SCM430 Individual Project 3

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**Supply Chain Relationship:**

With the expansion in global market, various companies redefining the supply-demand. These companies try to keep production cost low by expanding their business where the labor and raw material is cheap. It requires a dynamic procurement strategy to supply the quality raw material with the right prices for the required quantity. The management of all these activities is known as supply chain management. There are three types of supply chain relationship include; vertical, horizontal, and full collaboration relationships. Vertical relationships define the link between firm and supply chain that are raw material supplier, producers, distributors, and retailers. Horizontal is the relationship between firms that have a parallel position in the supply chain. Full collaboration is a combination of both vertical and horizontal relationships.

**Strategies:**

Amazon has some excellent supply chain strategies. Amazon is the retailer of choice for its consumers. Its competitive strategy includes; use of advanced technology, excellent transportation, and set of multitier inventory management.

* The products which do not show rapid purchasing or ordering by the customers, Amazon outsource the distribution and storage of these products which helps the company to lower the marginal return on their scale. In addition, the company stocks frequently sold products that show high demand and purchasing.
* The company follows a price differentiation strategy by dividing its customers' segments. Amazon offers various forms of delivery, and prices are set according to how fast the consumer wants to deliver the product.
* Amazon uses a push-pull strategy. Pull strategy includes the shipment of the orders while the push strategy relies on wherein the inventory is held.
* A most important strategy of Amazon supply chain management is the analysis of multitier inventory system. It ensures the supply of the product to meet its demand in a dynamic manner (Al Imran, 2014).

**Performance Measures:**

Amazon is the customer-centric company where the satisfaction of the customer is the main objective. Therefore, Amazon highly relies on customer metrics to measure its performance. Customer metrics indicate the performance by the feedback of the customers. It also depends on order refunded percentage, late ship rate, order defect rate, cancellation rate, valid tracking rate, pre-fulfillment cancellation rate, and perfect order percentage. Beside customers’ metrics, Amazon also looks forward to the employees' performance and for that employee metrics is used by the company. In addition sales metrics helps the company to see the performance through insurance, shipping, advertisement, and utilities. In order to measure the overall performance of the company valuation metrics is used. Valuation metrics include price to earnings ratio and price to sales ratio.

**Risk Management:**

As Amazon is most concerned towards its customers, therefore, Amazon has established a risk management service that has a worldwide reputation. Amazon's Transaction Risk Management Services (TRMS) is introduced for eCommerce fraud prevention. Company ensure safety and trust to their customer and maintain the highest bar of customer experience. TRMS depends on advanced software processes and systems to detect and avoid fraudulent transactions. In addition, millions of orders from customers of different location are investigating manually by the risk management team (*Risk Identification*, 2013). In other words, Amazon offers transaction to its customers throughout the company’s ecosystem confidently by establishing abuse and fraud risk management tools. These tools are valid to product variety, way of payment, geographies, and business lines.

**Recommendations:**

* Most of the transactions between customers and company take place online where the company uses various courier companies. The company should introduce its own transportation and present last mile delivery through own delivery vehicles.
* Amazon highly relies on eCommerce, therefore, the company should integrate its complete SCM from end to end in a single IT system to avoid any accountability issues (“Transaction Risk Management Systems,” n.d.).

**References**

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