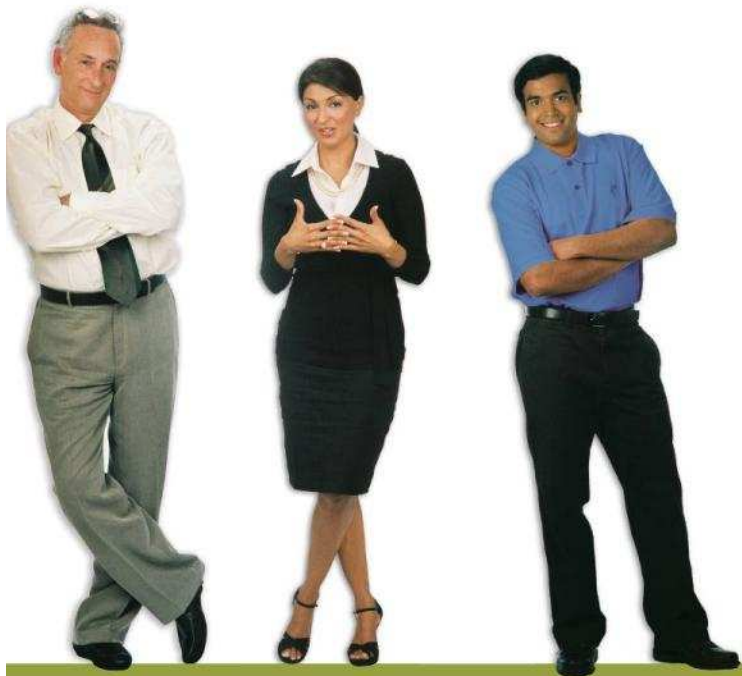


Supply Chain Visibility:  
You can't Optimize what you can't  
See!

September 2009



The Supply Chain People.™

# Agenda

## Perspective on Visibility

Determining the ROI on Visibility

Technology Enablement

## Industry's Perspective

Segment Analysis	Avg. Inventory Turns	Avg. Days Sales in Inventory	Avg. Days Sales Outstanding
High Visibility Firms	11.0	41.9	35.3
Low Visibility Firms	10.3	33.9	37.3

Segment Analysis	Time Spent with Suppliers
High Visibility Firms	+20%
Low Visibility Firms	- 5%

Source: The 2008 Supply Chain Playbook: Game Strategy, Nov. 2008

# Importance of Visibility and Event Management



Source: AMR Research: 2007-2008 Supply Chain Spending Report

# Visibility Depends on your “Lens”

## Internal Lenses:

- Design/Sourcing/Procurement
- Merchandising
- Marketing
- Planning
- Inventory Management
- Information Technology/Systems
- Transportation
- Warehousing/Distribution
- Finance
- Legal

