

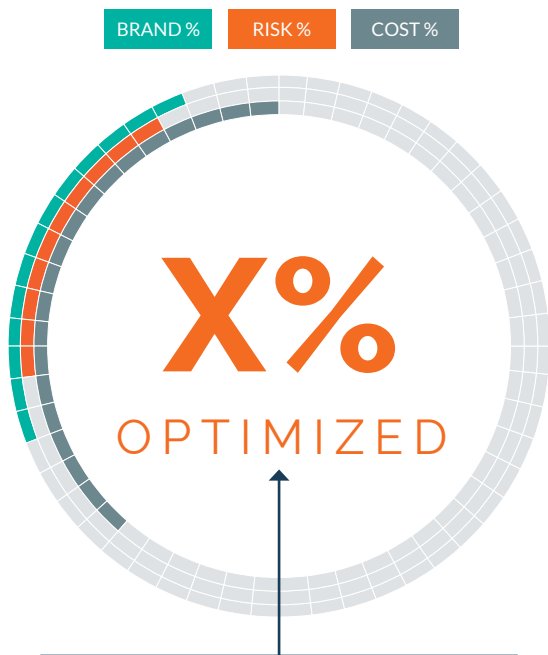
THE OPTIMIZATION FACTOR

Case Study: Optimization opportunity of a leading US \$1.6b Retail Leader

Through SupplyLogic's proprietary optimization assessment process, we identify key factors that prevent companies from fully optimizing their brand supply chains. Our solutions result in lower business risk, improved scalability, and increased marketing effectiveness – all at a lower cost than our clients can achieve independently.

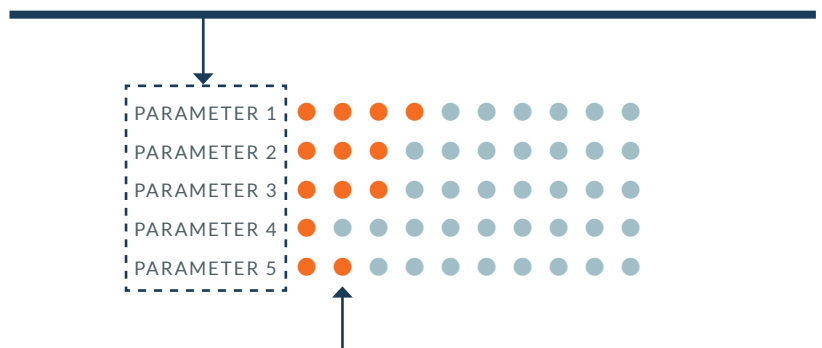
The pages that follow offer a sample of an optimization blueprint we provided for a retail client (names and specifics have been withheld). They contain our assessment of, and optimization strategies for, one of the four foundational brand supply chain elements. To request the full assessment report, which includes all foundational elements, email sales@supplylogic.com.

REFERENCE KEY



6. Total element optimization % is calculated as the average of aggregate brand, risk and cost scores

1. Each brand supply chain element is judged by its five key parameters
2. Each parameter has a direct influence on marketing effectiveness, operational risk and total cost of ownership
3. Project scope determines the weighting of brand, risk and cost within each parameter

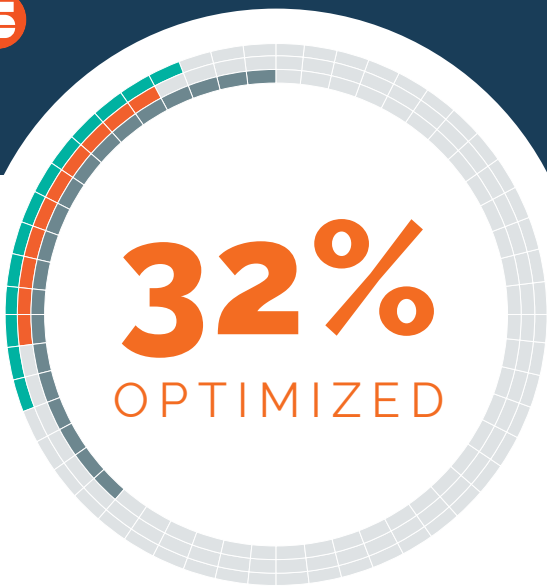


4. Optimization is based on 100 point grading scale
5. Each orange circle:
 - Contributes two points toward total element optimization
 - Factors in the weighted contribution of individual brand, risk and cost score



