

IPIC 2016

3rd International Physical Internet Conference

Plenary Forum WA: Hyperconnected Distribution - Enabling Openly Shared Warehousing Space

Hosted By



Partners



Hyperconnected Distribution

IPIC 2016

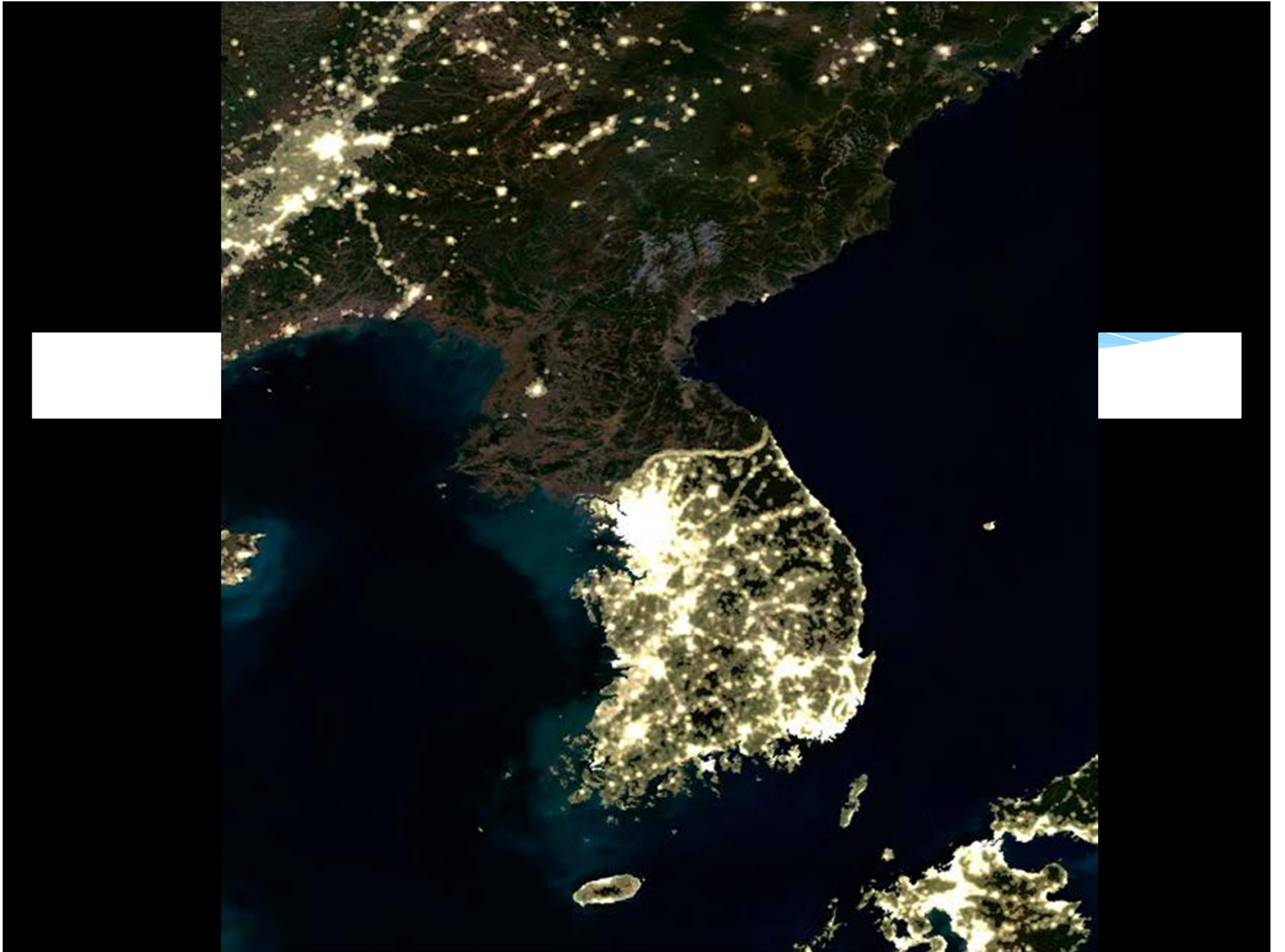
Brenda Hambleton
Former Chief Customer & Strategy Officer
ES3

