

KAREN FOLEY: The Online Business Exchange was a two-day live event presented by the Business School at The Open University. During the event, there was live chat and forum discussions. The live chat is now closed, but we hope you enjoy the video that follows.

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Hi, and welcome back to the Online Business Exchange. Well in this session, we're going to be tackling Supply Chain Management. And I'm joined by Rob Moore and Bjorn Claes. Welcome to the studio. And we're going to be spending the next hour discussing some of these issues in two parts.

Firstly, we're going to look at some of the underlying changes in society that are driving changes in supply management. And then we're going to have a little think about what the supply chain of the future will look like. Now you'll see if you are in the Watch & Engage section of the website, which we hope you are, that there are some widgets or interactive tools that have come up on your screen.

Now you can select those by clicking on them. And we'd like to know your thoughts. Which areas of supply chain management does your business need to develop? And the other question is what will the supply chain look like 20 years from now? So we'd love to hear your thoughts on that.

You can also put your thoughts and any questions indeed in the chat box. Or you can send them to us on Twitter. The hashtag is ou_exchange. This is an interactive discussion, and we really do value your contribution during this session.

Okay so Rob and Bjorn we have a huge range of issues. And in fact, the digital landscape is changing so quickly, so dramatically. We've heard from people earlier say, when I did my MBA, I wasn't really looking at the digital economy. And we've talked a little bit about some of the MOOCs, in particular the supply chain management MOOC, that may be useful for people to get up on some of this knowledge that's really having an impact.

But we've got increased urbanisation, ageing population, spread of wealth, impact of consumer technologies, service demands, health and well being is so much more important. There's a concern about sustainability, natural resources, and their availability. Regulatory

pressure, as well, right up to adaptation of our supply chain technology capabilities and the impact of the next generation. So all of this is having a massive impact on what the supply chain looks like.

So this session is all about the future. So could you tell us then, what are some of the most important issues in terms of what's driving these changes to that supply chain and how people should adapt and manage that.

ROB MOORE: Well if we take the first one, the ageing population, it's a nice problem to have that people are living longer, and they're healthier into longer age. It also means that their demands are changing. So people who have got more free time tend to have more disposable income. So this is going to drive some of the things they buy, some of the things they interact with. And this is also linked into the issue of health and well being.

People are more concerned about how well they will feel as they get older, how mobile they are. So all of these are putting a different, a changing pressure on how the supply chain works, the types of products and services that they want. So that's going to have a natural impact. And organisations that want to thrive will need to take account of the fact that their end consumers are actually changing. The demographic's changing and have to change their supply chains to meet those needs as well.

KAREN FOLEY: So some of this then, we spoke about various types of ways of being. Older people are becoming more effay with digital technologies. They are buying things online. And the supply chain, I appreciate yesterday, you made a very convincing argument that the supply chain is wider, and it interconnects with areas around finance, sales, marketing, brands, et cetera.

So there is these various other pressures that are impacting on that. But specifically in terms of the traditional concept of the supply chain where we're seeing goods being produced and delivered to end users, how is increased urbanisation and the ageing population impacting on that actual supply chain?

BJORN CLAES: I think you refer to two very, very different things there. As for the aging population, I think the ageing population how it changes the supply chain is in what they consume and how you promote and deliver it to them. And I think if I compare the elderly side of the population, they use technology in a complete different way as my kids would do. And I think that makes that business for businesses incredibly difficult. It's almost like they have to almost speak two

different languages. But they will have to adapt.

And then it is this issue of urbanisation. That's a fantastically interesting different point. But it's very different. Because it is a fact that cities are growing and growing and growing, and that means denser traffic. That means more pollution. And companies will have to respond to that. As so they will have to find different ways of delivering the goods that have been ordered to their customers.

And it could be done in different shapes or different forms of transport or really in different types of products. And not a physical book anymore, but a digital book because a digital book doesn't have to be delivered to the store and from the store to the customer. So that is changing the supply chain.

