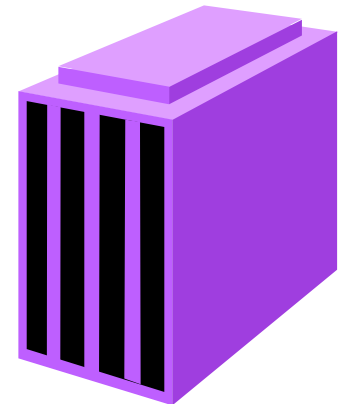

Supply Chain & Logistics

If Dell Can Do It.... !!

- 00:00** Query on options and price
- 00:20** Configure to requirement
- 00:24** Order acknowledged
- 00:26** Credit check complete
- 00:30** Configuration relayed for assembly
- 06:30** Assembly complete
- 07:00** Ready for dispatch
- 24:00** Received at site



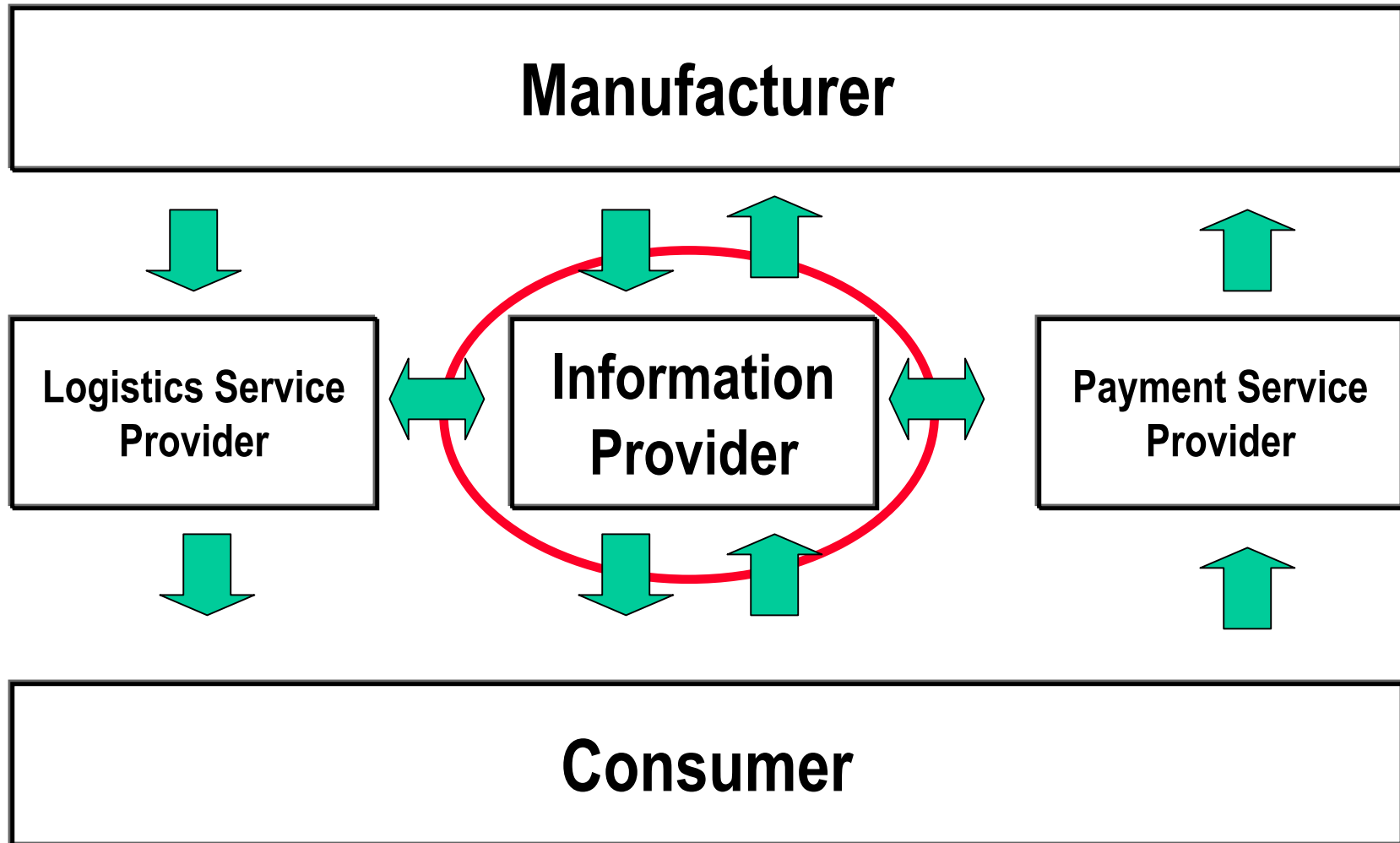
7 x 24 X 365 Availability

SCM Defined

The exchange of information and movements of goods between suppliers and end customers including manufacturers, distributors and any other enterprise within the extended supply chain

Integrated Supply Chain Management is a process oriented integrated approach to procuring, producing and delivering products and services to customers. Its scope includes sub-suppliers, suppliers, internal operations, trade customers, retail customers and end users. It includes managing materials, information and fund flows

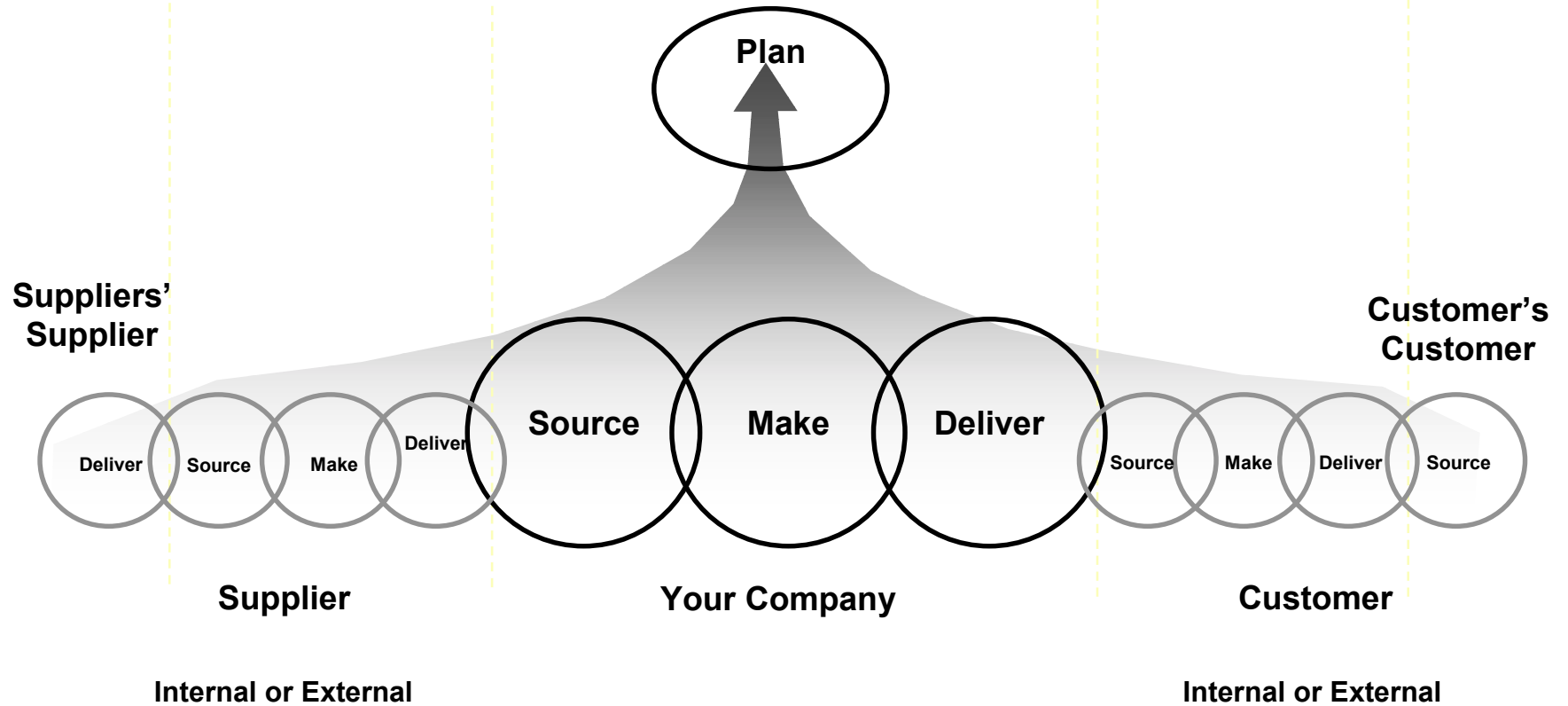
Where Does The Net Fit In?