Hyper connection requires collaboration

For goods to flow efficiently, we need to optimize supply chains across geographies, not within companies

Sharing and collaborating are hard

- * Competitors do not like to share
- * Loss of control
- * Incentives are hard to quantify

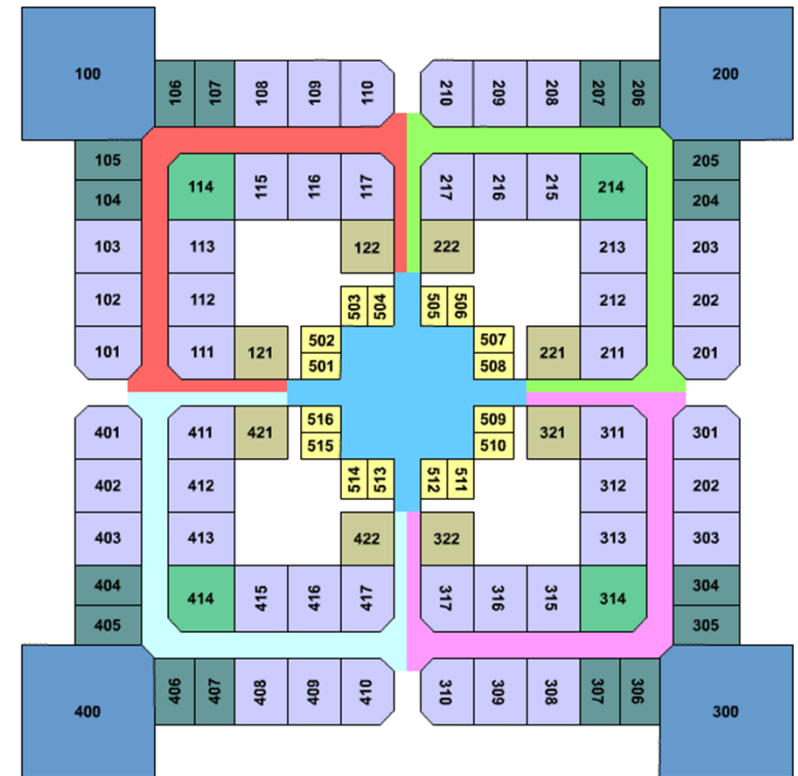


Incenting collaboration through gainsharing does not work

- * Value of gain share diminishes with success
- * Great service does not always lead to savings
- * It forces partners to continuously negotiate
- * It is not scalable


Making collaboration work is like building a shopping mall

- * You need large players to build volume
- * You need small players to help with the financials
- * Rates need to be volume-based—the more you use, the less you pay
- * Savings need to be built into the contractual rates
- * A neutral third-party needs to manage the financials, handle information, and balance demand



Roadmap to collaboration

- * Map the process with and without collaboration
- * Quantify the savings due to collaboration
- * Build rate structures that share the savings across parties, based on their risk and volume, and make them contractual
- * Ensure that all parties feel that they are getting value—both higher service and savings—from the arrangement



Once we achieve collaboration, we
can begin to automate the movement
of goods dynamically