But if you just look at these things, and there were only two of the long list that you mentioned, they are putting enormous pressure on companies. How do I serve that? Because it's not only how do I deliver it in this increasingly urbanised area, it's also how do I serve these two different kind of almost subsections of population that consume in very, very different ways?

And there you only talk about the extremes, about the elderly and the youth. And there's our generation in between. And we have, again, increasing demands on our time, increasing demands on the restrictions that we have in driving here and the cost of transport and the pressures of the economy weighing upon us. So we again have, as compared to the elderly and the youth, a complete other consumer profile. And you have to fit it in. And you have to make it work. And a digital supply chain offers fantastic opportunities there. Because it--

KAREN FOLEY: We'd been talking about this whole idea of understanding customers and market segmentation. And I guess this is partly what you're referring to is how important these different groups both consume and behave and how then the supply chain needs to be able to adapt, which is very, very, I guess, complex. And one would have to be very dynamic.

Can you give us some examples then about how that might actually be in business? The way that people are consuming. These different market segments. People are using supply chains to their advantage.

BJORN CLAES: Well, we've talked about it before. And this is example of Amazon and the drop-off point.

[INTERPOSING VOICES]

ROB MOORE: So one of the challenges that we have is actually getting your goods to your consumers. And home delivery, absolutely. It's grown phenomenally over the last few years. And there's not a day goes by where there isn't a delivery truck outside my house dropping something off. But not everybody's at home. And it's actually not that environmentally friendly to drive around and drop off one parcel every time.

So what we're starting to see is more use of these drop-off points. So a lot of the parcel service's use local post offices, local shops. We're starting to see Argos is being used by Amazon quite a lot as a place to go and collect your goods from, which means you don't have to stay at home, and you don't have to wait for people to turn up. And some of that's starting to take off as well are things like the Amazon drop-off points, the lockers. So if you get to a railway station now, you might see one of the big yellow lockers.

KAREN FOLEY: I've seen them, and I've selected them in the past. And it's always interesting, I find, as a consumer because they'll say, do you want this sent to your home, or do you want to collect it from they say outside Argos in my local area. And I've seen the big thing. And sometimes I think, well, it's the same price here. So to what extent then as a consumer am I being encouraged to effectively cut short that supply chain because I know it'll be more cost effective and possibly environmentally friendly for people to deliver it in one bulk place. But it means then, for me, a longer trip.

ROB MOORE: But you'll make the choice based on convenience for you. What's more convenient, to go to your local Argos or railway station to pick it up or to wait in the house for something that's going to be delivered?

BJORN CLAES: Or until it's being re-delivered. Until

ROB MOORE: Be re-delivered.

BJORN CLAES: How often does it happen that you wait desperately for something, and just as you're going out to pick up your kids the delivery's there. You get a note in the letter box, we've been, you were not home. We will deliver the next day. And you were desperately waiting for whatever you were waiting for.

KAREN FOLEY: But this is a interesting issue because the supply chain, I guess, is shifting a lot in terms of what is acceptable because I actually persuade most of the delivery drivers to leave it round the log shed in the back. So some people, you can have arrangements. For example, I had a

tracking device the other day where someone said, your driver, John, is delivering something. And I could look on the map, and I could see where John was. He was coming down the road. And I could say, oh, I won't go out. I'll wait for John to come. And I had a photograph of him and everything. So that supply chain is becoming very real to me as an end user.

BJORN CLAES: I think the supply chain needs to more and more accommodate to our needs and our lives. That makes it so difficult, but that's where the technology and the digitalisation of this comes in so fantastically. Because what they want to try to-- they want to serve you on one hand. They want to deliver when you are home, but they have a very selfish interest in that because they don't want to make the trip two times.