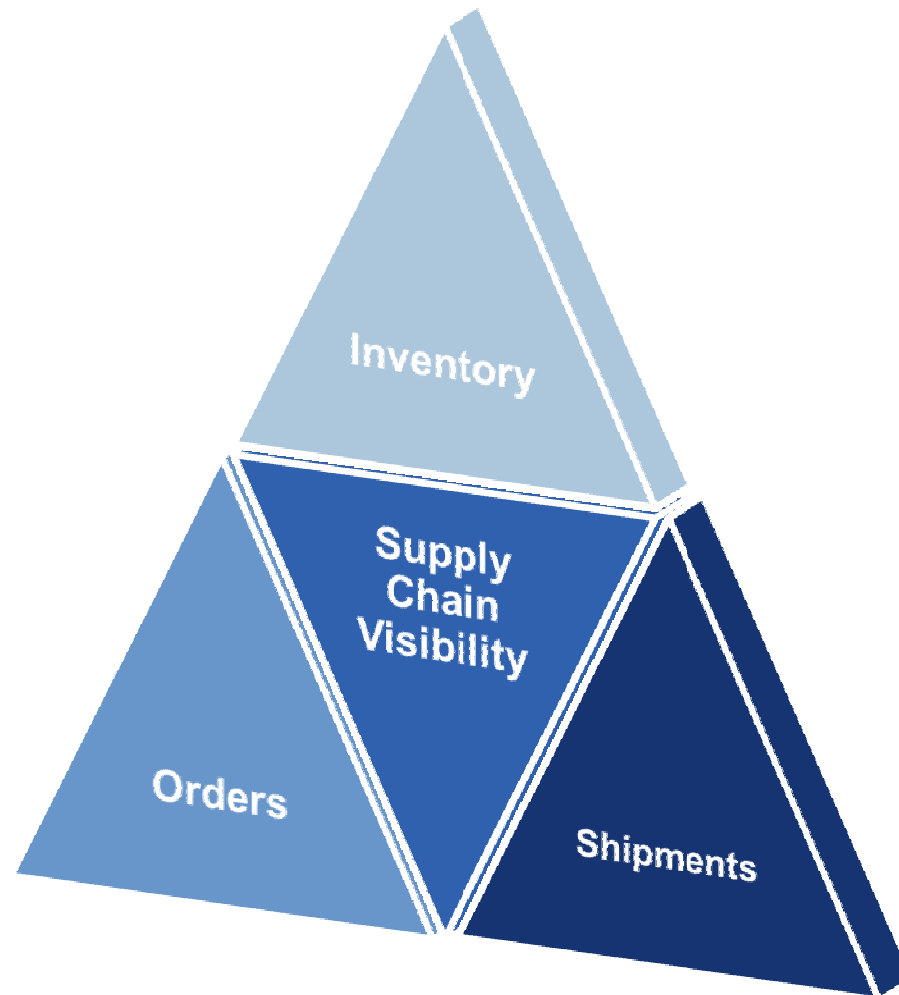


## External Lenses:

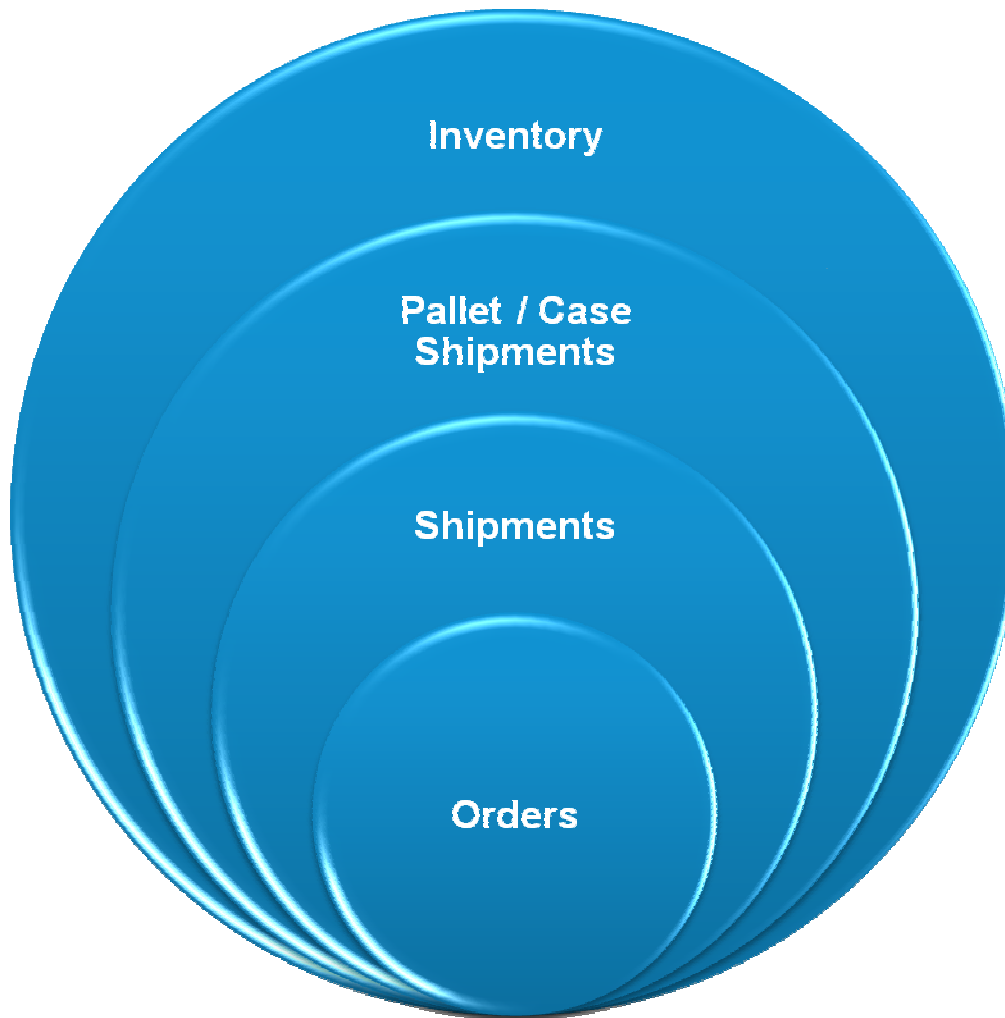
- Manufacturer
- Supplier
- 3PL's
- Carriers
- Customers