FLEXE – Dynamic & Hyper-Connected Warehousing

Physical Internet Conference – June 29, 2016



The Marketplace for Warehouse Space



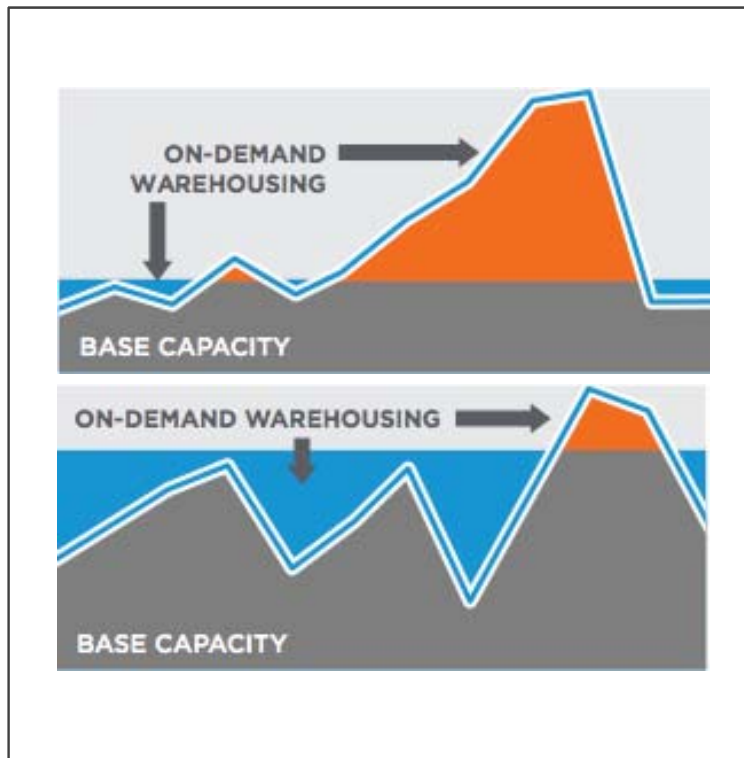
The Marketplace for Warehouse Space

Warehousing Utilization: Ideal vs. Reality

- **Perfect World** Utilization Rates:
 - Warehouse @ 85-95% Utilization
 - 80-90% of the time
- What is required to achieve that?
 - Nearly perfect forecasting
 - Completely right sized facility
 - Flat or very predictable volume variability
- **The Reality:** Warehouses don't always fit, and seldom fit perfectly
- **The Result:** There's A LOT of underutilized warehousing capacity in the market.



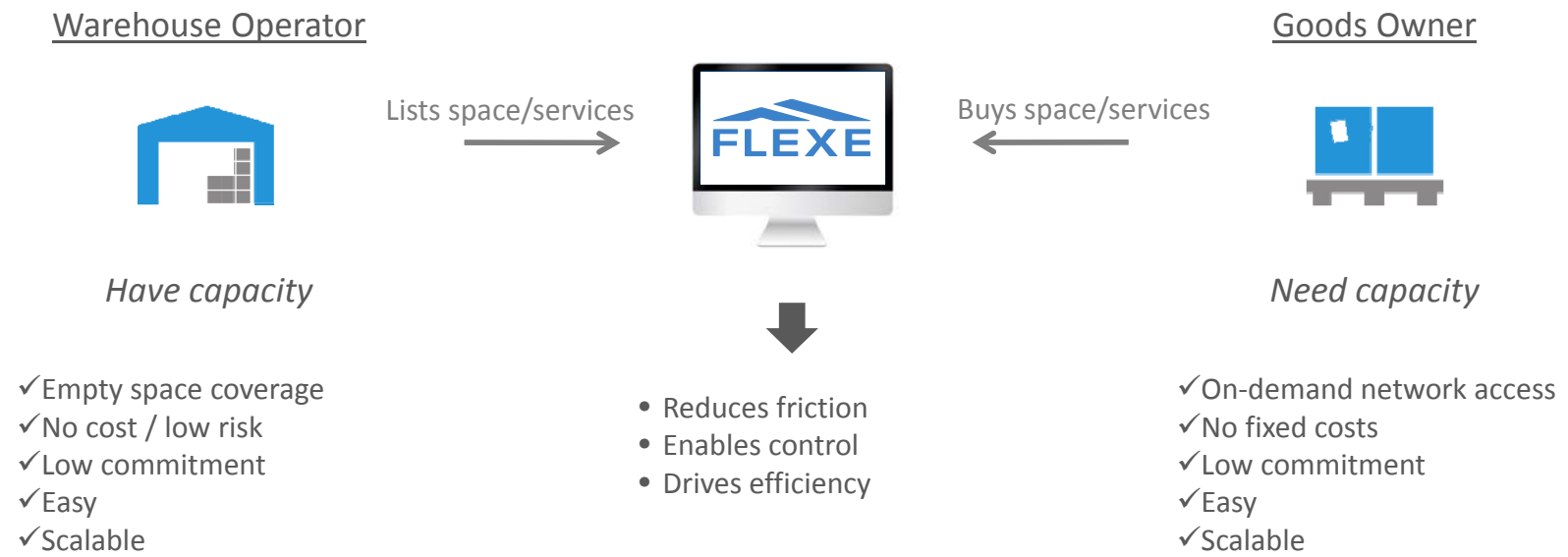
The Fundamental Problem About Warehousing: It's Underutilized, or Overflowing



