



Benefiting from Business Flexibility by Enabling **Supply Chain Collaboration and Visibility in Real Time**

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Why flexibility has become important today?

Global market dynamics have made companies focus on aggressive expansion into new markets while simultaneously taking advantage of global sources of supply, production, distribution & talent.

Multiple Sourcing Agreements

Global sourcing, VMI, reverse auctions, e-marketplaces

Multiple Fulfilment Partners

Warehouse, store / branch supplier, 4PL/3PL network Own fleet, own/ 3rd party service network,



Multiple Demand Signals

Orders, Plans
Forecasts, POS
data

Multiple Fulfilment Methods

Pick-pack-ship, Project-based
Build-to-order, Replenishment
Drop-ship / direct-ship

Multiple Channels

Store / branch,
Website / kiosk
Call centre, Dealer /
distributor / reseller network,
Sales force, EDI

Multiple Customer Segments

Small business,
Corporate,
Consumer

Key Challenges

- Shorter product lifecycles
- Unexpected changes in customer demand, impact of social media
- Increase in the number of global disruptions
- Complex reach and distribution to cater to different markets
- Huge number of product lines and SKUs making the planning and supply-demand balance challenging

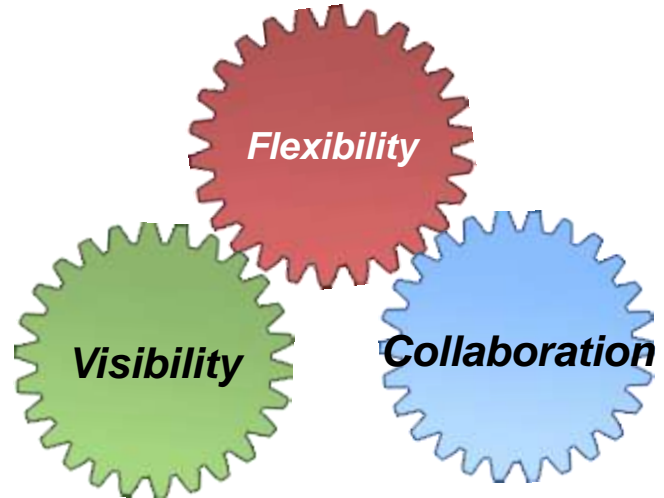
Flexibility Mandate: Triple-A Supply Chain*

The Best supply chains aren't just fast and cost effective. They are also agile and adaptable and they ensure that all their companies' interests are aligned

Adaptability: Ability to adjust the supply chain's design to meet structural shifts in markets, modify supply network strategies, products and technologies

Alignment: Create incentives along the partners within the supply chain for better overall performance

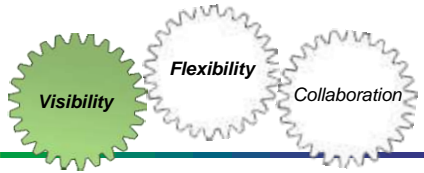
Agility: Ability to respond to short-term changes in demand or supply quickly and handle external disruptions smoothly.



Collaboration and real time visibility are two key levers to enable flexibility

* The Triple A Supply Chain – by Hau L. Lee

What is Supply Chain Visibility?

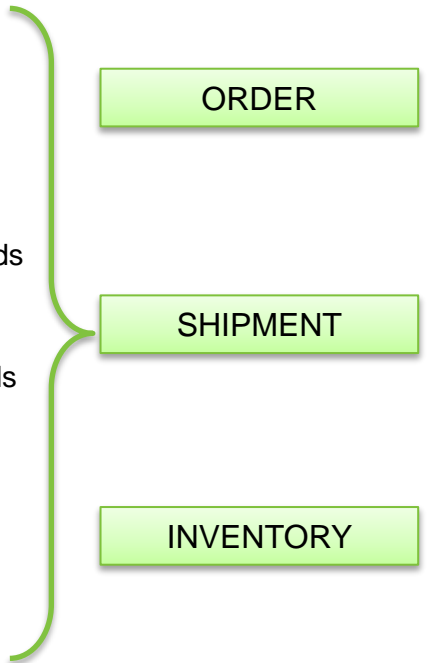


Collection, monitoring and analysis of real-time information (order, shipment and inventory) from distributed sources enabling response to unplanned demand or supply events and workflow based decision support.