**Goal: Enable end-to-end visibility...despite your lens**

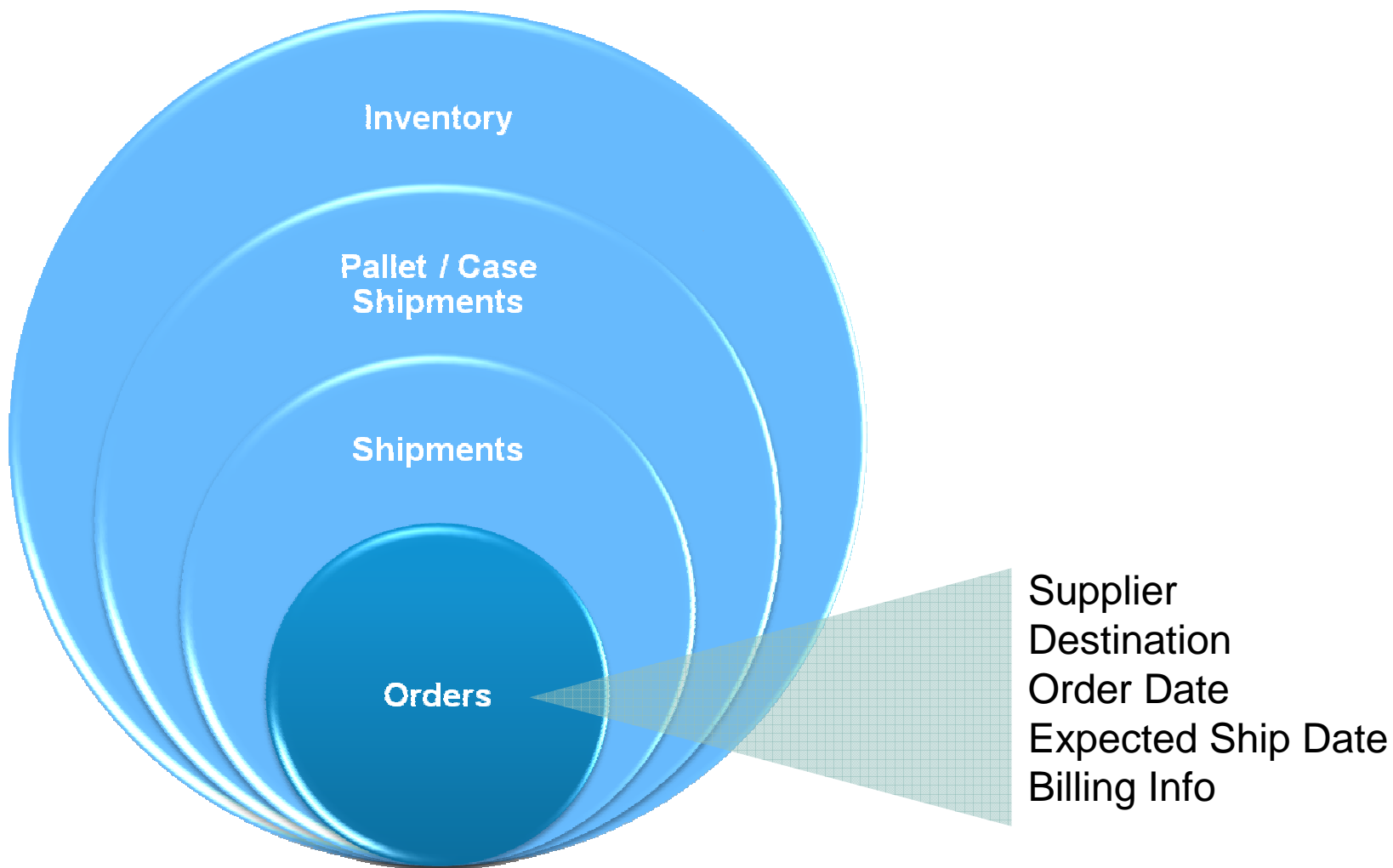
# Multiple “Lenses” Required to Complete the Perspective



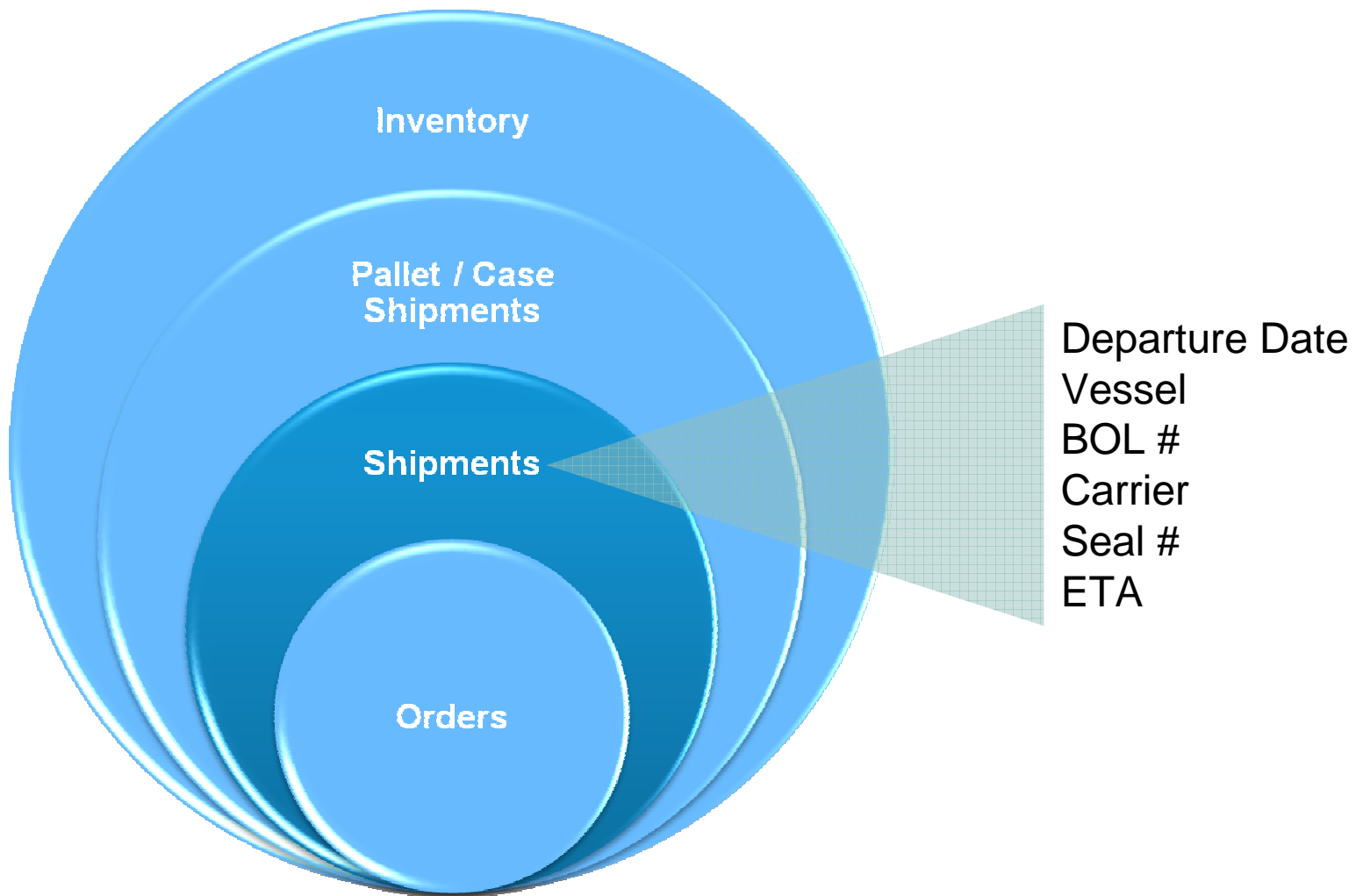
# Increasing Complexity Drives Increased ROI