If they somehow can make it work, and one of the examples that you give is to let you know when they are on their way, who's coming, that you make sure that you're home. But if you can't be there, then maybe the train station, if you take a train to work everyday anyway. That rather than wait for the book or whatever it is to arrive at your place, to come to your place, you know that you pass by that point. I'll pick it up. And it is no extra effort.

And then all of a sudden, that cost element that you'd mentioned before isn't so much of an issue anymore. But it's really on the part of those who run the supply chains. How can we accommodate it to increase customer service? And that is important because supply is-- for every products that you want to buy, there is hundreds of suppliers these days. And so the one who gains in the market is the one who best serves their customers. So from that perspective, it's very, very important.

But it's also very important from their own economics. Every wasted trip cost money, and somebody will have to pay it. And there's only one who will pay it, and that's you in the end. So if they want to compete on low prices and high customer service, they need to keep you pleased, and they need to keep the cost down. And that's in this new digitised world, there are more opportunities to do that. But you need to understand how it works. And you need to understand what your profile is. And they need to understand what the characteristics of the products are.

KAREN FOLEY: Yeah. So companies are offering these various different, I guess, delivery options, to look at the very end of that supply chain. For consumers, based on this market segmentation, they need to understand who these customers are. They need to offer a range of options, basically, that would fit in with people's individual needs. Yet we've spoken, and I'm aware that this

touches on marketing, about the level of personalisation. And I thought this particular delivery company that had this driver, John, and I could see his picture, it was a lovely example of a personalisation that I felt was very appropriate for me as a consumer. Can you tell us then, well, how companies are using some of this digital economy to make the most of things like personalisation in that supply chain?

BJORN CLAES: If you look at the courier companies, they sell that app that you got. They sell it as a unique selling point. We don't-- just do not deliver-- we engage with you to get you served. And that's a whole different way. So I think that in Amazon and the likes, they sell the fact that they accommodate to your needs and to your lifestyle to make their business model work. And because Amazon still suffers the fact that you cannot go and feel and touch the product, and so they have to excel in other ways. They have to say, well, maybe you cannot go into the shop and feel and touch and smell the products, but it is a very convenient way of buying. And we go to that more and more because less and less we do need to touch, feel, smell the product.

I'm still an old generation, but I see my neighbours. They buy their milk, their butter, their vegetables online, and it's an enormously growing business. And how often do you see the Ocado's and the Tesco little trucks drive into the neighbourhood? They've already made that switch which I'm still trailing in of they trust that the milk is the right milk and that the aubergine that you buy is an aubergine that looks nice and is fresh and things like that. And that's the enormous change.

The interesting thing is that it's not just at consumer level that it happens, but it happens throughout the supply chain. So if I'm a raw material supplier, really way high up the supply chain, I need to think in what my customer, how it fits into their business model, how it fits into their production process, how it fits into their storage opportunities and their timing. And it goes even further. Me, the raw material supplier, not only need to think in my customers, in my direct customer, I need to think in terms of my customer's customer and my customer's customer's customer, et cetera. And somehow that needs to work both ways. And so me, the consumer, and that is where it becomes even more fascinating.

If we talk, for example, to issues about sustainability, of course I want to be sustainable. And I don't want to do the byproducts that are unfriendly to the environment, but I need to change my behaviour for that. And I need to understand that if I buy an ethical product-- and you talked about it yesterday with John Sinclair, right? If I need to pay more for that product but

provided that I understand what I'm paying for, I would be unwilling to buy that product.

And that paying for it is just really understanding what my supplier's issues are and what my supplier's supplier's issues are, my supplier's supplier's supplier's issues are. That clarity, that transparency, that is of crucial importance here. And that's why supply chain management is important, and that's why this transparency generated by the digital economy is so fascinating because it allows us to do that.

