-small ones

The T&C industries: EDM, ERP, SCM and document sharing applications



ERP, SCM and EDM systems diffusion is driven by large companies, a significant share of large firms have taken the lead towards supply chain integration and online trading with business partners. For co-operation with Business Partners SMEs mainly use Documents Sharing Systems and collaborative design, as a “first step” towards e-business integration.

The T&C industries: exchange of standardised data

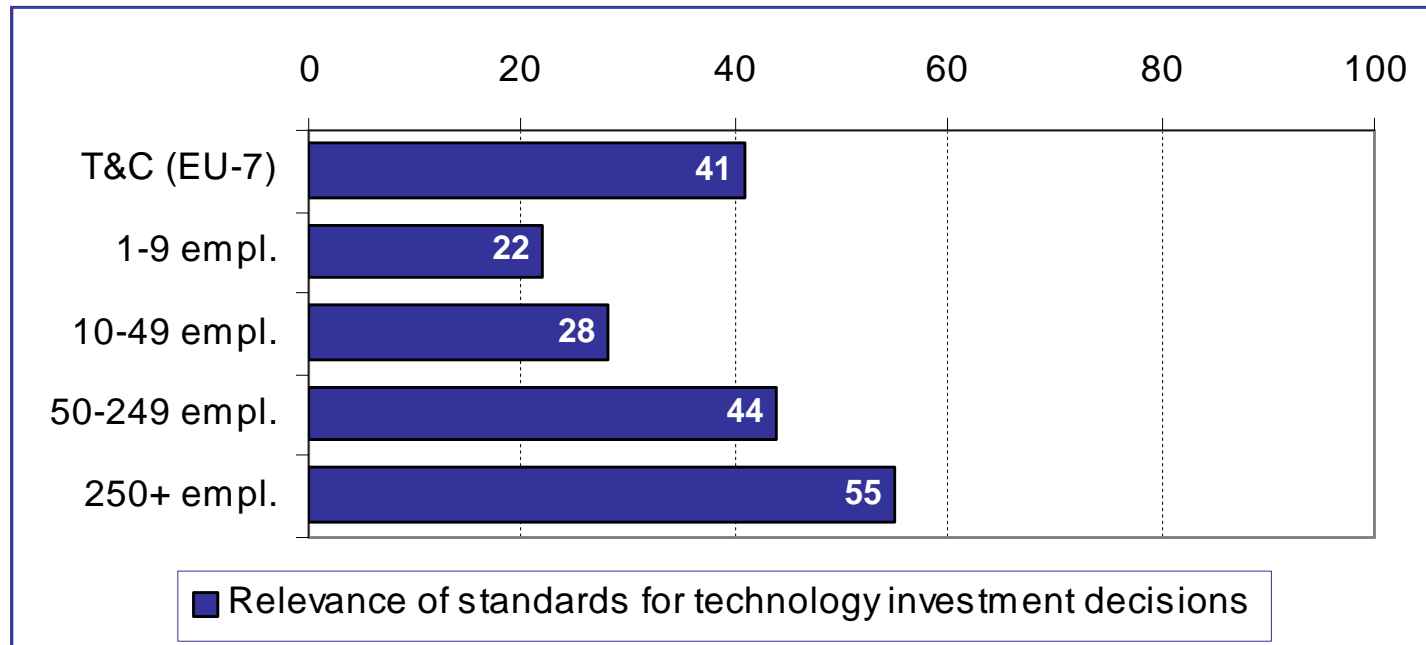
	EDI-based standards	XML-based standards	STEP standards	Proprietary Standards	Other technical standards	EDI - XML migration
Textile (EU-7)	21	14	2	25	7	15
1-9 empl.	1	2	1	5	1	32
10-49 empl.	6	4	2	12	7	0
50-249 empl.	19	10	2	17	5	0
250+ empl.	44	30	1	54	14	25
Total (10 sectors,	15	11	3	16	9	13
Base (100%)	all	all	all	all	all	Firms using EDI-based standards
Figures for totals are weighted by employment. Figures for size-bands in % of firms.						
"All" = companies using computers. N = 561 (Textile, EU-7), N = 5218 (Total, EU-7)						

Proprietary standards are the most common ones at sector level.