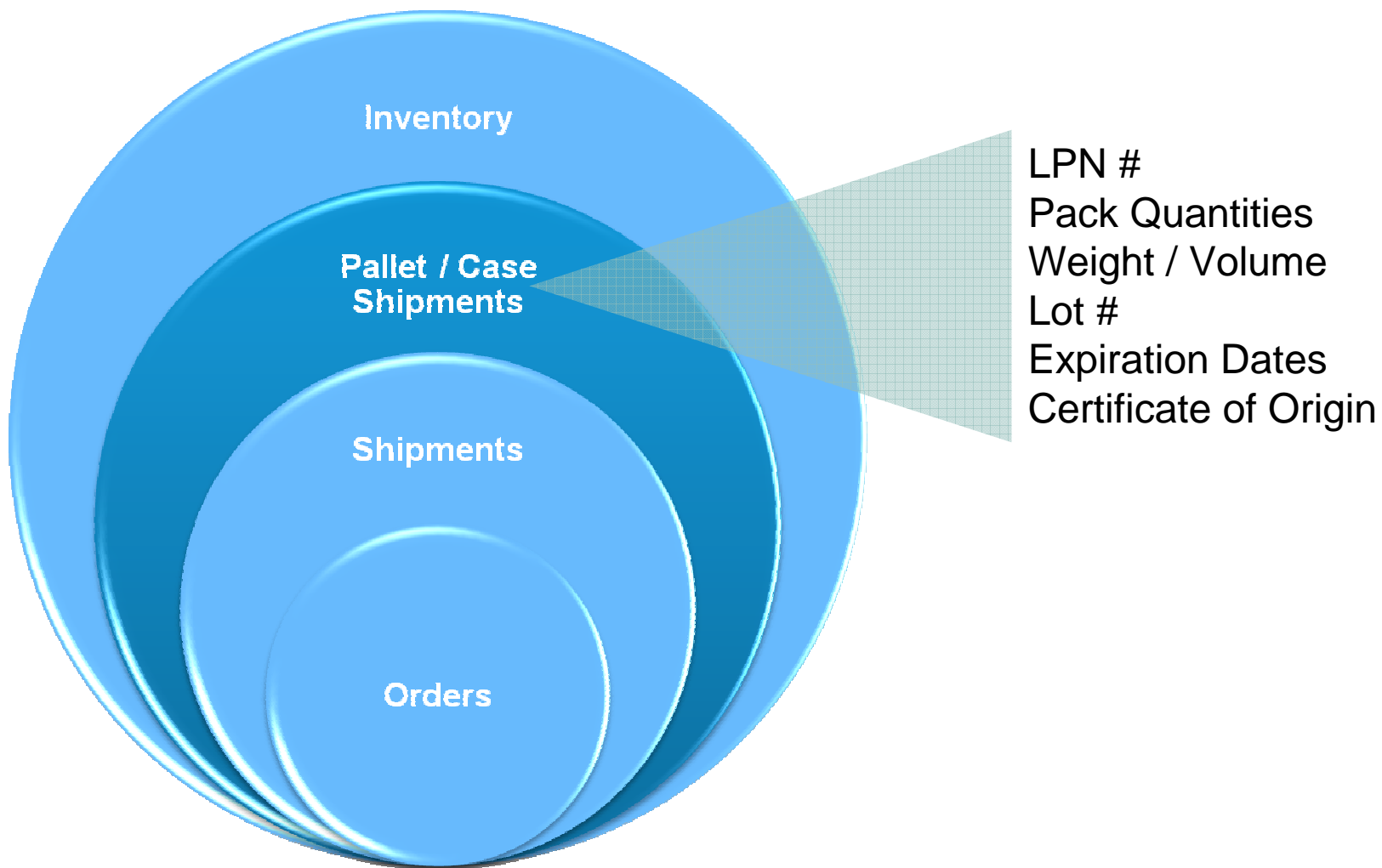
# Increasing Complexity Drives Increased ROI



