

# Research on Digital Transformation of Supply Chain Finance

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**Abstract:** The important engine of enterprise quality development is the supply chain and digital transformation. The State Council proposes to "deepen the integration of value chains, the Internet and supply chains, so as to innovate and develop new value chain concepts, technologies and models." Chinese enterprises are aware of the importance of digital value chain transformation, and hope that transformation can better meet the requirements of industrial development and ensure market competitiveness. However, many companies do not understand and are afraid of distribution. To this end, this article will introduce the necessity and path of supply chain digital transformation.

**Keywords:** Supply Chain; Finance; Digital Transformation; Digital Development.

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## 1. The Necessity of Supply Chain Digital Transformation

Facing the wave of digitalization, companies are under enormous pressure... Digital transformation is the only option for companies to position and compete in the global industrial chain. In other words, in a digital and competitive environment, enterprises must achieve digital transformation, and digital value chains can be the first step in enterprise transformation.

### 1.1. Digitization is the Development Trend of the Times and Can Stimulate the Vitality of Productivity

The development of technology has promoted the rapid development of digital technology, which has penetrated into all fields of business and human life. Whether or not a company is ready for this challenge, it is caught on the wave of time, entering a complex business world full of uncertainty and new opportunities and obstacles. By using sensors, tags, smart devices, and algorithms, companies can obtain real-time data from various processes, better understand and predict demand, develop products that meet user needs, and develop more efficient production, transportation, storage, and other management solutions.

### 1.2. The Supply Chain is the Core Competitiveness of an Enterprise and the Decisive Force for an Enterprise to Win in the Competition

A value chain may only exist in a specific region, or in different countries and regions in the world, including hundreds of links and a period of several months or even longer. Value chain transactions are risky and difficult to control, and business interests in the value chain are interrelated. If there is a problem in one or more links of the value chain, it may affect other links in the value chain, adversely affect the value formation of all companies in the value chain, and reduce their market competitiveness, which requires companies to work hard. Digitalization can connect

value chain participants with information, technology, management, knowledge, etc., promote and improve the risk perception, adaptability and rapid response capabilities of the value chain, help enterprises optimize and improve the value chain, and create new sources of profit.

Therefore, for companies to survive and remain at the core, they must digitize their value chains.

## 2. The Path of Digital Transformation of Enterprise Supply Chain

Value chain digitization is not only a value chain plus technology, but also a technology incentive activity. In the process of company transformation, we must understand the company's current situation and future development, obtain internal approval of transformation activities through communication and discussion, formulate specific transformation plans and programs, evaluate transformation activities, and consolidate the success of transformation.

### 2.1. Understand the Current Status and Future Development of the Enterprise

Take the time to review the company to understand where it is and where it will go in the future. Before companies decide to digitize their value chain, they must understand themselves, the market environment, industry and industry cycles. The purpose of business transformation is to meet the needs of industrial development and gain a competitive advantage in the market. A clear understanding of industry milestones, industry cycles, and market developments will help companies identify opportunities and find the right starting points and nodes.

Businesses must now develop a digital value chain strategy. According to this strategy, the enterprise will decide what to do or not to do during the transition period according to the overall and future development of the enterprise. The digitization of the value chain is an important long-term strategy for enterprise development and an integral part of enterprise strategy. Transitioning to strategic digital supply chain management will greatly increase the success of the transition. When developing a strategy, companies must take

into account the prospects and challenges of value chain digitization, the positioning and goals of the value chain, and new business models and management models.

## **2.2. Obtain Internal Recognition of Transformation Activities within the Enterprise**

Exchanging information and discussing electronic changes in the value chain within the organization to gain understanding and support from members is an initiative that is often overlooked by companies. Many companies believe that corporate transformation is determined by the top management of the company. As long as the plan is well implemented, lower-level employees don't need to know the reasons for the transformation of the enterprise. In this transition mode, lower-level workers are often not merged, or even deliberately destroyed. Due to lack of experience and internal staff understanding, they are confused about the transition project, do not know how to cooperate with the company in the transition process, or worry that the transition may endanger their personal interests, thereby deliberately hindering the implementation of the project. Communicate with company employees, discuss changes, promote the understanding and support of project personnel, accept employee change suggestions, and promote the smooth implementation of the project.