ROB MOORE: Well, I think we're getting to that point now where the elements of the supply chain, as you say, are so intertwined that you can't just worry about your own immediate customers or immediate suppliers because every part is so dependent. The supply chain is so well timed that any part fails, the whole supply chain will fail. So it is this full understanding. And it's, back to the word we used yesterday, partnerships. It's that understanding of what each part of the supply chain's doing. If I don't deliver this on time, what is the impact further down? Who will fail?

BJORN CLAES: It really is that the supply chain is as strong as it's weakest link. That was just like the chain. If I am that weakest link, then I increase uncertainty, and with that the cost for the entire supply chain. And what we said yesterday is that these days the supply chains that compete, it's not the company that competes against another company. It's that whole network that competes against that other whole network. And we need to make sure that we understand that in order not to be that weakest link.

KAREN FOLEY: There's so many other variables apart from just goodwill and good business management. We've got a shifting economic power as well and this whole global world that we're trading in, whereby there are different constraints and different concepts, I guess, of what good business looks like. How is some of that impacting?

ROB MOORE: I always think of the example of I buy a couple of small items, engineering items, to play with at home. And if I buy them from the UK they cost a certain amount, but I know I can get them in two or three days. If I go on one of the trading sites, which is eBay or Alibaba, I can order it from the manufacturer for less than 20% I would pay in the UK, but it'll take several weeks to get here because it'll be put onto a container ship and shipped across. So my question is, do I want it tomorrow? Or is it something this is of interest that when it gets here in four or five weeks, it's fine?

But I've got the option. So it's the same item because the UK supplier buys from the

manufacturers. The only difference is I can buy direct, and it's the timeline. So am I willing to pay five times the price to get it immediately or can it wait? But the interesting part about the supply chain is it gives me the choice. It's not the fact that I've only got the one choice. Five years ago, I would only be able to go to a UK supplier and buy these items and pay the full price. Now I can choose to wait and have it delivered.

BJORN CLAES: The thing is I think you can only do that when you really understand what's going on at the higher level. And you mentioned these changing economic powers.

If you see the rise of China. China before was relatively easy. It was our factory. They made what we consume, and it was almost a one-way traffic. That's no longer the case. China is becoming almost a bigger market than we ourselves are. And so all of a sudden there is not a one-way traffic, there's a two-way traffic. And how does that impact on the cost of raw materials? And we will see that certain raw materials are just going up because China consumes an enormous amount. And they have worked hard and benefited from our drive for consumption, our need for consumption. And it has developed as a nation. And it's now almost as big as a consumer, if not bigger a consumer, than we are. That changes the facts, and that changed the supply chain. And it changes the goods and the information streams.

And we need to be aware of them. Because when we operate in the supply chain, we being could be a small UK business, I need to understand what's going on. I need to understand what is happening right now. And I need to understand where the trends going because I need to make decisions about where do I source my goods from. Do I make them or do I buy them? If I do buy them, do I source them from a foreign cheap or maybe? Yeah. Do I just buy it from a local supplier? All these kind of things I need to take into consideration to make my own strategy to be able to compete in that increasingly competitive supply chain.

KAREN FOLEY: No, absolutely. I mean, we asked our audience at home, which areas of supply chain management they felt that their organisation needed to develop. And interestingly, 50% felt that it was more knowledge. We had 33% with more investment, 17% with better systems. Nobody recognising people as part of that process. But knowledge, like you say, is a key concern for our audience out there. And if you aren't watching in the Watch and Engage option, you'll be able to participate in widgets and also chat, by going back through the website and selecting that option also.

So what would you make of this more knowledge? People are craving knowledge about the

supply chain. And as you say, it's very, very important to understand these processes. How might people go about doing that, and where is the future of how transparent that knowledge should or could be?

BJORN CLAES: Look, I think the transparency is already there. It is virtually impossible to keep an innovation unique unto yourself. What I make today, my competitors will make tomorrow. It is the understanding that is your own end. What I understand, the ways of the market and the ways of the supply chain, that is up to me. I need to go out and study. I need to go up and experience and obtain that experience and try out and do new things.