- **Warehousing capacity comes in static chunks:**
 - Fixed footprints
 - Long-term leases
- **But, space needs are dynamic:**
 - Business seasonality
 - Advantageous buying scenarios
 - Unforeseen product demands
 - Shifting sales channels – i.e. eCommerce
- How has the industry traditionally solved this issue?
- The Case for: **On-Demand & Collaborative Warehousing**

FLEXE: A Connected Network of “On-Demand” Warehouses

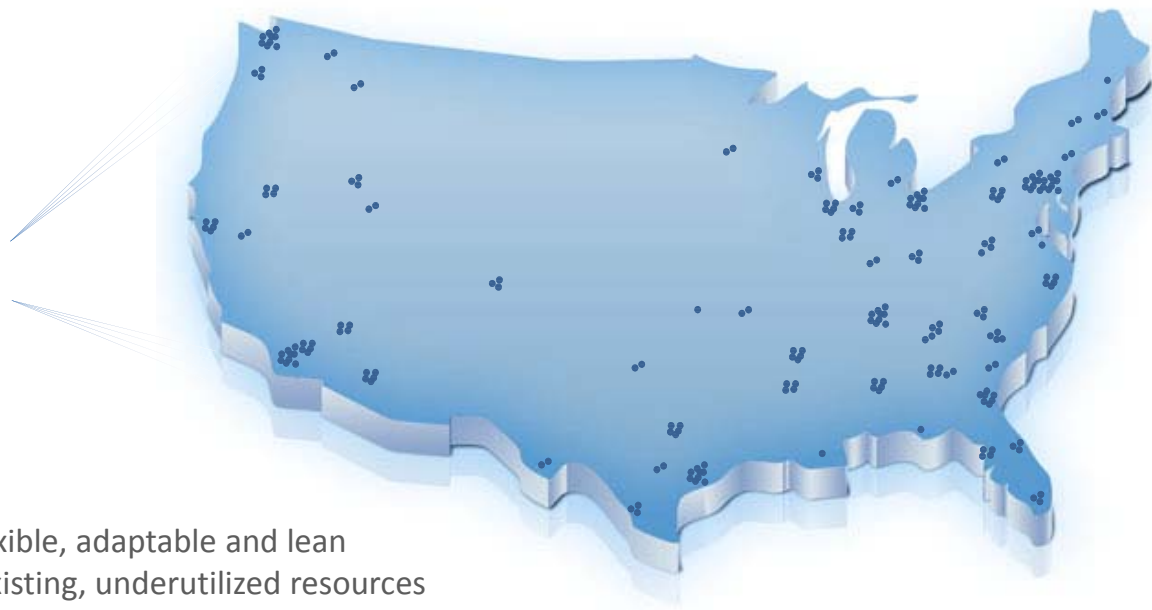
Access to large + flexible warehouse footprint drives supply chain flexibility



The Marketplace for Warehouse Space

Vision: A Connected Network of 1,000's of Warehouses

A Global "Spot Market" for Warehousing



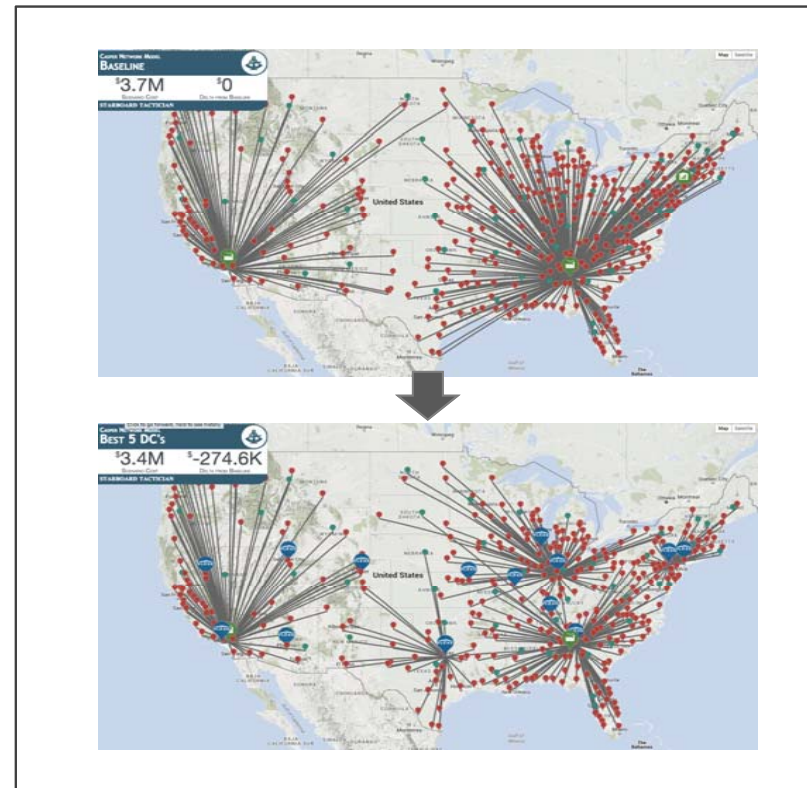
- ✓ Make supply chains more flexible, adaptable and lean
- ✓ Everybody wins – leverage existing, underutilized resources
- ✓ Transform fixed costs into variable costs
- ✓ Increase supply chain speed and responsiveness