EDI based standards are the most used by larger companies, exerting a leading role towards their business partners.

Small firms tend to choose exclusive standards as agreed with commercial partners

The T&C industries: relevance of standards for investment decisions



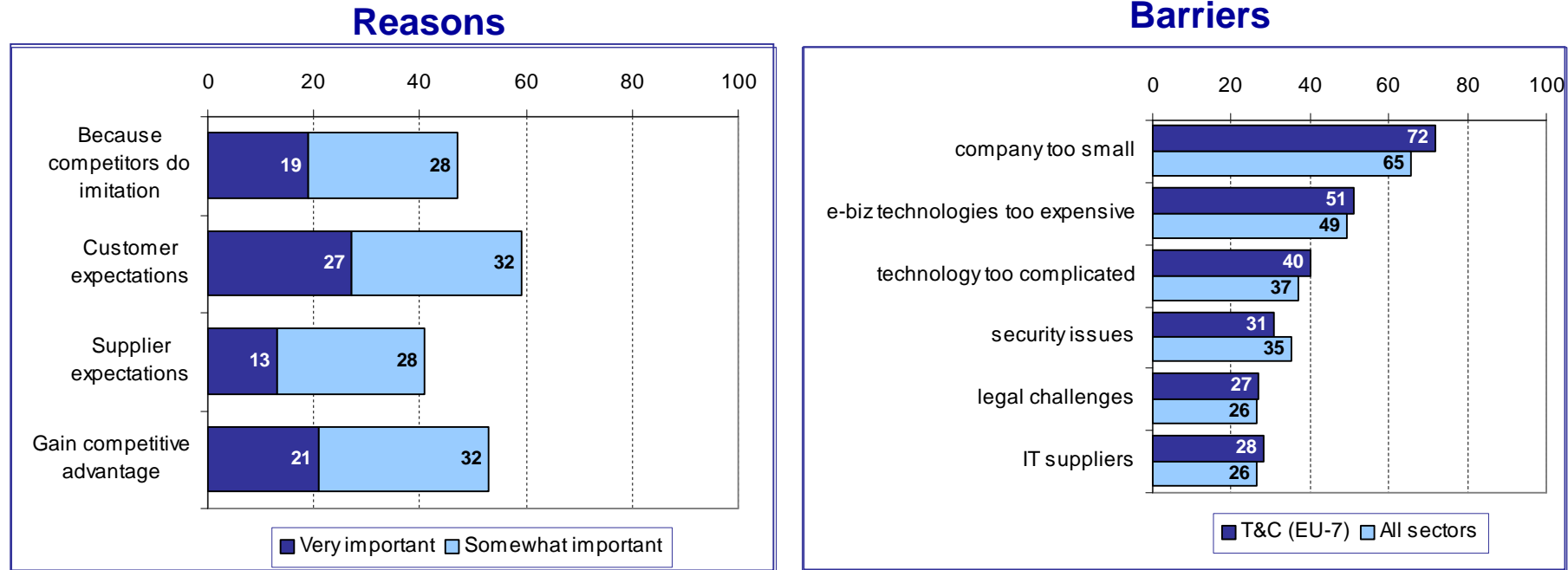
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The T&C industries: integration along the value chain

Many large companies have redesigned internal processes and work in a more structured way with trading partners to save costs and decrease response time, but:

- ❑ online integration is still low in a sector where there are many and diverse operational phases
- ❑ digitalisation and integration of commercial activities is limited, considering the number and frequency of supplying operations, relevance of pricing and the issue of stocks. In M&S e-business has not taken a significant role yet
- ❑ collaboration in product development is the only area where companies have been traditionally working in an integrated and standardised way
- ❑ “islands of activity”
- ❑ lack of common standards