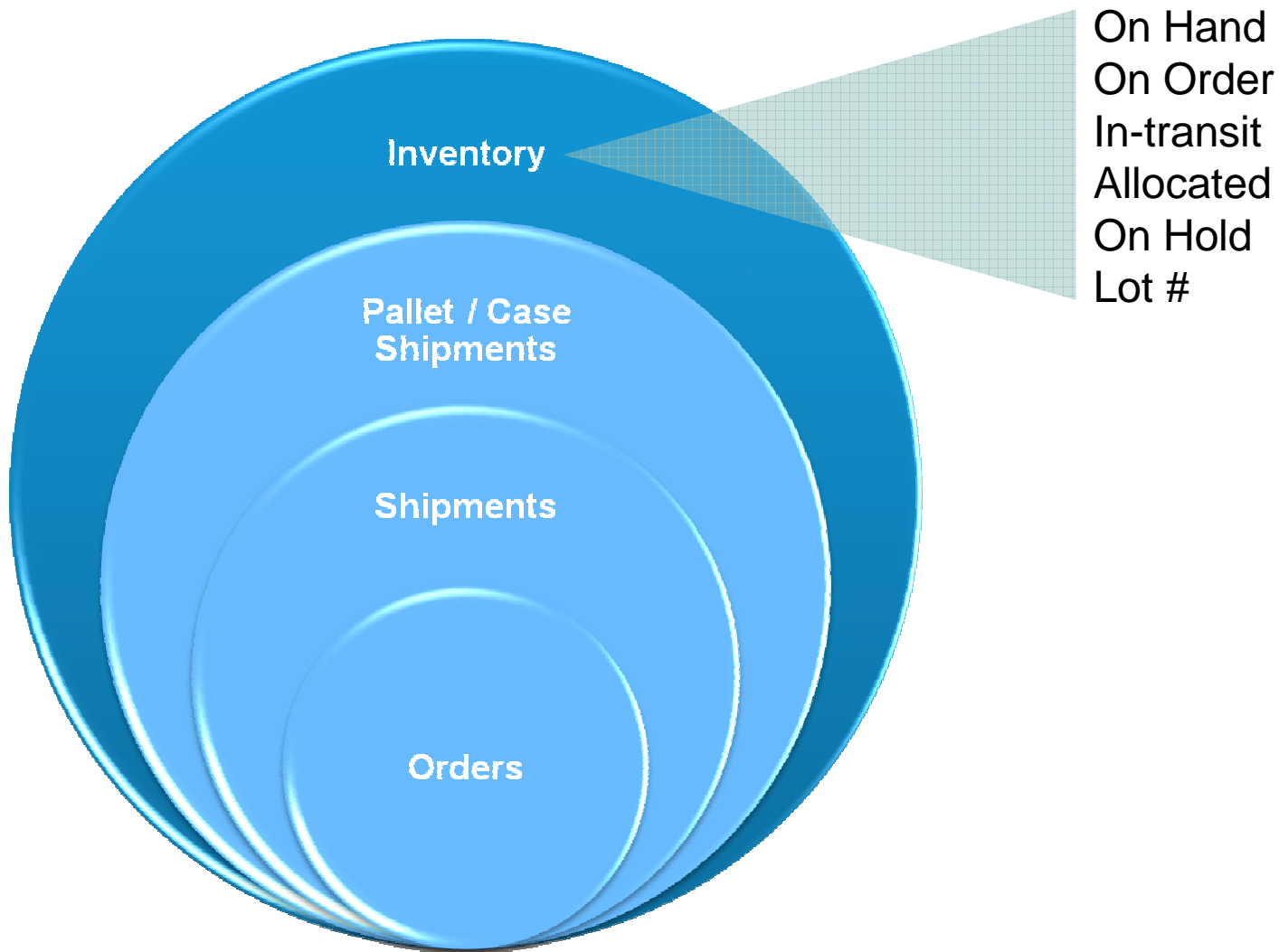
# Increasing Complexity Drives Increased ROI



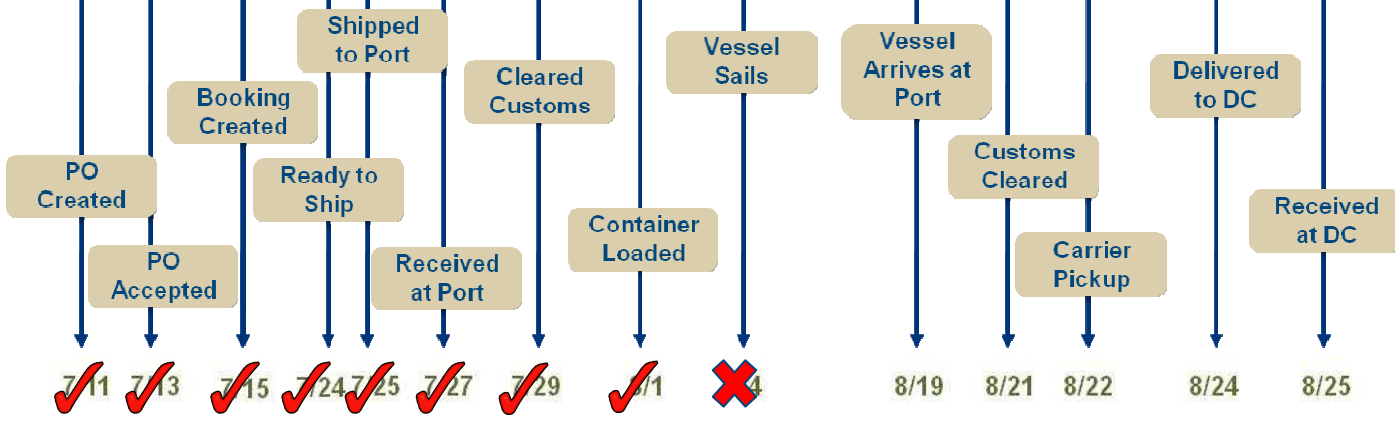
## Increasing Complexity Drives Increased ROI



# Increasing Complexity Drives Increased ROI



## Purchase Order Schedule



### Milestone Warning

Event  
Exp  
Stat  
Imp

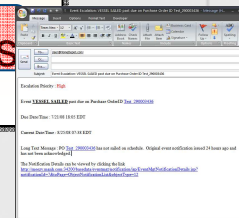


### Notification Escalation

Event: Vessel Sails

Notification Issued: 08/05/2008

Status: **No Response in 24 hrs**



# Purchase Order Schedule

Shipped to Port

Vessel

Vessel Arrives at

Delivered

PO Created

Delivered DC

Event Escalation: VESSEL SAILED past due on Purchase Order ID Test\_290003436 - Message (H...)