The Marketplace for Warehouse Space

Pop-Up Distribution – Dynamic Warehouse Footprints

- **The Changing Face of Retail: The New Normal:**
 - eCommerce consumer expectations
 - Minimized (or free) shipping costs
 - Solving for 10X+ peak volume swings
- *True Network Optimization* is not a constant formula
- The Challenge: Minimizing fixed costs and long term commitments
- Tech & The Sharing Economy: Unlock & leverage existing capacity.



Slide 15

RM1

maybe future flexibility for demand changes is a good point to mention here? i.e. your customers may change, products may change, etc.

Ryan Morel, 2/25/2016

The background features a repeating pattern of light gray hexagons. Inside each hexagon, there is a cluster of small gray dots, creating a textured, grid-like effect.

IPIC 2016

**ENABLING OPENLY
SHARED WAREHOUSING
SPACE**

Irv Grossman-June 30, 2016

CHAINalytics

WHO IS CHAINALYTICS?



18
of Gartner's **TOP 25**
supply chains

98 of the
FORTUNE 500

9 TOP 10 RETAIL



8 TOP 10 FOOD & BEVERAGE



7 TOP 10 CPG



\$27 BILLION
FREIGHT SPEND
CAPTURED IN
FMIC

66%
WORLD
POPULATION
REPRESENTED BY
SPOKEN LANGUAGES

average
SUPPLY CHAIN **17**
EXPERIENCE YEARS

| | | | | |
|---|---|---|---|---|
| ✓ | ✓ | ✓ | ✓ | ✓ |
| ✓ | ✓ | ✓ | ✓ | ✓ |
| ✓ | ✓ | ✓ | ✓ | ✓ |
| ✓ | ✓ | □ | □ | □ |