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SOURCING | Current State

Findings

SupplyLogic conducted their Optimization Factor Assessment with a leading US retailer with over 1,100 stores in 44 states. This retailer's current state included conducting all of its sourcing and supplier management of direct mail, forms, and marketing print from its corporate headquarters. The company's retail divisions were accessing these materials through several online ordering portals. The existing supplier panel had strong relationships with the client and most of the suppliers had enjoyed lengthy tenures. Pricing, however, was significantly above-market.

Key Details

	SUPPLIERS	TENURE	KEY FINDINGS
DIRECT MAIL	Supplier A	3 years	<ul style="list-style-type: none"> 19 total mailings per annum Supplier provides ancillary services Formal SLAs exist (not reviewed)
FORMS	Supplier B	5 years	<ul style="list-style-type: none"> Significant versioning requirements McKella280 warehouses forms Internal DC warehouses forms No active supplier contracts No formal SLAs for quality/color/delivery
	Supplier C	20+ years	
MARKETING PRINT (including signage and stationery)	Supplier D	4 years	<ul style="list-style-type: none"> Sourced through local suppliers Long-tenures/good customer service Specialized capabilities No active supplier contracts Thousands of small run orders No formal SLAs for quality/color/delivery
	Supplier E	8 years	
	Supplier F	20+ years	
	Supplier G	20+ years	

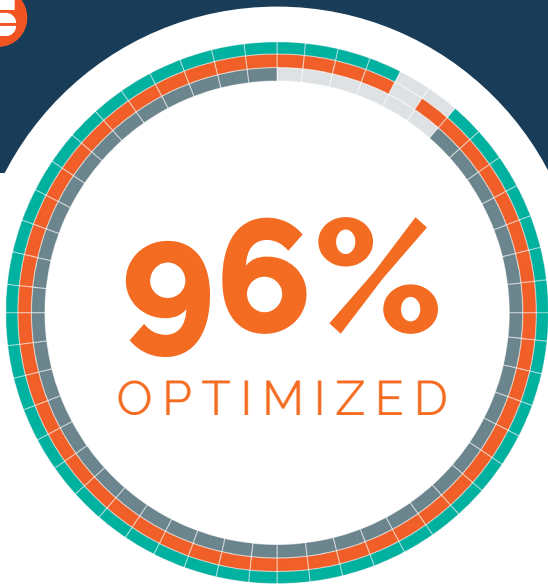
Risks

- Lack of competitive tension within long-tenured supplier panel
- Disaggregated forms spend produces above-market pricing
- Lack of forecasting / reporting results in substantial forms wastage and inventory carrying costs



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SOURCING | Future State

Strategy

Our proposed strategy was to apply several SupplyLogic best practices to the client's current sourcing environment. Our team implemented and managed formalized service levels around color, quality, versioning, and delivery; right-sized the future state supplier panel and leveraged our aggregate spend in the marketplace. Our strategy provided the foundation for the client to reach its aggressive 40 new store openings per year growth target efficiently, with minimal friction and distraction.

Key Details

	STRATEGIES
QUALITY CONTROLS	<ul style="list-style-type: none"> Formalized database of all SupplyLogic managed items Formalized color management protocol Brand guidelines creation and management
GOVERNANCE	<ul style="list-style-type: none"> Formalized supplier service levels and key performance indicators SupplyLogic supplier onboarding process (408 point audit) Quarterly business reviews to monitor SupplyLogic performance
SUPPLIER MANAGEMENT	<ul style="list-style-type: none"> Future state supplier panel to be mutually-agreed Supplier panel configured to drive competitive tension at all times Substantial and growing SupplyLogic aggregate spend Inventory/fulfillment and ordering controls implemented and managed

Benefits

- SupplyLogic sourcing expertise frees the client to focus on strategic growth initiatives
- Substantial cost savings can be re-invested or dropped to the bottom line
- Enhanced brand effectiveness can lead to increased revenue opportunities

See the full report

To see a copy of the full assessment report, which includes all foundational elements, send your request to sales@supplylogic.com and we will get back to you shortly.