Message Insert Options Format Text Developer

Clipboard Basic Text Names Include Options Proofing

To... MANAGER@YourCompany.com

Cc...

Bcc...

Send

Subject: Event Escalation: VESSEL SAILED past due on Purchase Order ID Test\_290003436

Notification Priority : **High**

Event **VESSEL SAILED** past due on Purchase Order ID [Test\\_290003436](#)

Due Date/Time : 8/04/08 18:05 EDT

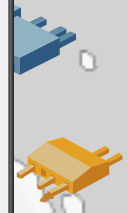
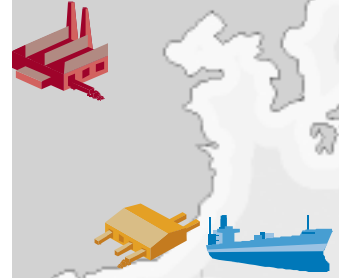
Current Date/Time : 8/05/08 07:38 EDT

Long Text Message : Purchase Order ID [Test\\_290003436](#) has not sailed on schedule. The original event notification was issued 24 hours ago and has not been acknowledged.

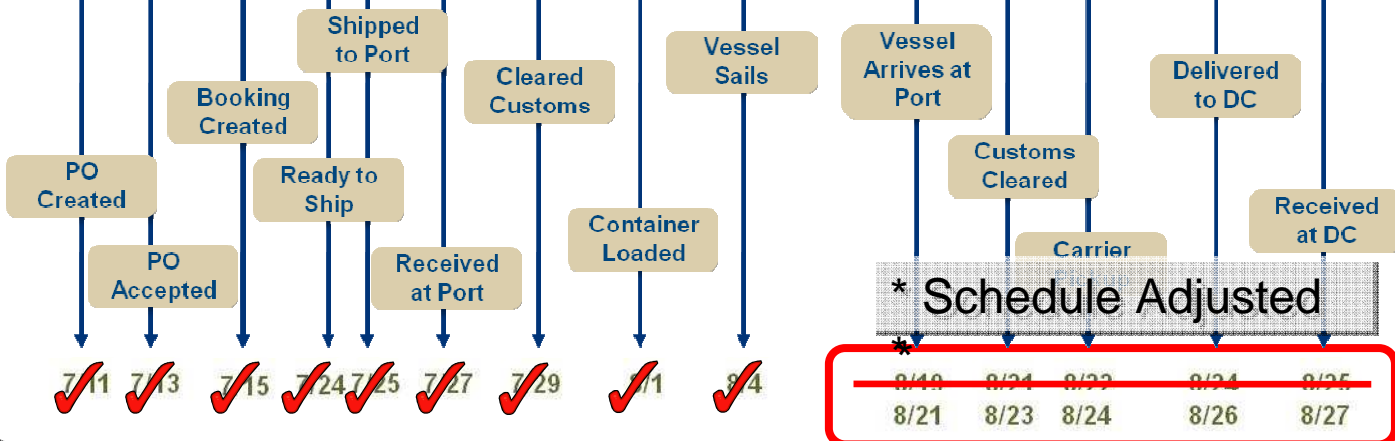
The Notification Details can be viewed by clicking the link  
[http://sneezy\\_manh.com:34200/basedata/eventmgt/notification/jsp/EventMgtNotificationDetails.jsp?notificationId=7&toPage=ObjectNotificationList&objectType=12](http://sneezy_manh.com:34200/basedata/eventmgt/notification/jsp/EventMgtNotificationDetails.jsp?notificationId=7&toPage=ObjectNotificationList&objectType=12)

7

25



## Purchase Order Schedule



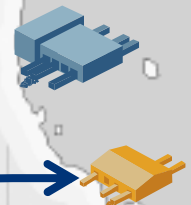
### Milestone Notification

Event: Vessel Sails

Expected Date: 08/04/2008

Status: Complete, 2 days late

Impact to Schedule: Delayed



# Agenda

Perspective on Visibility

**Determining the ROI on Visibility**

Technology Enablement

## Expanding the Range of Business Benefits

### Financial Savings

- Safety Stock Reduction
- Cycle Stock Reduction
- Inventory Carrying Cost

### Enabling Adv. Processes

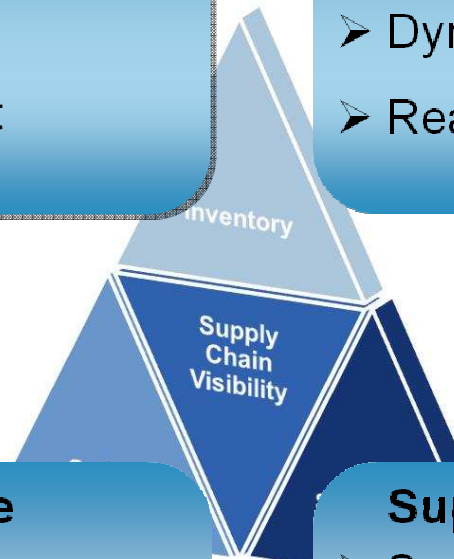
- DC Bypass
- Dynamic Flow Through
- Real-Time Available to Promise