11
YEARS
GREAT SUPPLY CHAIN PARTNER
SupplyChainBrain

13 **PROS**
TO KNOW
Supply & Demand Chain
Executive



Gartner
COOLVENDOR
in supply chain services



OUR COMPETENCIES



**Supply Chain
Design**



**Integrated
Demand & Supply
Planning**



**Sourcing
& Supplier
Management**



**Packaging
Optimization**



**Supply Chain
Operations**



Transportation



**Service
Supply Chain**

OUR COMPETENCIES



Supply Chain
Design



Integrated
Demand & Supply
Planning



Sourcing
& Supplier
Management



Packaging
Optimization



Supply Chain
Operations



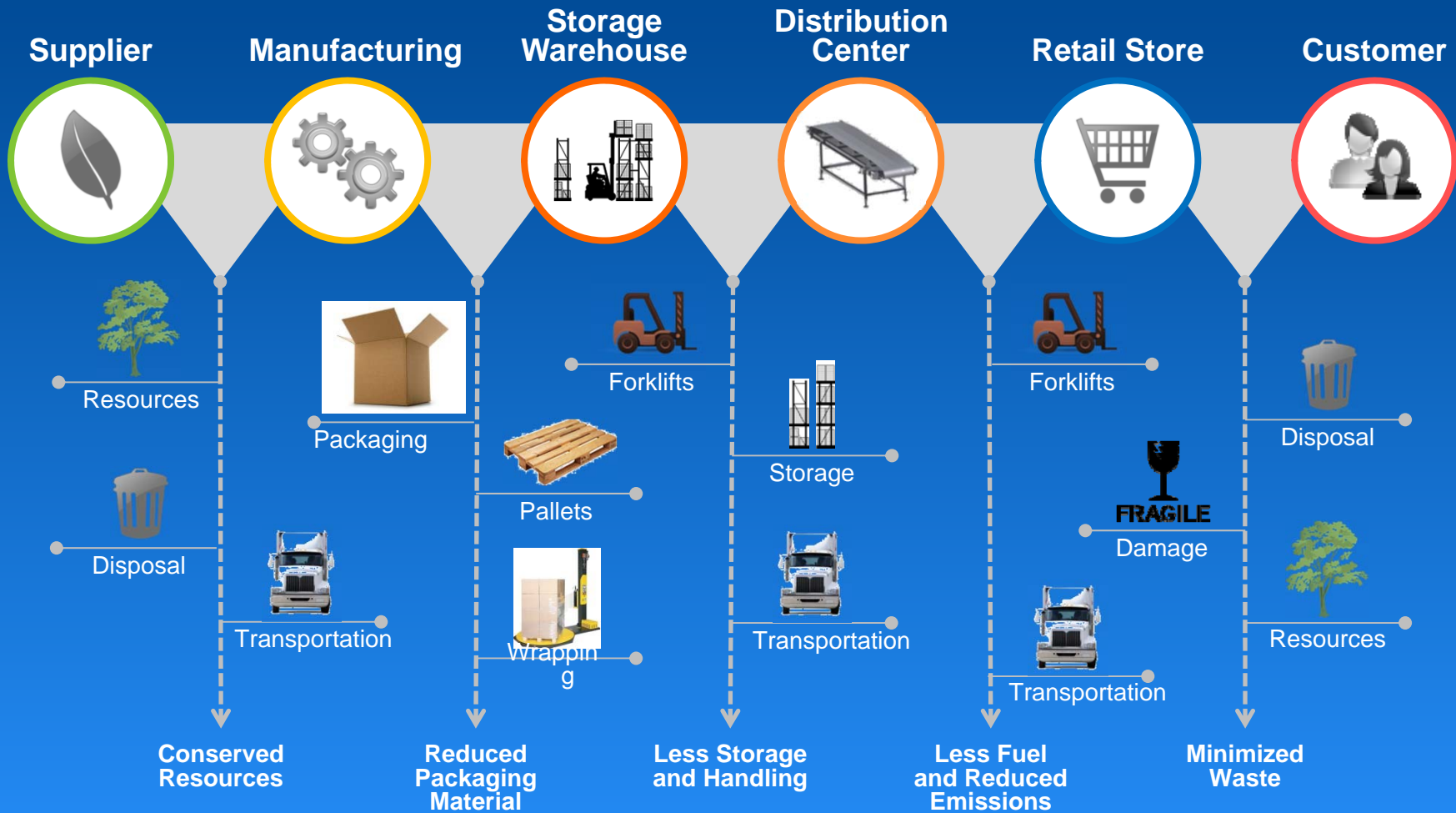
Transportation



Service
Supply Chain

IMPACT OF PACKAGING ON THE SUPPLY CHAIN

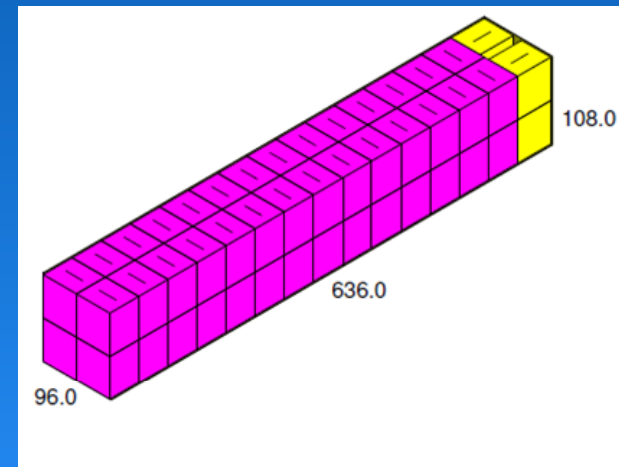
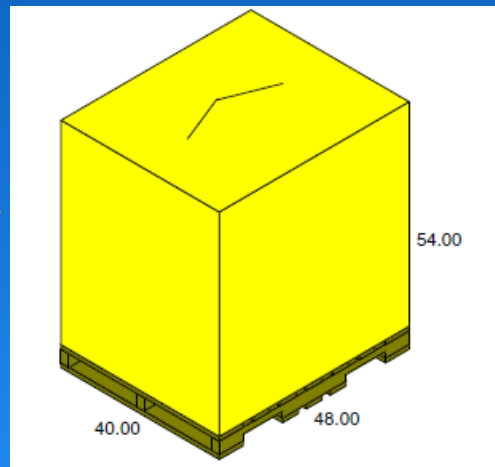
Holistic View of Package Design