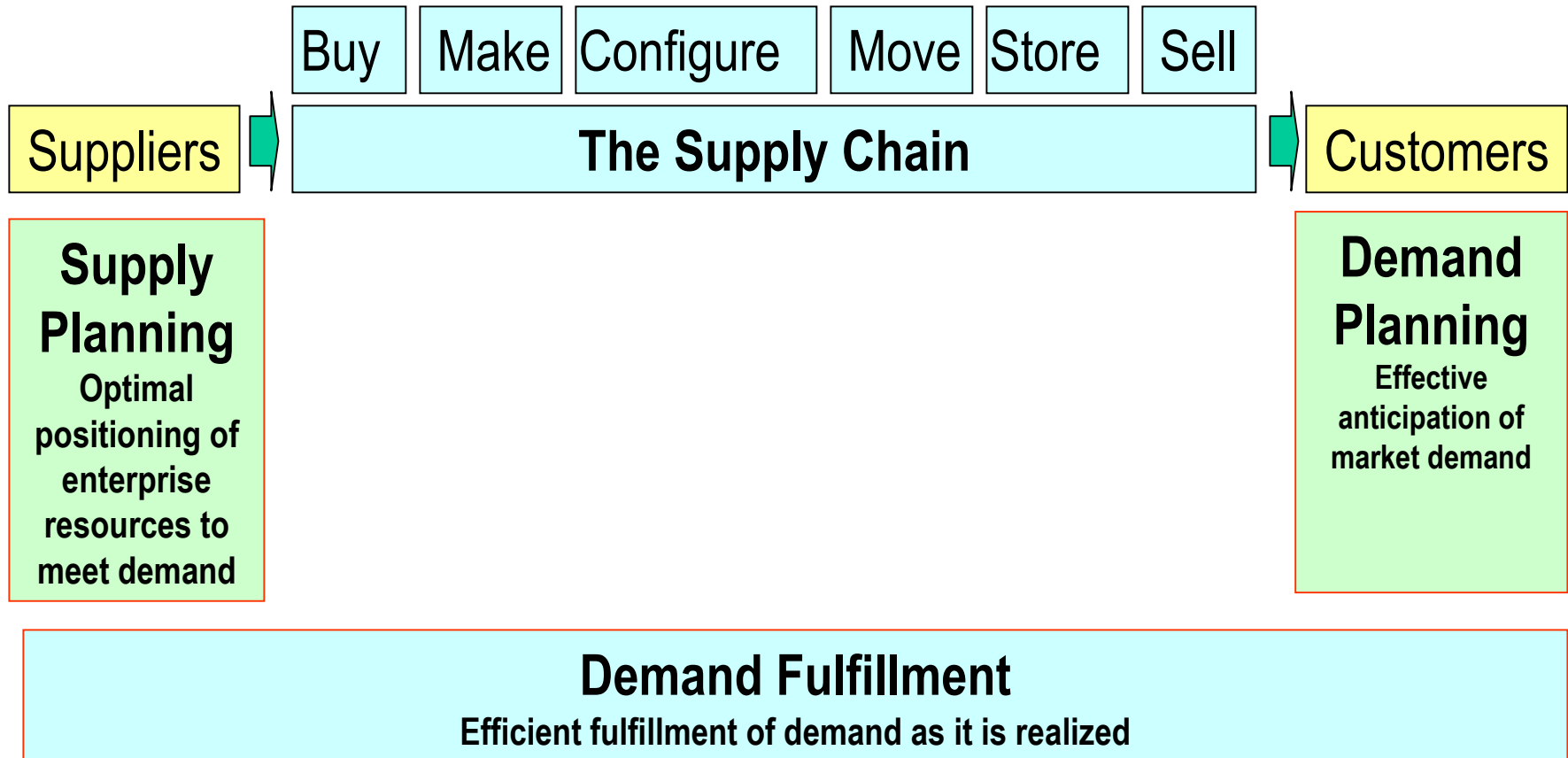
The Rise of the Internet Has Meant ...

- **A flood of new products:**
 - √ **Electronic catalogs / malls**
 - √ **Order and payment systems**
- **Need for tighter customer links:**
 - √ **Support one-to-one marketing and trading partners**
- **New demands:**
 - √ **Added pressure on forecasting**
 - √ **More strain on inventory management and control !!!**
- **Executive focus on supply chain effectiveness**

SCM : The Scope



Supply Chain Management



SCM - the Evolution

➤ Stage-0 : The earliest stage

- √ Warehousing & Transportation as two separate functions

➤ Stage-1 (~1963) : 2 function SC

- √ Physical Distribution Management integrating Warehousing & Transportation

√ Benefits :

- Inventory reduction through faster, more frequent and more reliable transportation
- Increased accuracy of forecasts resulting from shorter length of the forecast period due to shorter order response times
- More optimised warehouse locations for better service and lower total costs

√ The Enabler :

- Improved data communication between different levels of Warehouses
- More advanced analytical techniques facilitating better decisions among a more complex set of factors

SCM - the Evolution

➤ Stage-2 : the Logistics stage : 5 function SC

√ Integration of Manufacturing, Procurement & Order Management functions with Transportation & Warehousing

√ The Enabler :

- EDI
- Worldwide communications &
- Wider availability of computers for data storage & analyses

√ The additional benefits :

- Visibility of products across the entire supply chain
- Shorter procurement lead times
- Reduction in input material costs
- Reduced WIP
- Building standard product specifications
- Reduced incidences of stockouts

SCM - the Evolution

➤ Stage-3 : the ISCM stage (curr.) : 7 function SC

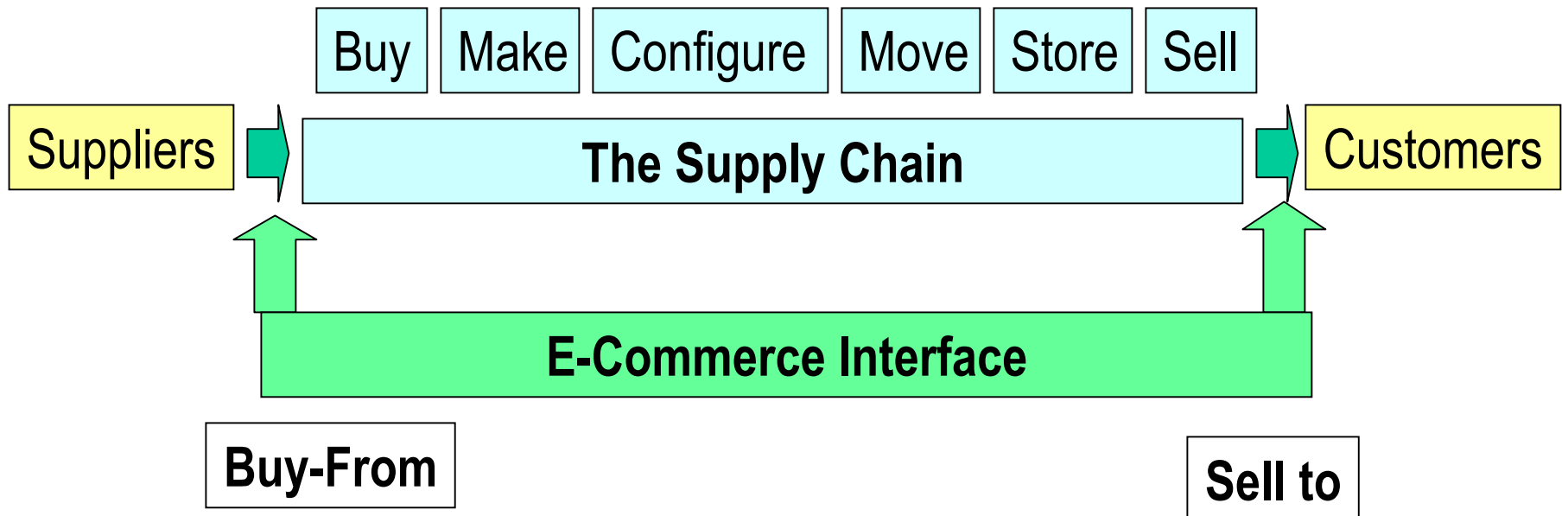
- √ Integration of Suppliers & Customers with Manufacturing, Procurement, Order Management, Transportation & Warehousing functions
- √ The enabler :
 - EDI & Electronic funds transfer
 - higher bandwidth communications
 - DSS's for planning & execution &
 - Training
- √ The additional benefits : Quantified
 - Inventory reduced by 50%, Inventory turns up 2x, out-of-stock incidents down 9x
 - Revenues increased 17% & Supply Chain total cost share of revenue reduced 20%
 - 50% reduction in finished-goods inventory by postponing packaging until receipt of orders
 - 40% increase in on-time deliveries
 - Cumulative cycle time reduced by 27%