BUILDING BLOCKS

Demand visibility	Availability of demand within the time frame necessary to react to it – includes replenishment-based demand, surge, and future demand
Fulfillment visibility	Real-time supply information based order promising, tracking of order status tracking and exception alerting
Procurement Visibility	Tracking a PO through Payment, including Acknowledgement, ASN, Goods Receipt and Invoice. Alerts for quantity and date discrepancies.
Manufacturing visibility	Inventory visibility, tracking a manufacturing order through finished goods receipt, including machine breakdown disruptions
Transportation visibility	Monitor shipment times and carrier pickup delays, shipment quantity mismatch to notify of exceptions
Supply Chain Analytics	Monitor KPIs on a real-time basis to enable strategic performance management, S&OP and operational performance management

VISIBILITY ELEMENTS

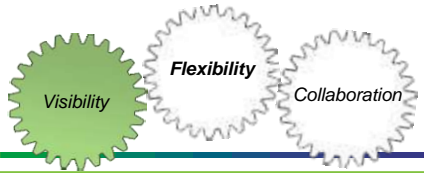


Companies move towards a more connected and visible supply chain through a three phase approach

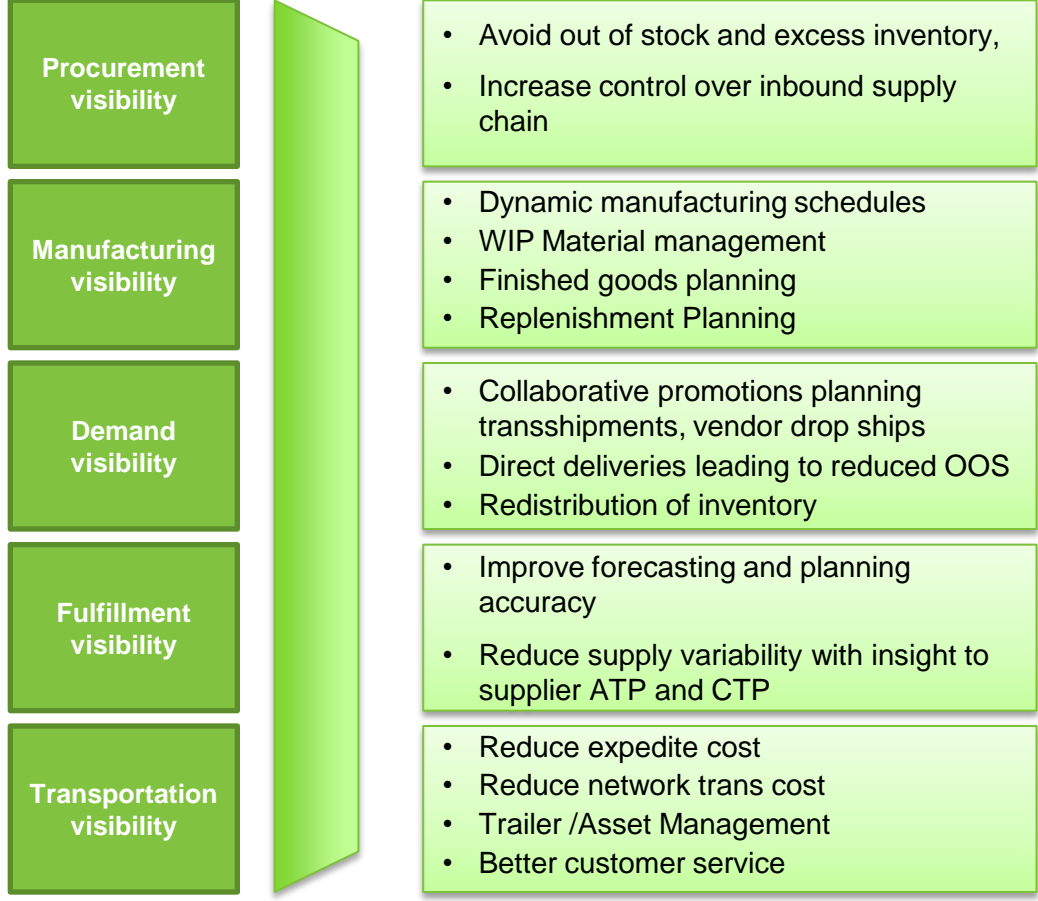
- 1) Extend visibility within and beyond the enterprise
- 2) Utilize dynamic business intelligence and decision making
- 3) Focus on security, resiliency and efficiency in supply chain execution