Your example from Amazon before. We'll try out new things. Amazon is fortunate because it's a fairly rich company and powerful company. They can try out new things. But we can all do that at our own level. You don't need to be an Amazon to try out new things. But just trying out things without the underlying knowledge is just a bad Las Vegas trip. What you need to do is obtain the knowledge and understanding of how it work, and then the creativity and the guts almost to try new things because that's where your future lies in the end. It's in the risky business of trying to do things differently.

And the examples are there. Amazon is a good example. Dell, at the time, was a good example. Name all these big, famous companies that made it big.

Sarda, the clothing retailer. They use technology and the digital economy to change their supply chain. And it made them one the of leading companies in the sector. And they weren't there at the beginning. Clothes have been sold for centuries. Well, for more than centuries we've been wearing clothes.

[LAUGHTER]

So by just looking at the opportunities, by using the digital economy in their advantage, they have become from a single shop in Western Spain to this global company that basically sets the tone now. And everybody else has to follow. And that is just getting the understanding, getting the knowledge, and have the creativity and guts to try out new things.

ROB MOORE: It's that knowledge of that the individual parts was about the chain, so the way you need to increase your knowledge, first of all, what is it that your customers really want? We come back to your point about, you liked the fact that John's coming at a certain time, which is great for you. But other customers will want something different. So understand, what is it that your

customers really want and will value and will pay for?

And also your suppliers, where are they? Understanding their processes. Understanding what their constraints are, what their challenges are. Because if your suppliers struggle, you will struggle. So it's having that understanding and the knowledge of all the different parts. You don't need to be able to produce what your supplier's produce, but you need to know what they're producing, when they're producing it, what their constraints are.

If there are going to be any problems, the most important thing is to let your customers know that they'll be a delay. Everybody has delays, but what's unforgivable is to have a delay you're not aware of. And it's being able to pass that information on.

KAREN FOLEY: Yeah. And in the next session we're going to look very practically, and I'm very interested, like you were saying, this chain is only as strong as the weakest link within that. And I guess knowledge really relates to that and an understanding of firefighting when things might go wrong, and having checks in place to ensure that those weakest links are manageable as part of that chain, so it doesn't all collapse.

BJORN CLAES: Look, I think we've come a long way over the last decades in understanding what is playing in the supply chain, what are the issues of the supply chain in. And whilst we cannot, there is no single model that is this is how it works, we got a good understanding of what are the issues. But we still have a long way to go. I still continue to bump into people that say, well, I work for the NHS, and therefore the supply chain is not important for me. And I normally remain without words. The NHS, that is a supply chain organisation with an incredible component of the digital supply chain. It's all about management of information, coordination of capacities and availabilities. This is what the digital supply chain is rules.

It is just that a lot of people still think of supply chain management as the logistics function of decades past and the truck that brings the box from one door to that other door. And we need to go to a greater realisation that the supply chain is really what drives our business. And the digital component, that's what we argued yesterday, makes it much more complicated. There's a lot more possibilities out there, but it also offers a lot more opportunities. And you can only capture those by having understanding of those. That you know how to deal with the threats and that you can really capitalise on the opportunities. And so we've come a long way, but there's still a long way to go.

KAREN FOLEY: There is a huge way to go. And I'd like to talk about the future. And we asked people at home

what they thought the future of the supply chain management is. What will the supply chain management look like in 20 years from now? I'm not sure I could answer that, and I'd love to know your thoughts on that. If you click on the widgets and fill in a few boxes.

Some of the things though that spring to mind, would be talk about the actual end delivery, the very end of the supply chain. Drones are a big, new hot topic, I guess, in terms of how goods are delivered to consumers. And this is something that is really, really changing, in particular in a digital economy. A very different idea, I imagine, for somebody of an older generation, compared to someone from a new generation. So there are different, maybe emotional connections, and different demands for some of these things. How do you see this future, and in particular relating this to things like terrestrial drones?