SCM - the Evolution

➤ The Last Stage : the Super SCM : >7 function SC

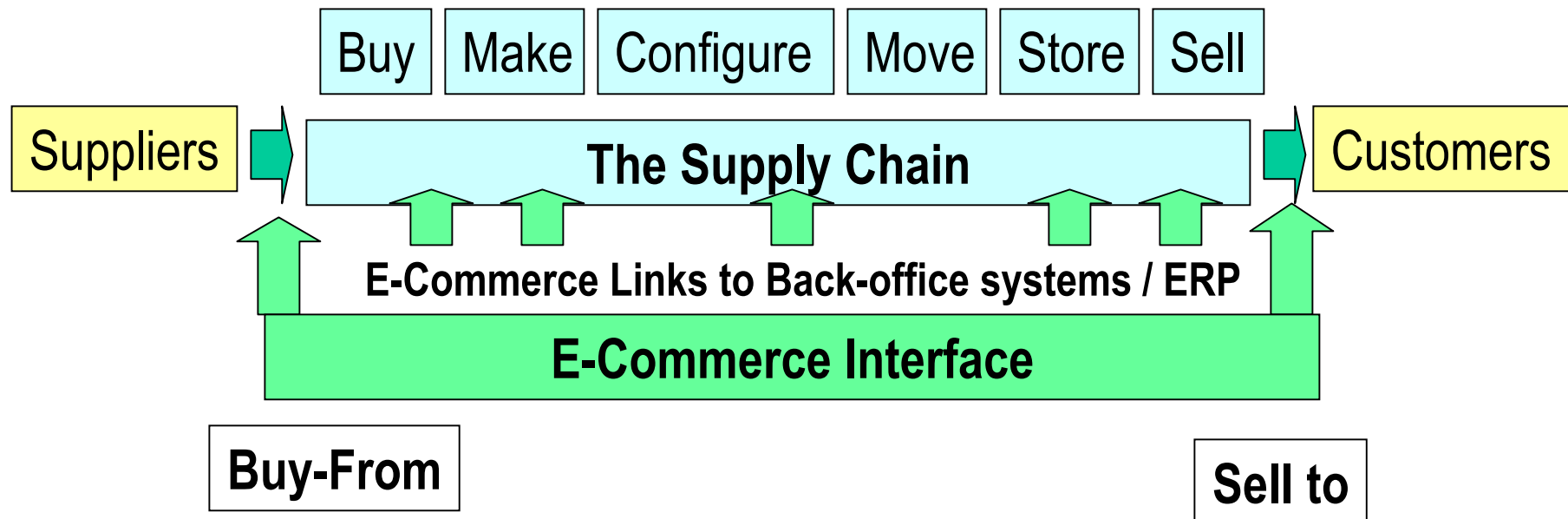
- √ Integration of Product Development, Marketing & Customer Service with the Suppliers, Customers, Manufacturing, Procurement, Order Management, Transportation & Warehousing functions
- √ The enablers :
 - Advanced communication systems
 - Better, more sophisticated & more user friendly analysis & modeling tools
 - Increased availability of sophisticated demand forecasting tools
 - Increased training, education and awareness
 - BPR & TQM focusing on process interactions & design of more efficient, productive processes
 - Move towards Activity-based Costing (ABC)