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Impact on Organization



Benefits : Ability to remedy risk prone areas of the supply chain



KEY PERFORMANCE INDICATORS

- Inventory turns
- Operational cost
- Lead time
- Revenue

Challenges

People

- Partners not fully aligned to the project - sending untimely / incomplete data
- Readiness among partners to participate in real-time information exchanges
- Adapting users to an exception driven organization

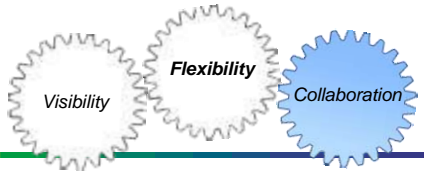
Process

- The extended transit times characteristics of global operations
- Involvement of multiple carriers /partners increases complexity

Technology

- Integration cost /challenges
- Technology limitations of trading partners/ service providers
- Vendors using outdated technology
- Lack of information standards
- Dealing with multiple formats of same data standards for different geographical locations/ business divisions
- Incomplete and inaccurate data from partners

What is Supply Chain Collaboration?



Coordinated efforts between suppliers/customers to share time-phased supply chain data (forecast, inventory, order,) at a set frequency, to plan, execute and achieve end to end value chain objectives

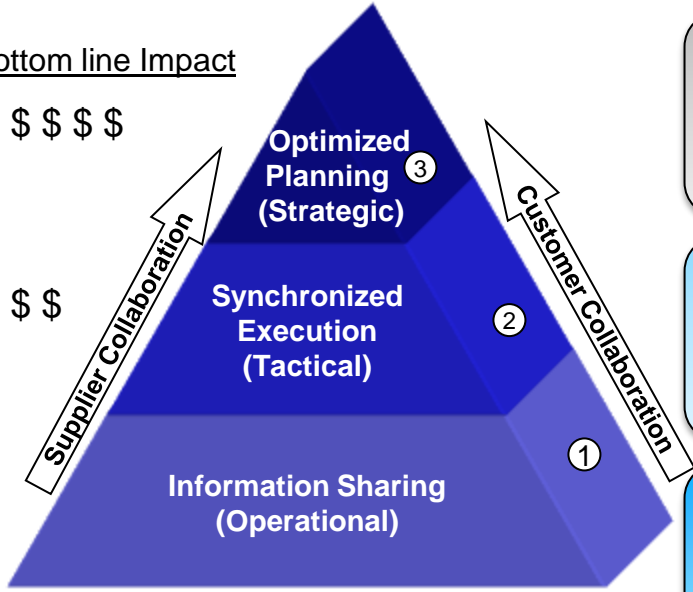
BUILDING BLOCKS

Bottom line Impact

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Activities

- Benefits & risks sharing
- Involving partners in demand & supply planning
- Designing new products with suppliers
- Joint decision making & partnerships

- Suppliers:- Vendor-managed inventory, Automatic replenishment programs
- Customers and Logistics providers:- Shipment consolidation, Direct store delivery, Merge-in-transit transportation

- Order and shipping status
- Shipment composition
- Delivery schedule
- Monthly Sales forecast

Characteristics

Making joint decisions to maximize supply chain performance, profitability and customer satisfaction

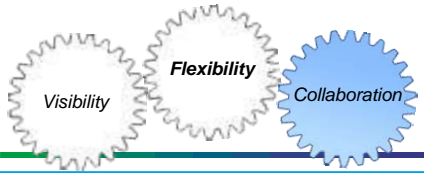
Reacting to supply and demand requirements and making changes in day-to-day activities to improve costs and service levels

Providing access and visibility to short-term information (passive information sharing)