### Proactive Change

- Re-Routing Shipments
- Alternate Mode Selection
- Order Expediting

### Supplier Relationship Mgmt.

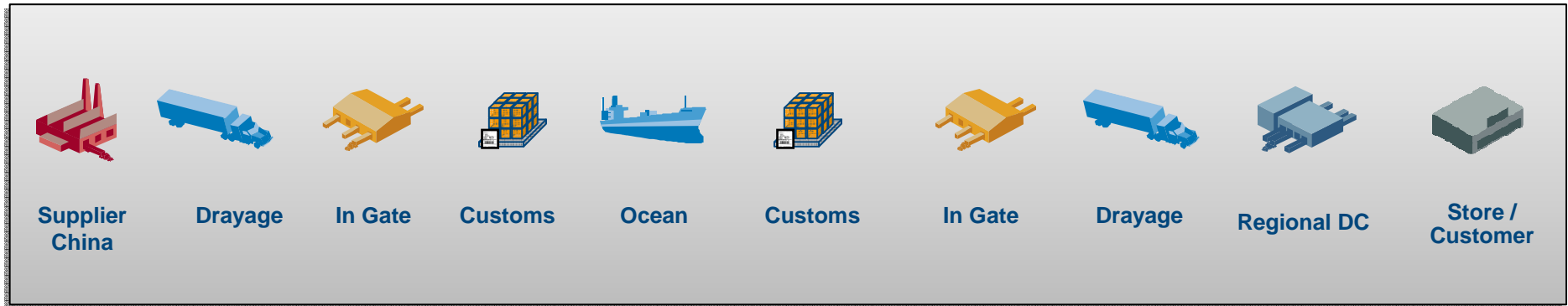
- Supplier Collaboration
- Trading Partner Compliance
- Business Intelligence



# Lead Time Compression

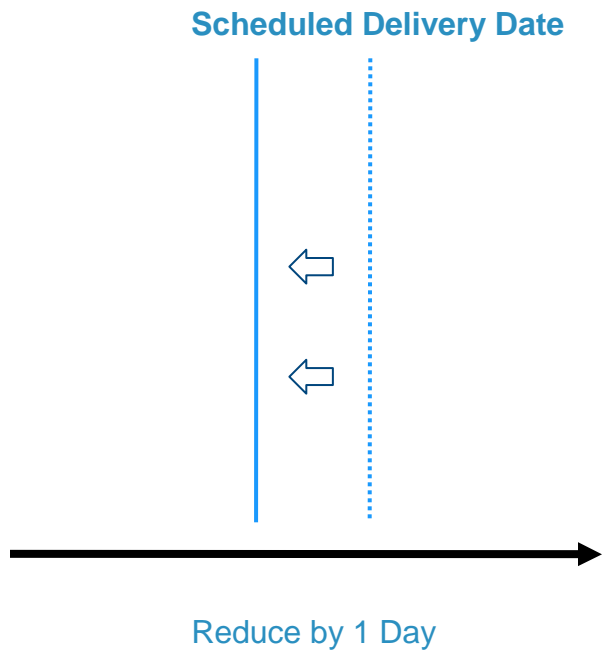
Extended Supply Chains and Ocean Freight Add **Bottlenecks**

## Asia to US



Moving from Visibility “when it arrives”  
to milestone based insight into the total movement of goods...

# Financial Impact of Lead Time Compression

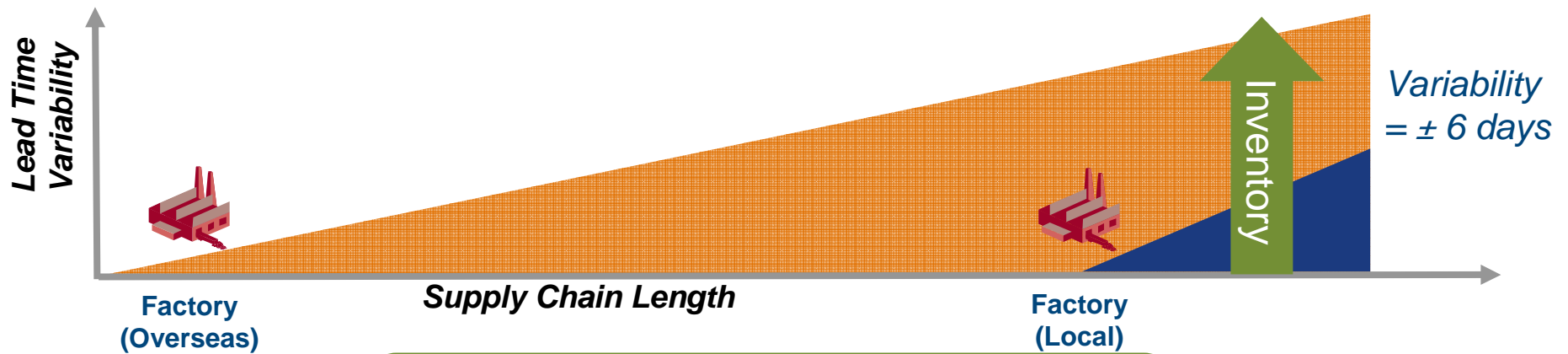
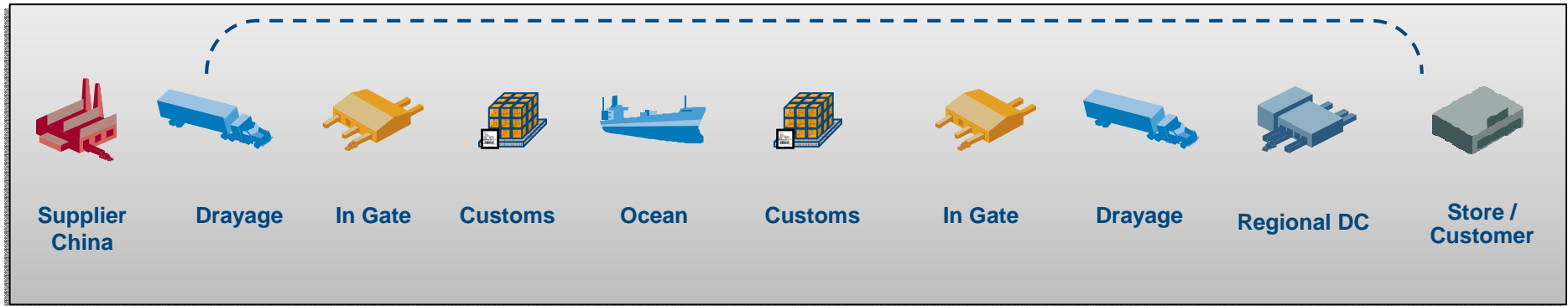