Delivering Value



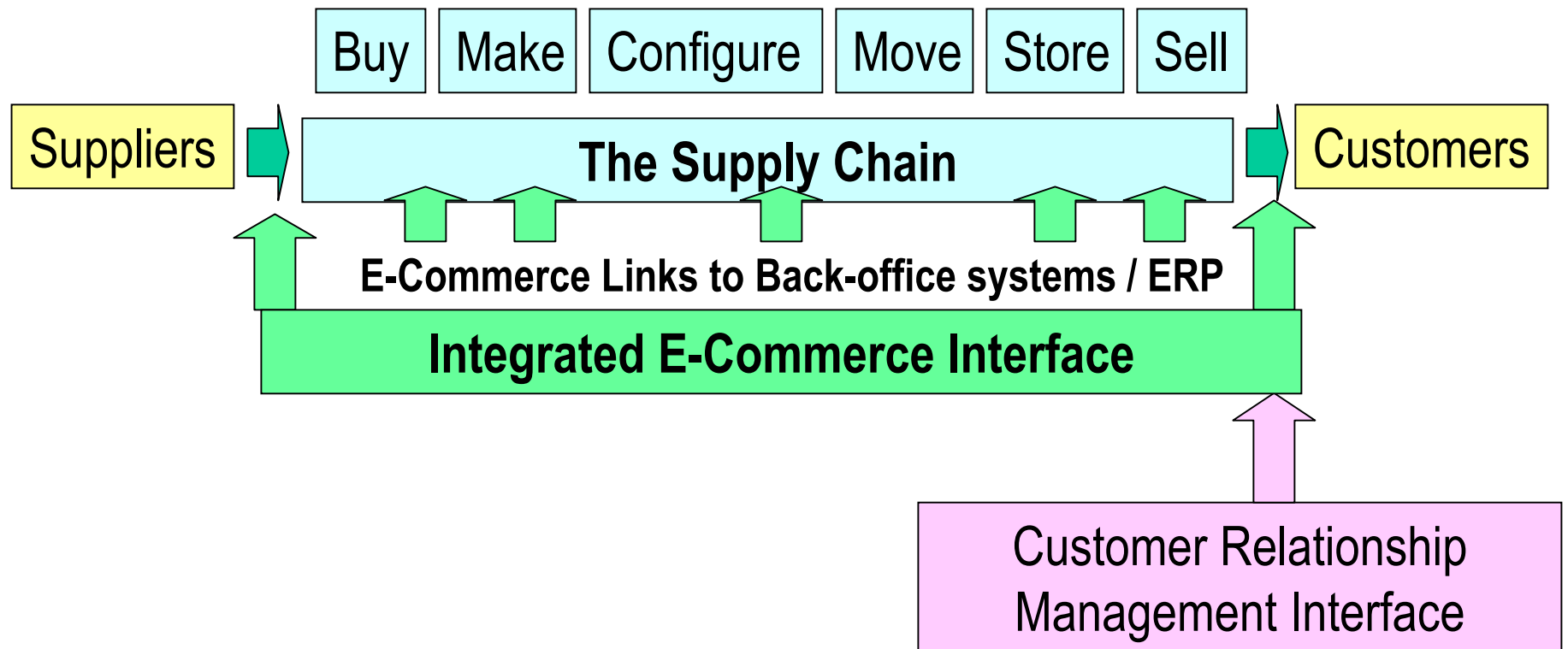
Extra-Enterprise Integration

Delivering Value : Integrated e-Comm

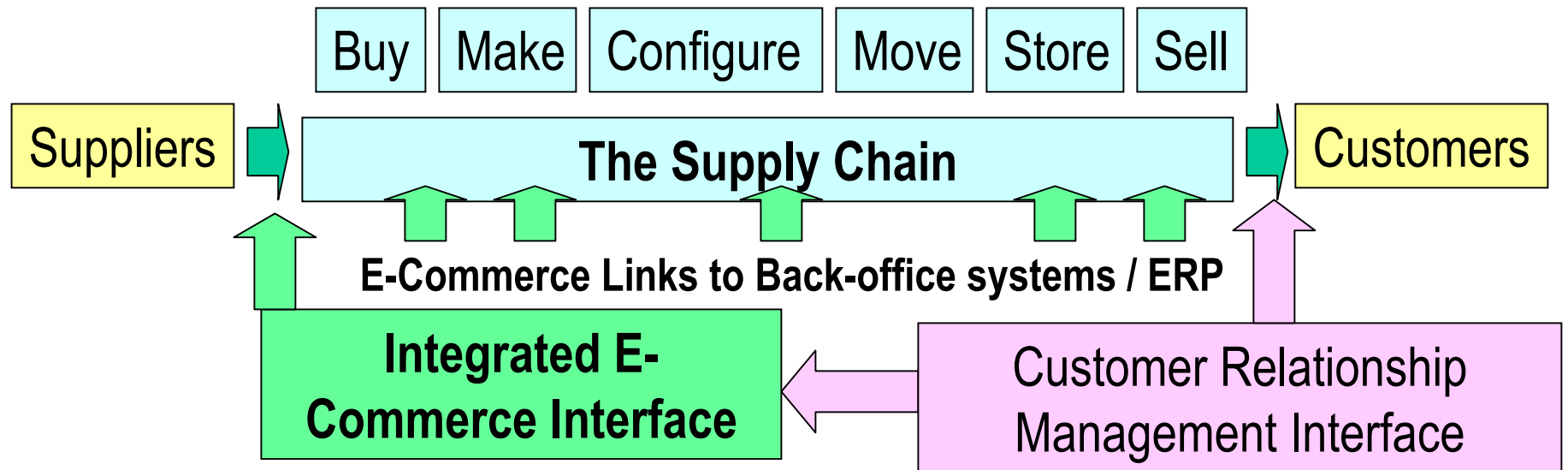


Extended Enterprise Integration

Delivering Value : The Customer Interface

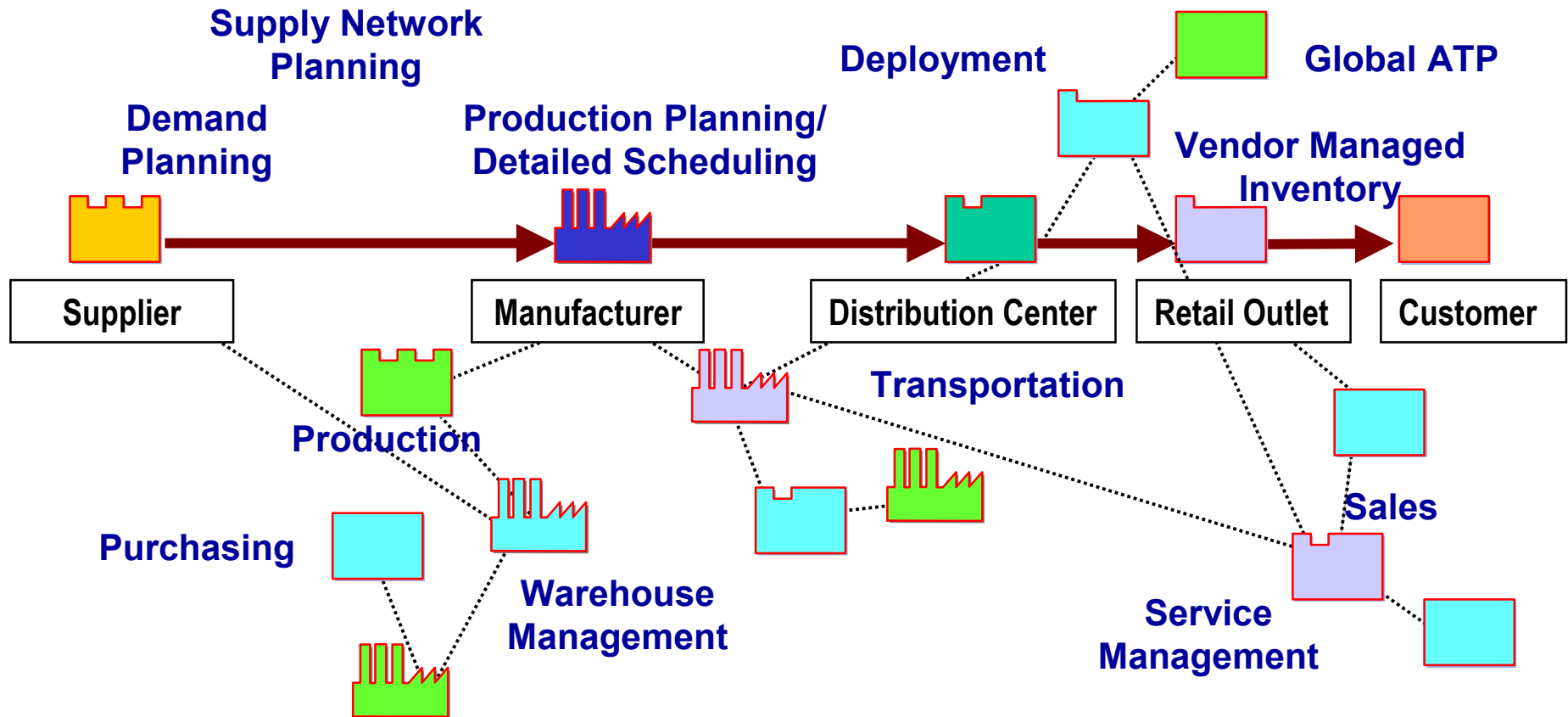


Delivering Value : Integrated CRM



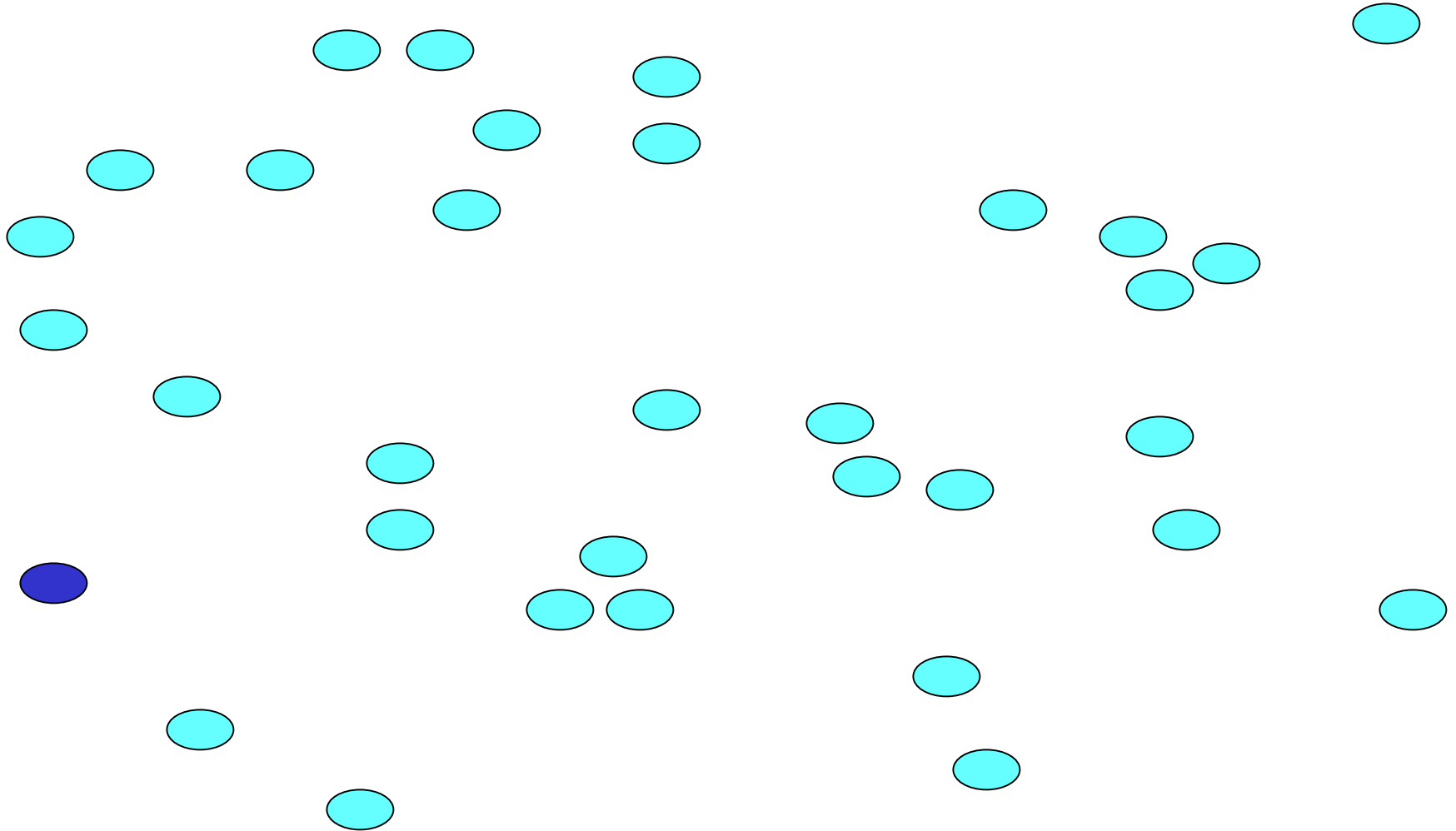
SCM Software : Planning And Optimization