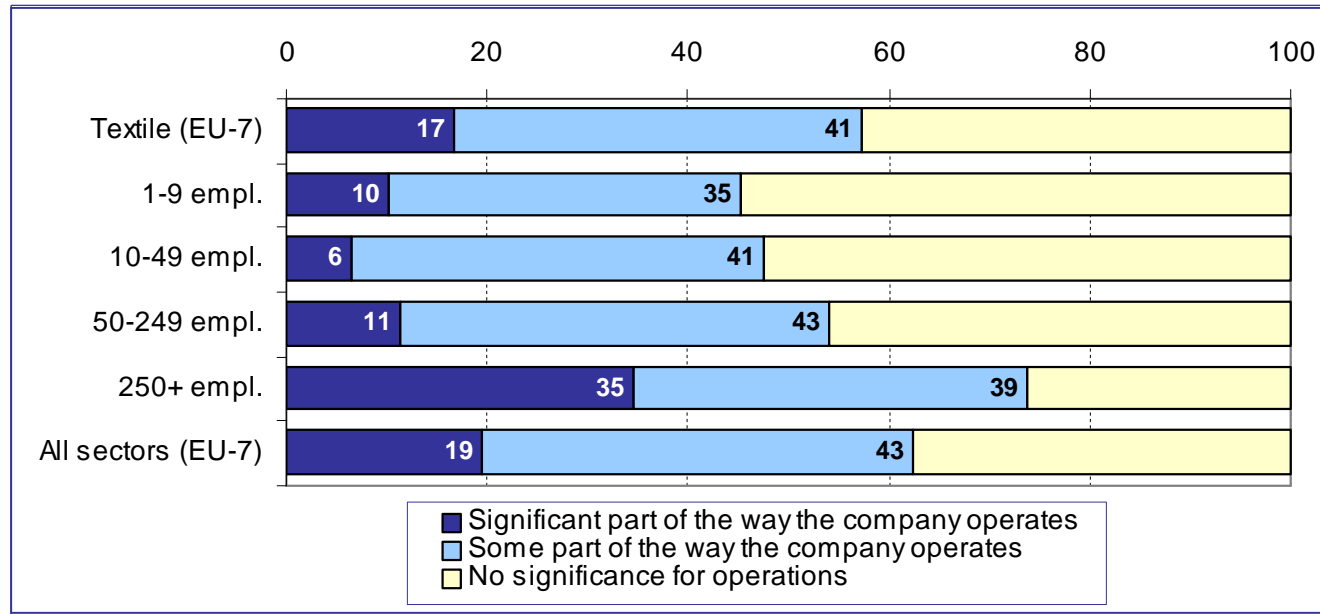
The T&C industries: reasons and barriers for e-business adoption



The main reasons for introducing e-business solutions are pressure of larger Business Partners and the achievement of competitive advantage. For fashion textiles the incentives for e-business depend on the “distance” to distribution and retail. For technical textiles the need for e-business is determined by more advanced industrial partners

Company size and the costs of technologies are the main barriers for adopting e-business solutions.

The T&C industries: significance of e-business



At a sector level, companies accounting for 58% of interviewees stated that e-business had a significant part or some part in everyday operations.

The break-down of results by company size reflect the different diffusion of ICT and e-business activity and show the predominance of large firms (35% saying that e-business plays a significant part).

The T&C industries: policy challenges

	To improve managerial understanding and skills for e-business	To improve availability of e-business solutions for SMEs	To promote participation of SMEs in business networks and e-marketplace	Other measures
T&C Industry	★ ★ ★	★ ★ ★	★ ★	★ ★
	★ ★ Rather relevant		★ ★ ★ Highly relevant	

Sector specific measures:

Encourage ICT assisted product and process innovation.

Rationalisation of internal processes and integration along the sector value chain

More information

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