ROB MOORE: Well, this is where we're starting to see some real trials taking place. We're starting to get cities that are signing up to be the first to allow these deliveries to take place. So again, Amazon is leading the way in certain areas of this where parcels are actually being delivered from the centre to the customer directly. There are examples where a terrestrial drone is basically a little remote control car that's driving on the pavement. It's not flying at all. Might be more acceptable in some areas not to have things flying overhead. But it basically follows the pavement. So we starting to. They're not widespread yet. They're in a trial area, but in 20 years' time it won't be surprising to have a robot of some description arriving at the door with your parcels in.

KAREN FOLEY: I mean, the UK airspace is very tightly controlled as opposed to other places, like Canada. So does that mean the UK might miss out? Are there then local implications of some of this?

ROB MOORE: I think there are some certain parts of the world where it will be more acceptable and almost more cost effective. We look at the changes in mobile phone technology. Mobile phones have taken off where traditional landlines don't exist. So they won't be building traditional landlines and phone lines because mobile technology's there. And similarly with the flying drones, they'll be able to deliver to places that roads just can't go. So a long way to go. We need better technologies, better efficiencies in engines. But in 20 years time, I think the reliability and the trust in them will grow enough that it won't be an unusual sight.

BJORN CLAES: I think the ultimate goal is that you can basically make a phone call and said, Scotty, beam up my shopping. That would be the ultimate efficiency in the supply chain. We're not quite there yet. In the meantime, things like the drones, it's not the actual solution what the drones will be.

It's the idea that goes behind it. And exactly as Rob says, look, if you live in the Canadian prairies or something, maybe the drone is actually the most efficient way because you don't need to drive or you're not locked by traffic and [INAUDIBLE]. Maybe it can be efficient. Would it work in central London? No, it wouldn't. Because there's again, there is this long list of factors that you mentioned--

KAREN FOLEY: Especially if you're organising big bottles of mineral water. I mean, we were talking about this yesterday in terms of economical supply chains. But clearly, there are implications in terms of what can be delivered.

BJORN CLAES: I think what we need to do is understand that we need to tailor the supply chain to the needs of whoever we are dealing with. And the needs of somebody in central London and the abilities of someone in central London, are just simply different than somebody else who lives out in the middle of nowhere. But they are equally interesting customers. And we need to find a solution that is both economical and beneficial and feasible.

And the drone in central London? No, it wouldn't work. And maybe the drop-off point, in all its simplicity as compared to the drone, is much more efficient and much more cost effective. And that is how we are now designing the supply chain of the future. It will be in a whole range of solutions to get the single bottle of water to the customer. And the companies who come up with a new, even better way of delivering that, they will win out. And I think that's where the companies functions in the companies have a marketing needs to start working together with the supply chain, need to start working together with research and development. And to design a product that marketing can easy sell, but that flow through that supply chain with those particular characteristics really, really well and that can be sold by the sales department at the price that is competitive. And somehow it is not this is a function versus a function versus a function, almost like we've organised this whole session.

One moment we talk about marketing, another moment we talk about supply chain. We need to sit all around the table, and with all these different functions together, and start thinking about what are the needs and the limitations of all these different functions. How can we make this work as an organisation? And how can we make this work as an organisation that is part of that much longer supply chain?

KAREN FOLEY: We asked people at home what they felt the future would like in 20 years. And we're now going to show the top 10 answers to those. Things like developing economics, changing

markets. Bespoke, that's a key area we've been talking about. Trust, service chains, digitalisation, seamlessness. To name but a few. Direct manufacturing and increased complexity. So a lot of very diverse issues there.

But I'm just thinking in terms of you're talking about. We've been talking about the interaction, I guess, between machine and human, and how important that human interaction is. I'm very conscious that supply chain management, the goal is really to streamline a lot at this effectively so that we're seeing something which ultimately could be someone's fridge being stocked and populated with their levels of optimum consumption. I mean, manufacturers are working on this kind of thing, being delivered in whatever way, shape, or form to consumers.