Planning & Optimization of Supply Chain Processes

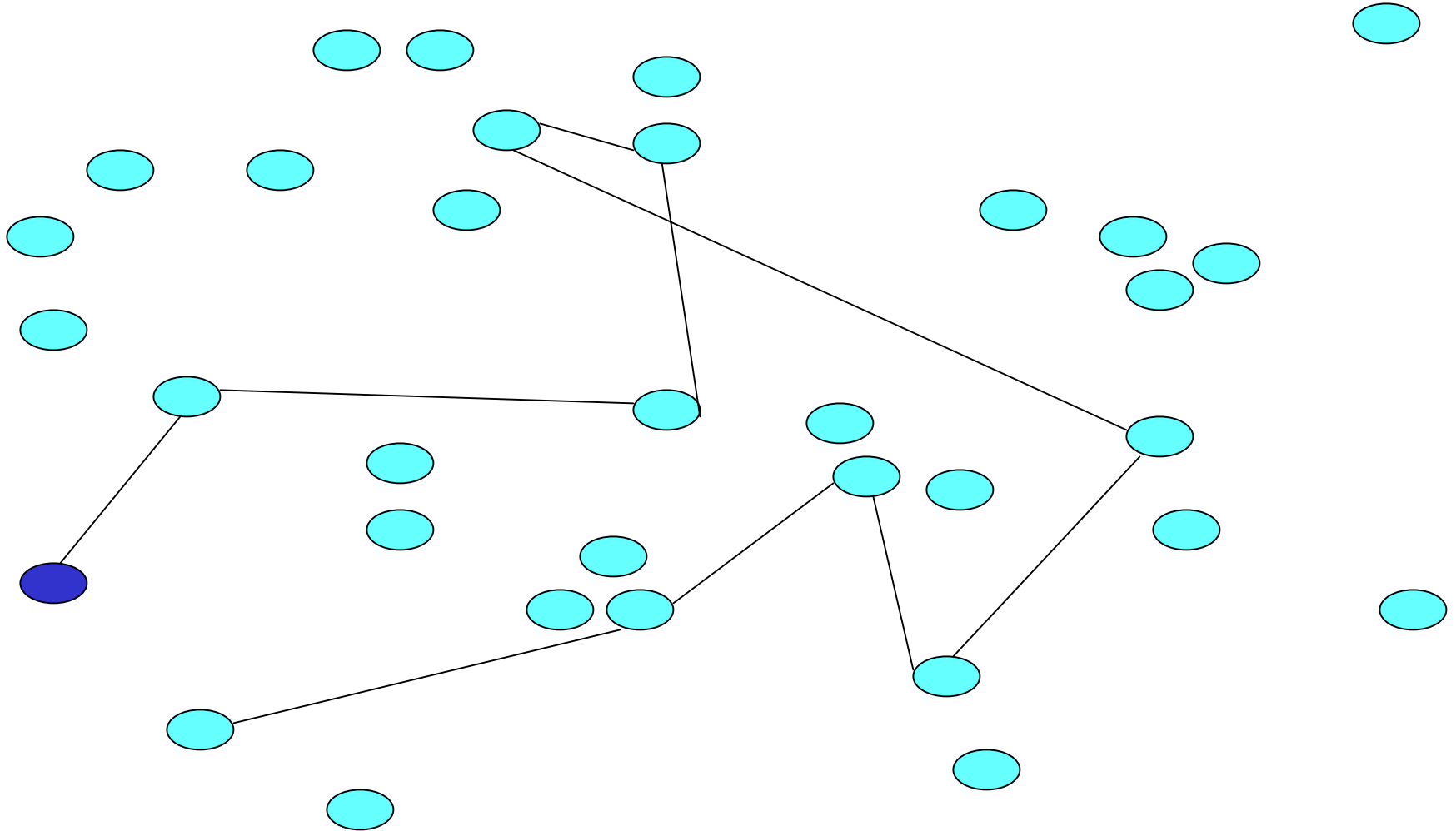


Execution of Supply Chain Processes

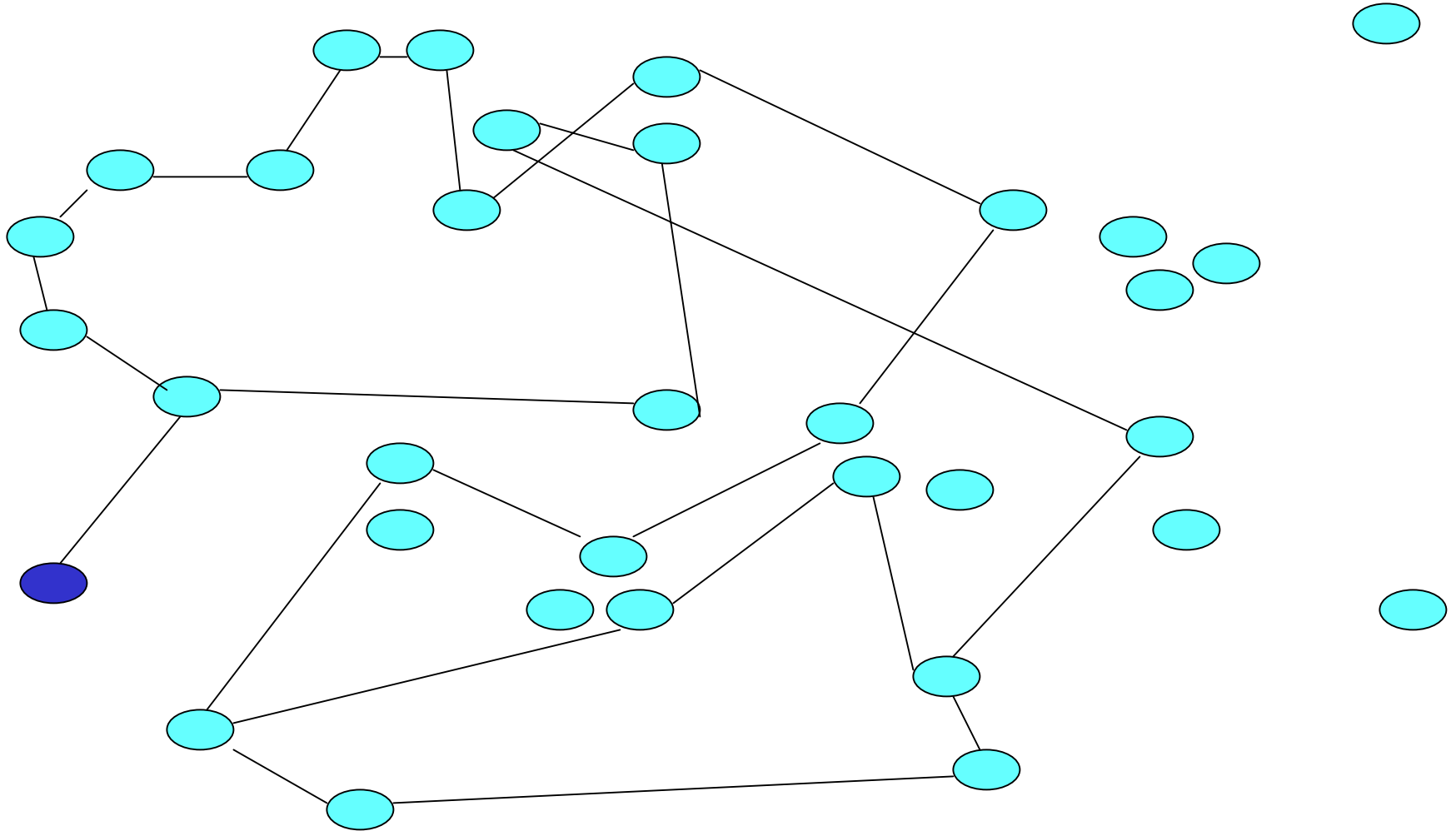
Managing Logistics



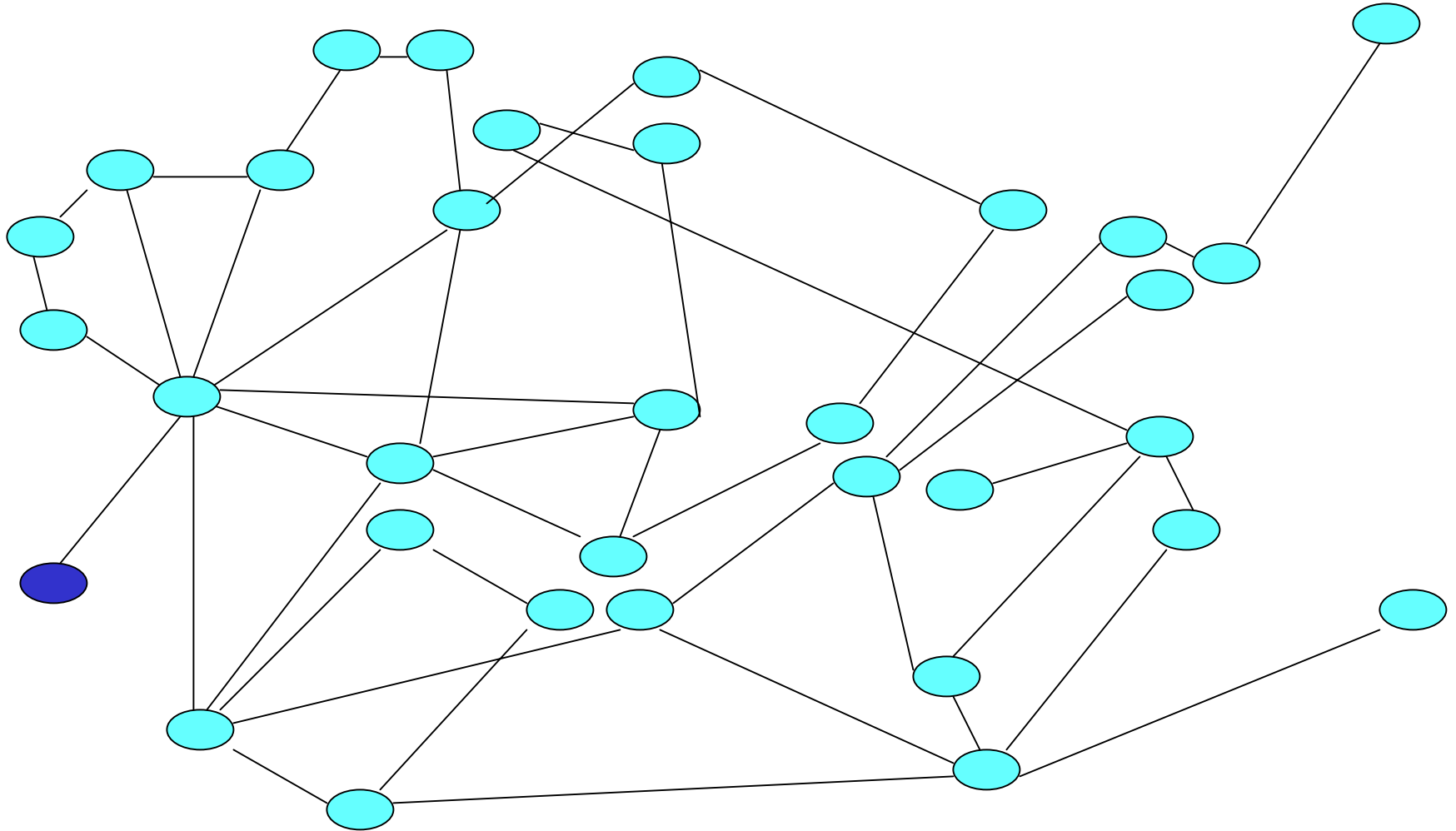
Managing Logistics



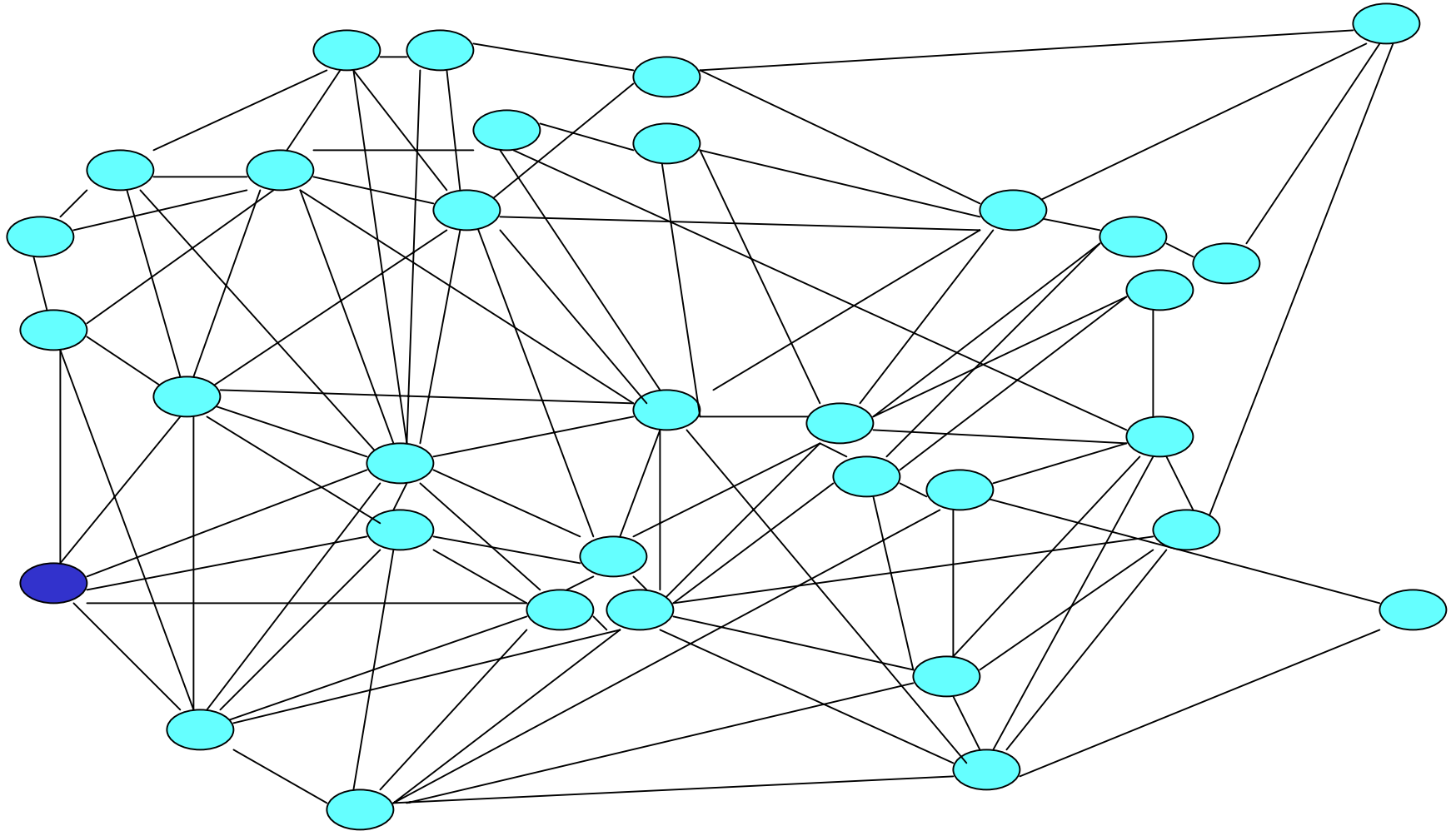
Managing Logistics



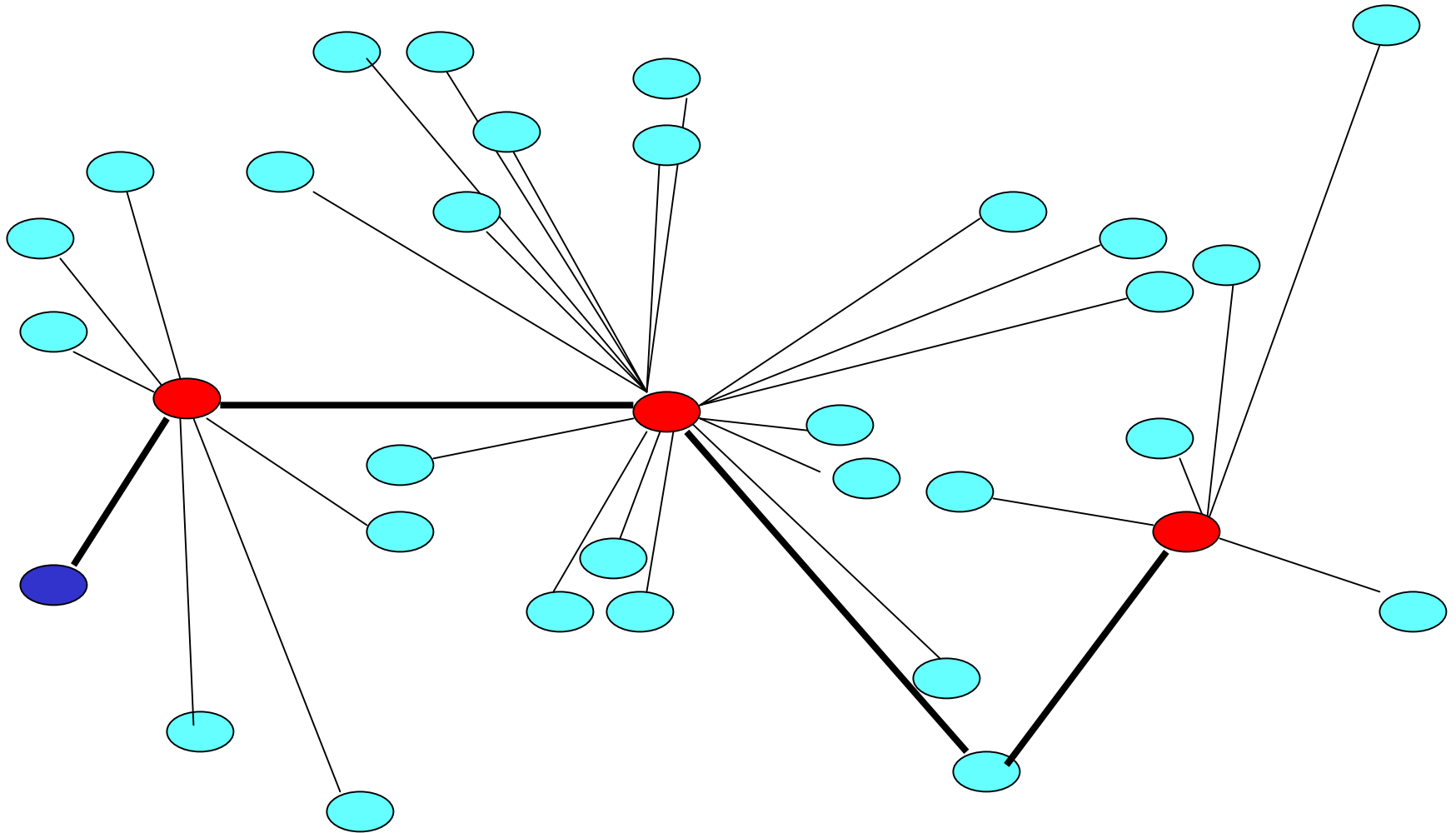
Managing Logistics



Managing Logistics



Managing Logistics