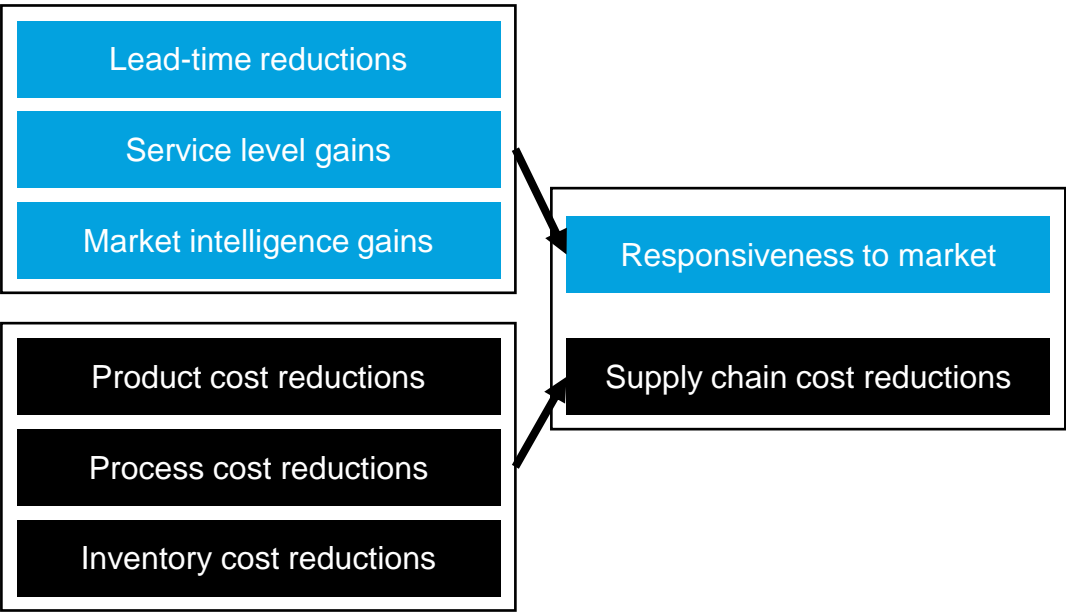
As the supply chain becomes more collaborative it is important that companies establish cross-functional supply chain metrics..

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Impact on Organization



Benefits : Ability to remedy risk prone areas of the supply chain



KEY PERFORMANCE INDICATORS

- *Customer service levels (Order Fill rates)*
- *Supply chain cost reduction*
- *Collaborative planning accuracy*
- *Revenue growth*
- *Working capital costs reduction*

Challenges

People

- Partners not fully aligned to the project
- Ensuring ongoing buy-in across inter enterprise
- Coordinating efforts across divisions and functions

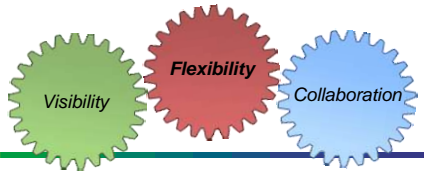
Process

- Developing policies for security and confidentiality of sensitive data and proprietary information
- Standardization of collaborative solutions and processes
- Benefits/risk sharing and incentives alignment framework

Technology

- Security infrastructure for data exchange
- Following common architecture standards across the enterprise
- Data consolidation and cleansing
- Managing data from multiple software vendors and synchronization
- Scalability of solution

How the Best-in-Class are enabling Flexibility?



Supply chain collaboration and real time visibility are two key levers to enable flexibility

Visibility

Resilient Supply Chain

Major hi-Tech – Gartner SCM Top 10

- Visibility into internal, external events
- Prioritization on critical products
- Measurement Resiliency metrics

Benefits: Reschedule suppliers and orders within 24 hours during crisis

- Last-time buys, secondary sourcing

Life Cycle Visibility Driven Planning

Major Hi-tech OEM – Gartner SCM Top 25

- Visibility into SKU life-cycles and creation of segments
- Focused planning efforts for each segments based on its characteristics

Benefits: Revenue growth of up to 4%. Stock write-offs or discount reduction up to 50%, Reduction of logistics and expediting costs between 25 and 50%

Collaboration

Information & Data sharing

Subsidiary of Fortune 500 CPG company

- Information/data flow improvements to enhance collaboration with suppliers & contract manufacturers
- Increased automation to provide accurate & timely availability of information

Benefits:

- Top down hierarchal metrics to monitor achievement of organizational goals & objectives, facilitate collaboration and benchmarking of performance

Collaborative Planning & Forecasting

Consumer Electronics Major

Demand Planning and Management system. Integration with planning systems and automated inputs from dealers and internal staff

Benefits: Increased transparency of dealer inventory and sell-thru to business planning team



Thank You

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