'CASE' EXAMPLES

Global Aftermarket Tire Manufacturer

- **Objective:** Identify Holistic Cost Savings and Capacity Improvements from Supplier to Customer.
- **Results:** Cost improvement of 7% and inventory availability of 10%. Return on Investment in less than 120 days.



'CASE' EXAMPLES

Leading Food Products Manufacturer

- **Objective:** Reduce packaging failure and customer complaints for perishable products as well as reduce supply chain costs.
- **Results:** Reduction over 3MM ft² totaling \$235,000 in annual savings for just one SKU.

Original Case



90 cases per pallet

New Case

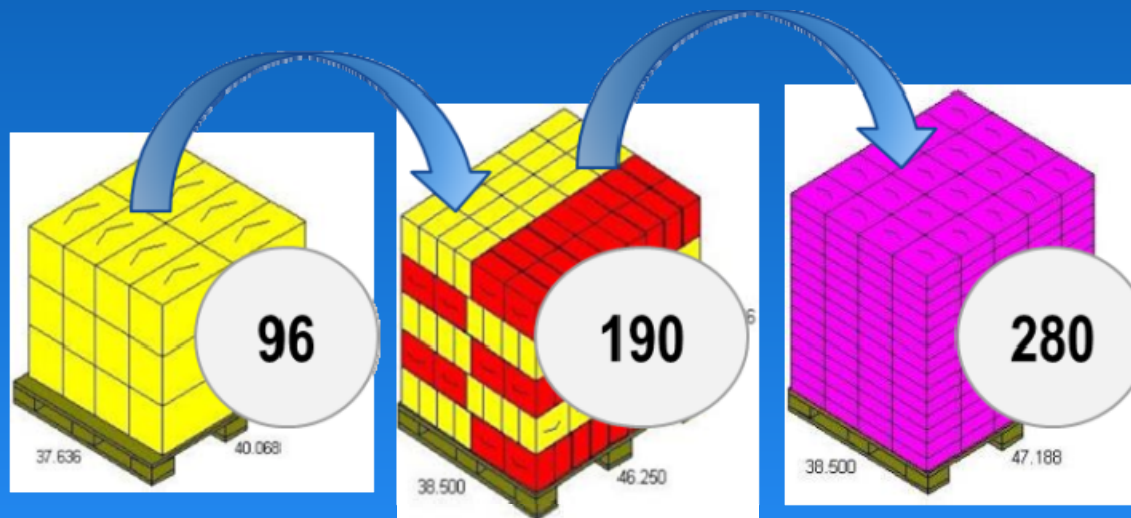


144 cases per pallet

'CASE' STUDIES

Global Telecom Supplier

- **Objective:** To optimize packaging in order to reduce dimensional weight penalties and the cost of product delivery throughout the global supply chain.
- **Results:** Reductions in packaging materials and the freight savings generated from increased product densities delivered more than \$4MM in annual supply chain savings



FORCES

Shared Warehousing has forces working for and against progress.

Enablers

- Horizontal Collaboration
- Capacity Constraints
- Move to Outsourcing
- Emerging Technologies
- Sustainability

Resistance

- Embedded Infrastructure
- Packaging as Differentiator
- 1:1 Outsourcing Relationship
- Product Characteristics
- SLAs



THANK YOU

Irv Grossman
Executive VP-Consulting, Amercicas
igrossman@chainalytics.com
+1 (770) 373-4812



IPIC 2016

3rd International Physical Internet Conference

Plenary Forum WA: Hyperconnected Distribution - Enabling Openly Shared Warehousing Space

Hosted By



Partners