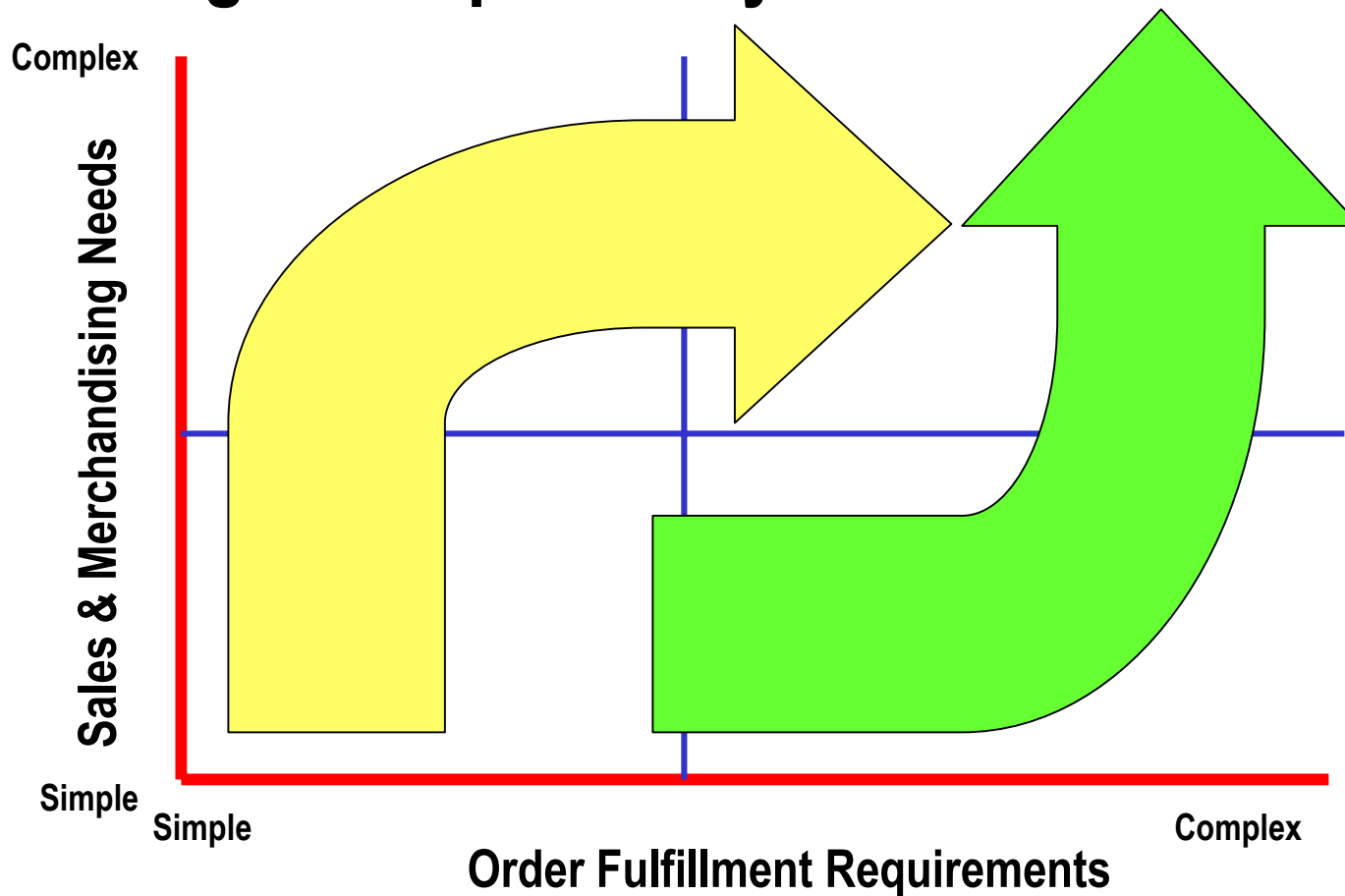


The 7 Principles Of SCM

- 1. Segment customers based on service needs.**
- 2. Customize the logistics network.**
- 3. Listen to signals of market demand and plan accordingly.**
- 4. Differentiate product closer to the customer.**
- 5. Source strategically.**
- 6. Develop a supply chain-wide technology strategy.**
- 7. Adopt channel-spanning performance measures.**