Measure	Result
Revenue	\$1,000,000,000
Markup	50%
COGS	\$500,000,000

# Smoothing out Lead Time Variability

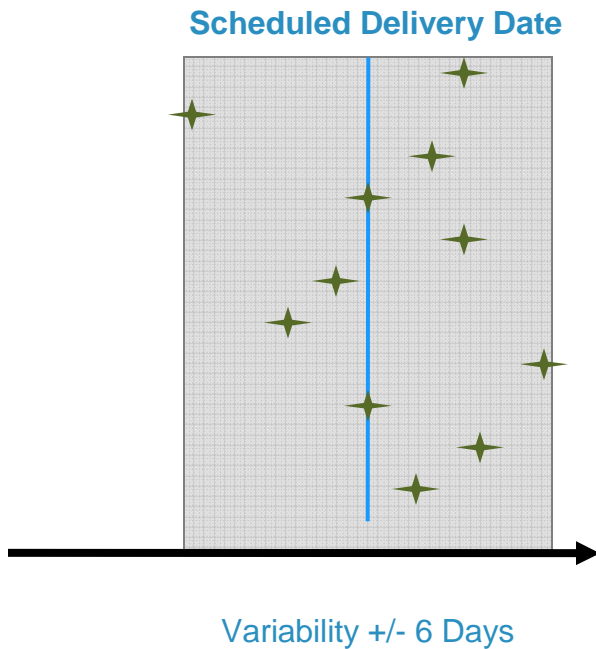
Extended Supply Chains and Ocean Freight Add **Risk**

Asia to US



Delivery Lead Time:  
Supplier to Store = 35 ± 6 days

# Financial Impact of Lead Time Variability



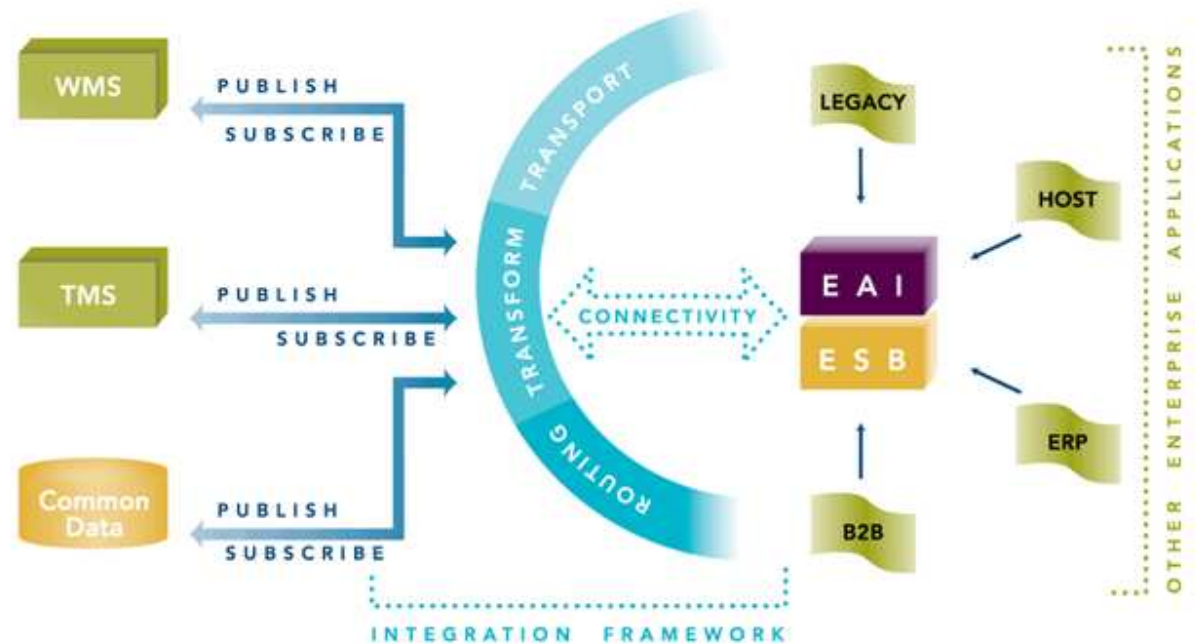
Measure	Result
Revenue	\$1,000,000,000
Markup	50%
COGS	\$500,000,000

# Agenda

Perspective on Visibility  
Determining the ROI on Visibility  
**Technology Enablement**

# Open Standards Based Integration Framework

- Services Oriented: 100's of services
  - » Query
  - » Function
  - » Integration
- Supply Chain Data Management: single point of integration to SCOPE applications
- Open and Standards-Based:
  - » HTTP
  - » SOAP/WSDL
  - » MQ/JMS
  - » RMI



## Summary



- Visibility should be thought of as a journey, not a final destination
- Target those areas where meaningful gains can be measured and achieved
- Leverage technologies and processes, which extend your visibility outside the enterprise
- ...but don't forget what's going in within the "four walls"



Questions?

# Questions?



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