In terms of supply chain management, that's brilliant, because I can imagine that those complexities and various aspects of economics will be nailed out so that we were at an optimum level. But what does that then say about us as humans and consumers and our levels of choice and our abilities to interact and, I guess, change that supply chain? Is there a point at which it becomes optimised?

ROB MOORE: Well, I think you're talking there about, we're back to the knowledge element. And they've been talking about fridges that do your ordering for you for years. And for that to be a reality, what we would need to have is a consumer that has a relationship with a particular supplier, with a particular supermarket. And then what would happen is, the supermarket would monitor the levels of your milk and various things. And you'd need an agreement that said, when it gets to this level, I'll need this ordering. Because what would then happen is the various ingredients various food in your fridge, they would know when it's been used. Their suppliers, the shop suppliers would know when more needs to be ordered, and it would be delivered at an agreed time which isn't that different to what we've been doing in manufacturing for years.

BJORN CLAES: Called [INAUDIBLE], right?

ROB MOORE: Absolutely. And it's a common practise where raw materials just to aside are monitored by the supplier, who then decides what needs to be delivered and when. And there's just an agreement to the levels that they stay between. It's taking that manufacturing, that business aspect, and bringing it into the home. How comfortable people will be with Asda deciding when they're milk's going to be delivered would be an interesting one, but it could be.

BJORN CLAES: If you think about it, it's already happening. If you look at the way we consume music. The way we consume music. We don't necessarily have to have the CD or whatever the medium is

anymore. We just need to have it available when we want it. And how it gets to us, we don't mind. I was taken some time ago that in my iTunes there was music that I didn't put there. And so somehow the supplier suggests now music, and I can listen to a bit, and then they hope that I can buy the rest.

ROB MOORE: Do you think we'll buy it in the future though? Because I think I haven't bought music for years now.

BJORN CLAES: Now we buy the subscription, that we buy almost the right to listen to music that somehow should sustain that.

ROB MOORE: That's exactly it.

BJORN CLAES: But it's interesting what you said because at the business level, it's already happening. It's just us as private people, personal people, we struggle with releasing that control almost.

KAREN FOLEY: It's trust, isn't it?

BJORN CLAES: It is trust.

KAREN FOLEY: It's what our audience said in terms of we, to some extent, will have these relationships effectively with our supply chain whereby we can trust that it's acceptable for them to maybe suggest things.

BJORN CLAES: This part goes to simply the culture. If you just look at the difference between the age groups. I am still of the older generation. I want this piece of music, and I want to have to my hard disk in this sub directory, whereas most people they listen to things like Spotify and things like that. And they just assume it to be there. And they don't really think about the few pennies that it cost to listen to the song.

KAREN FOLEY: Does it make you feel old, though, Bjorn? [LAUGHS]

BJORN CLAES: Oh no. I find it fascinating, but I recognise that, indeed, I struggle to adapt to that because I feel that I need to have the song on my computer, and I'm a child of my time. I mean, that's reality. And whilst I'll depend on the digital economy for my work, I still I'm hold stuck to this. I need to have this folder with this music on my computer because otherwise I don't feel comfortable. And companies need to accommodate that.

ROB MOORE: There's that difference between the product and the service. We're becoming more

comfortable with a service and renting a movie rather than buying the actual DVD. It will be interesting in a few years time, the balance between DVDs sold in the shop compared to those that are rented and the various subscription services.

KAREN FOLEY: Well, we're going to have a quick break now because I know you can talk about supply chain management for hours, and indeed we will. But we're going to take a quick five-minute break. And then we're going to return where we're going to look at specific examples of large organisations that are using this and also small businesses also. So we're going to have a quick break. We'll see you again in five minutes to continue this conversation.

[MUSIC PLAYING]