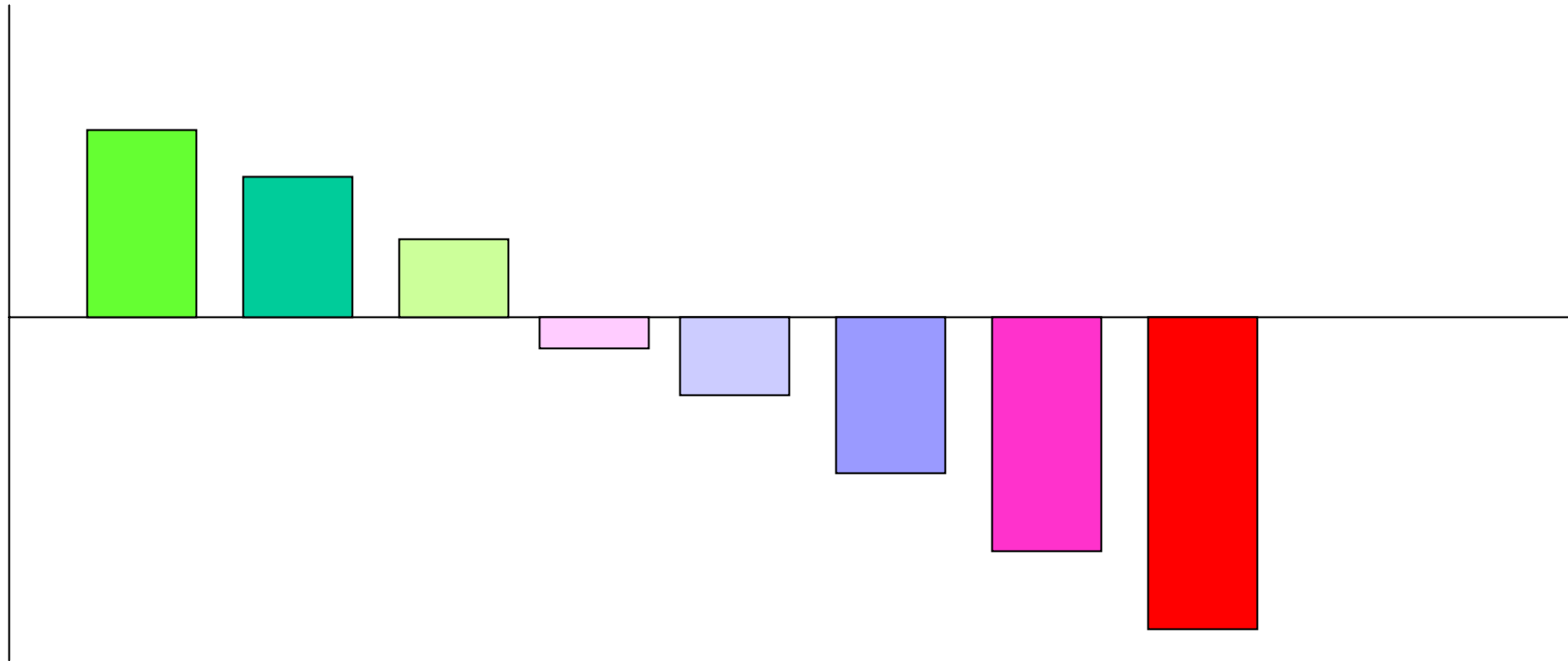
Principle-1

Segment customers based on the service needs of distinct groups and adapt the supply chain to serve these segments profitably.



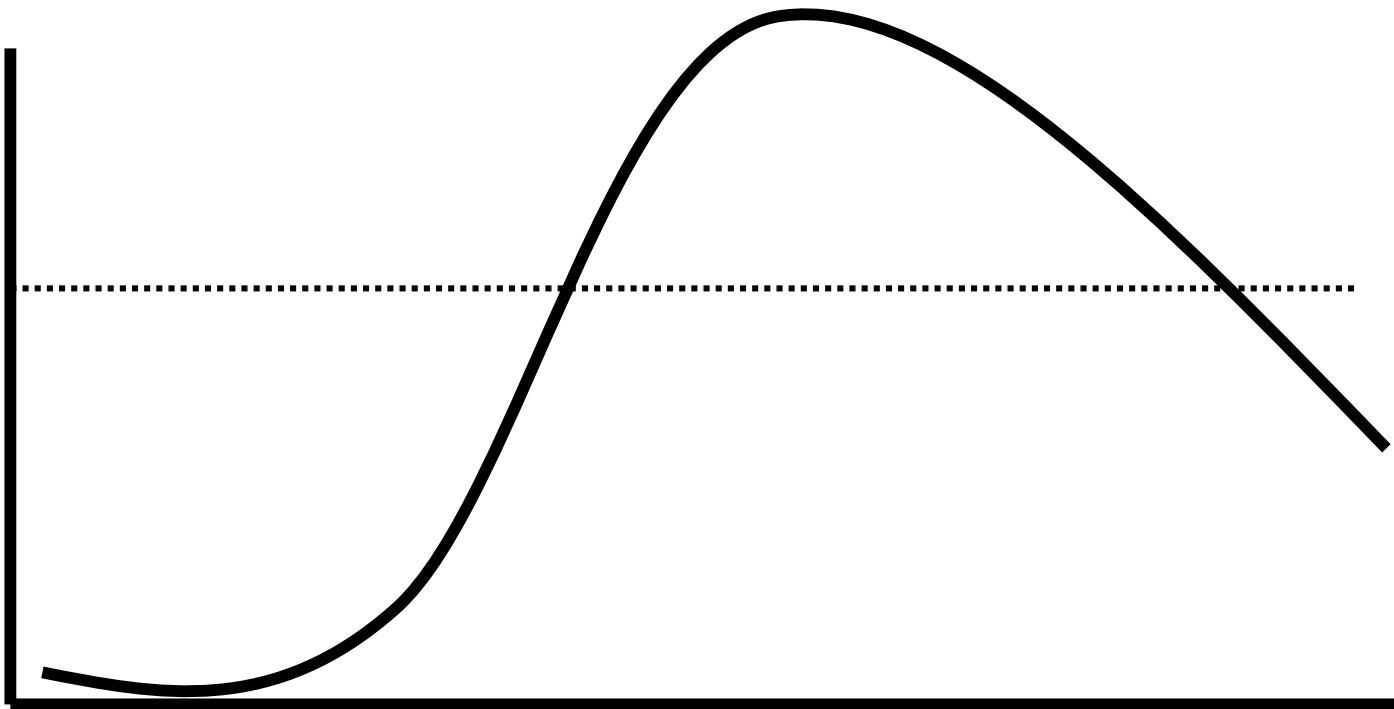
Principle-2

Customize the logistics network to the service requirements and profitability of customer segments.



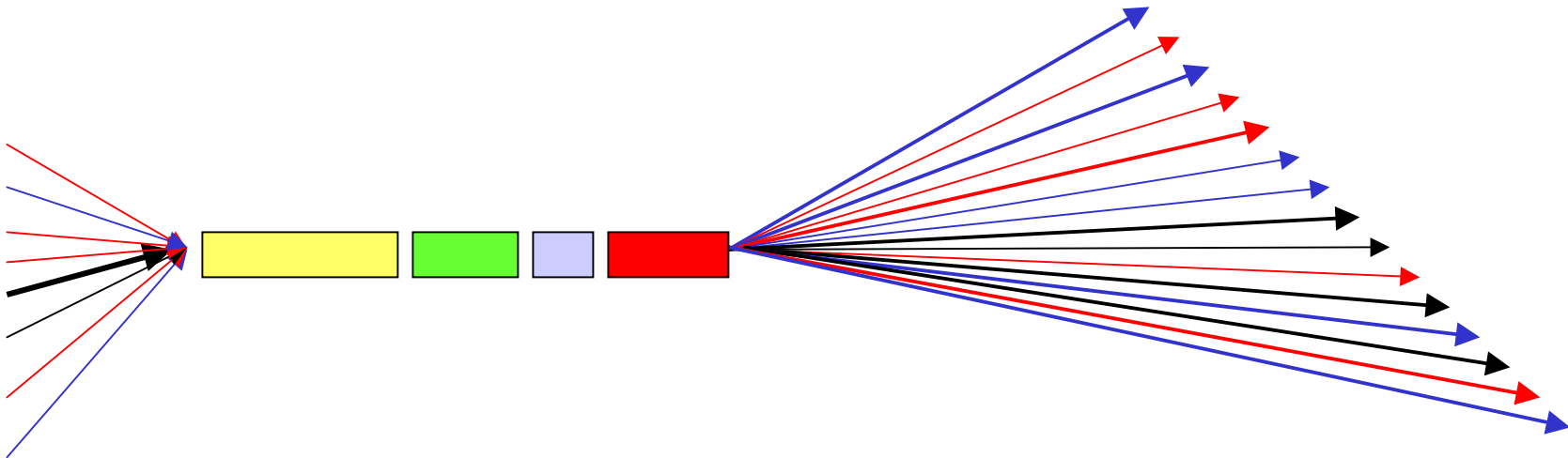
Principle-3

Listen to market signals and align demand planning accordingly across the supply chain, ensuring consistent forecasts and optimal resource allocation.