## **2.3. Formulate a Specific Transformation Plan**

In the new operating management model, employees may feel confused, helpless and even dissatisfied with their inexperience. To do this, companies must encourage employees to actively embrace digitalization, business change and innovation, and provide time for employees to adapt, learn and solve problems. In addition, the digitization of the value chain requires changes in business processes and the support and cooperation of organizational structures. These changes may lead to new personnel changes. Companies must attract new technical and business talent, developing cross-industry talent who can integrate business with new technologies within the company.

## **2.4. Implement Transformation Plans and Programs, Evaluate and Consolidate Transformation Results**

Implement reform plans to assess and consolidate transition gains. During the implementation process, the company must listen to the feedback of the employees involved in the renovation project, understand the progress and obstacles of the project in real time, and develop a predictable phased reward system to keep employees actively engaged. After the digitalization of the value chain is completed, enterprises must evaluate the transformation process and its results, accumulate experience for a new round of transformation, and successfully realize system transformation.

# **3. New Features of Digital Supply Chain Finance**

Business model platform. Traditional supply chain finance is mainly aimed at solving financing problems and is a typical credit-driven business. Digital supply chain finance in the era of the industrial Internet requires financial service providers to upgrade their business models. They are no longer simply

providers of credit or funds, but are deeply involved in building or co-building industrial Internet platforms with industry leaders. Grasp the scene and data entry at the industrial end, and on this basis, transform to a data-driven financial service model centered on information consultation, asset operation, asset transaction, and fund matching, and realize platform-based operation.

Widening of service objects. Traditional supply chain finance is mainly based on core enterprises, relying on the credit of core enterprises, serving upstream and downstream enterprises that are closely connected with core enterprises and have direct transactions. The service radius is relatively short, and many other small, medium and micro enterprises in the industrial chain cannot obtain supply chain finance. Serve. On the other hand, digital supply chain finance can create data value through emerging financial technology, make full use of comprehensive and continuous data to restore the real industrial chain map, and accurately portray customers, so as to break through the traditional business restrictions and create infinite value along the industrial chain. Extend to include more customer groups in the scope of services. At the same time, digital supply chain finance can also provide financial services throughout the entire life cycle of supply chain members by mastering the life cycle of the supply chain and its members.

Smart financial services. Different from customer marketing, product innovation and service upgrades in the traditional sense around the supply chain core enterprises, trading centers, terminal markets, etc., digital supply chain finance relies more on the deep insights into the supply chain from big data to discover customer needs. Carry out precise marketing of the market, scientific management of risks and comprehensive improvement of service experience. The first is intelligent and precise marketing around high-quality data in the supply chain. The traditional marketing mechanism is mainly based on the list and recommendation system of core enterprises, while the marketing of digital supply chain finance is more about developing intelligent models and programs to find customers with the help of supply chain information resources and digital means shared by all parties. demand, search for business opportunities, and push comprehensive services. The second is to build a risk management mechanism in which "artificial + intelligence" is mutually verified. In addition to customer marketing, financial institutions are also increasingly applying digital technology to the operation management, risk control and abnormal handling of supply chain financial business, so as to more scientifically evaluate individual business risks, intelligently screen target customers and judge abnormal behaviors wait. The mutually verified risk management mechanism of "artificial + intelligence" has become the core of digital supply chain financial risk management.

The financial empowerment effect is notable. As a complete business ecology and competition subject, the supply chain needs to constantly learn from the old and absorb the new, and evolve and upgrade in order to adapt to changes in the market and resources. In the evolution process of the supply chain, supply chain finance, as a kind of ecological finance that comes from the industrial chain and goes to the industrial chain, constantly consolidates and optimizes the industrial chain, has played an indispensable and important role in promoting it. This is the financial enabling effect.

Although traditional supply chain finance has largely promoted the flow of supply chain resources and improved

the efficiency of supply chain operations, with the rapid changes in the market and technology, traditional supply chain finance has been difficult to meet the dynamic adjustment speed and efficiency of the supply chain ecosystem Lifting requirements. Digital supply chain finance, based on the high-frequency interaction and deep integration of digital technology and financial services, can strengthen insights into the supply chain through supply chain panoramic data and business models, capture new customer needs in a timely manner, and integrate financial The service seamlessly integrates into the supply chain business scenario, and even becomes a basic production factor to empower the supply chain and promote its further evolution and upgrading. It can be seen that the empowerment and efficiency enhancement of digital supply chain finance is more significant.

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