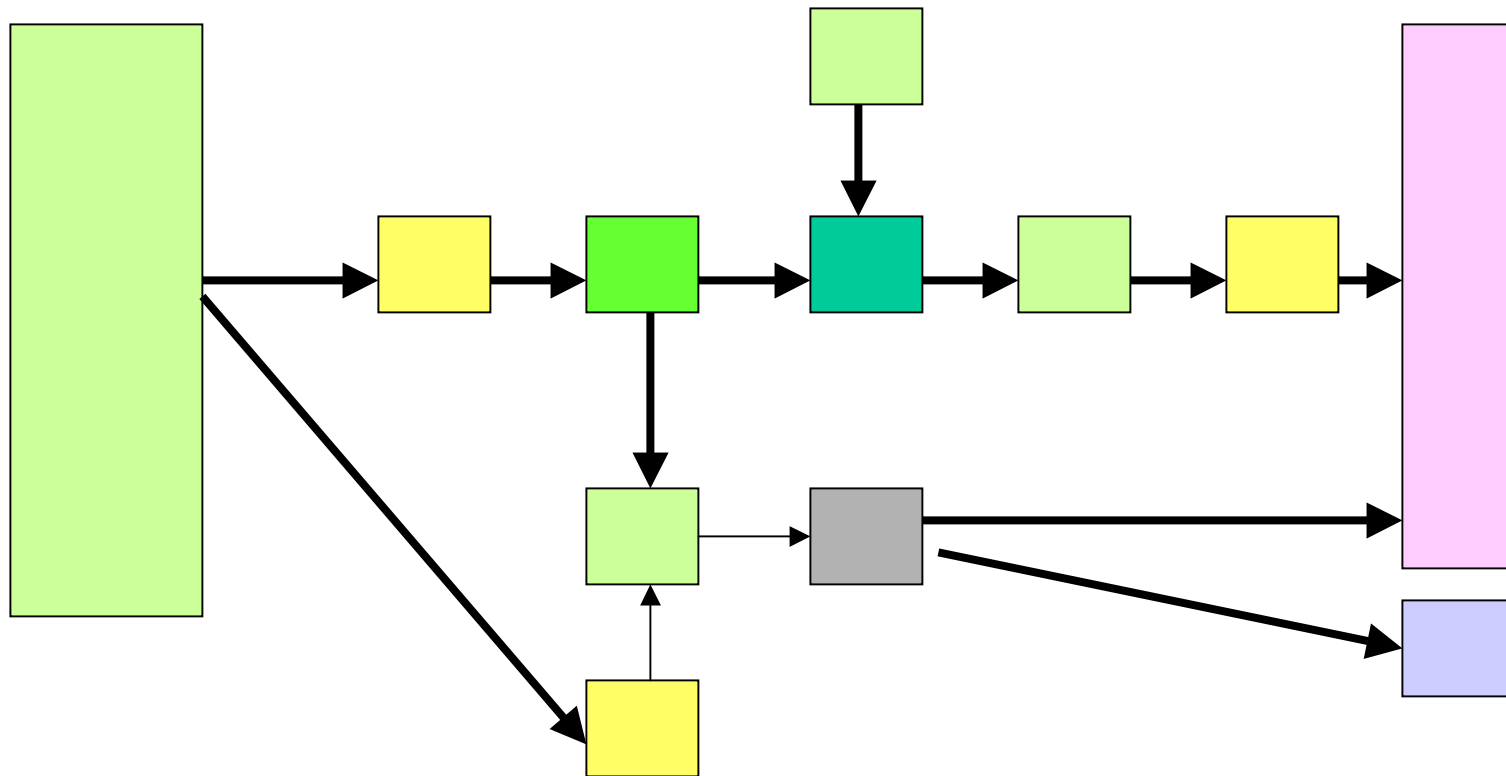
Principle-4

Differentiate product closer to the customer and speed conversion across the supply chain.



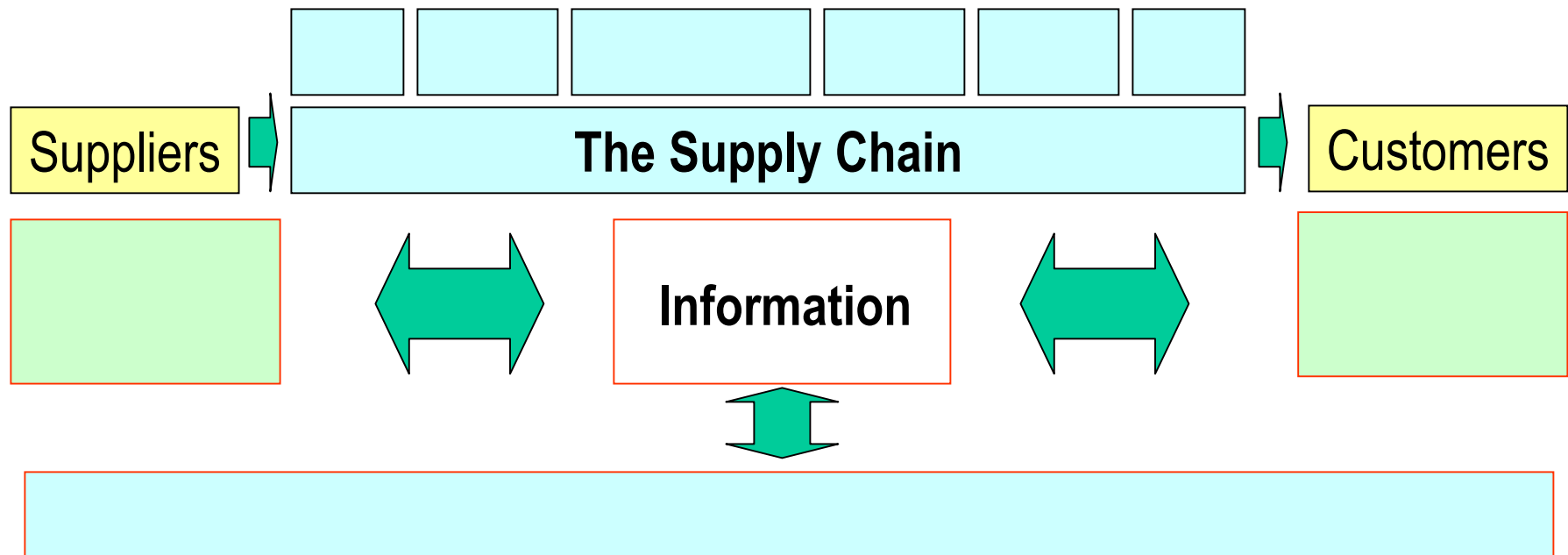
Principle-5

Manage sources of supply strategically to reduce the total cost of owning materials and services



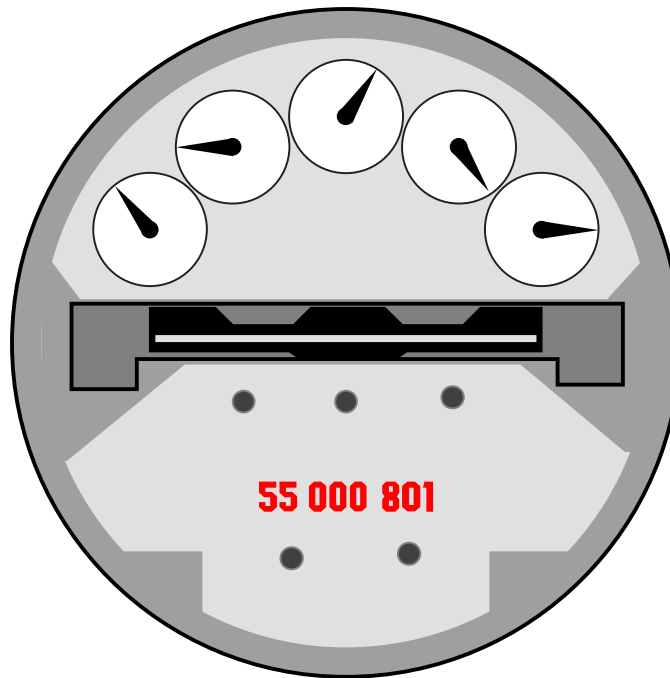
Principle-6

Develop a supply chain-wide technology strategy that supports multiple levels of decision making and gives a clear view of the flow of products, services, and information



Principle-7

Adopt channel-spanning performance measures to gauge collective success in reaching the end-user effectively and efficiently.



Case For Discussion

➤ The opportunity:

- ✓ Households, hotels and restaurants often have food left over
- ✓ There is a market for fresh home-cooked and 'not cooked here' food
- ✓ What we can guess:
 - Weekday demand in offices peaks at lunch time
 - Weekday demand in residential areas peaks for dinner
 - Week-end and holiday demand is uniform, but much greater than supply

➤ Scope of the supply chain exercise:

- ✓ Demand planning
- ✓ Supply planning
- ✓ Fulfillment planning
- ✓ Execution management
- ✓ Measures and metrics

➤ Key objective

- ✓ Exploit the net to provide cost-effective value to all stakeholders