



Mr. Richard Sharpe President & CEO Competitive Insights, LLC

- Over 27 years of experience in Supply Chain Management and Applied Business Solutions
- Founding member of the American Logistics Aid Network (ALAN)
- Graduate Degree in Industrial Engineering from Georgia Institute of Technology;
Undergraduate Degree in Industrial Engineering from the University of Florida



Visibility for Smart Growth

Creating Agile Supply Chain Operating Networks

Shifting International Trade Routes



January 25, 2013

“You can’t manage what you don’t measure”

Credited to Dr. Ed Deming

Agenda

Company Introduction

The Financial Impact of Supply Chain Management

Traditional Approach for Defining Supply Chain Operating Networks

The Realities of Today's World

Supply Chain Operating Networks in the Future

Competitive *insights* ADVANTAGE

Profitability & Performance Management Solutions

Patented Technology + Methodology for Smart Growth



Software as a Service (SaaS)
Technology Platform

In the News

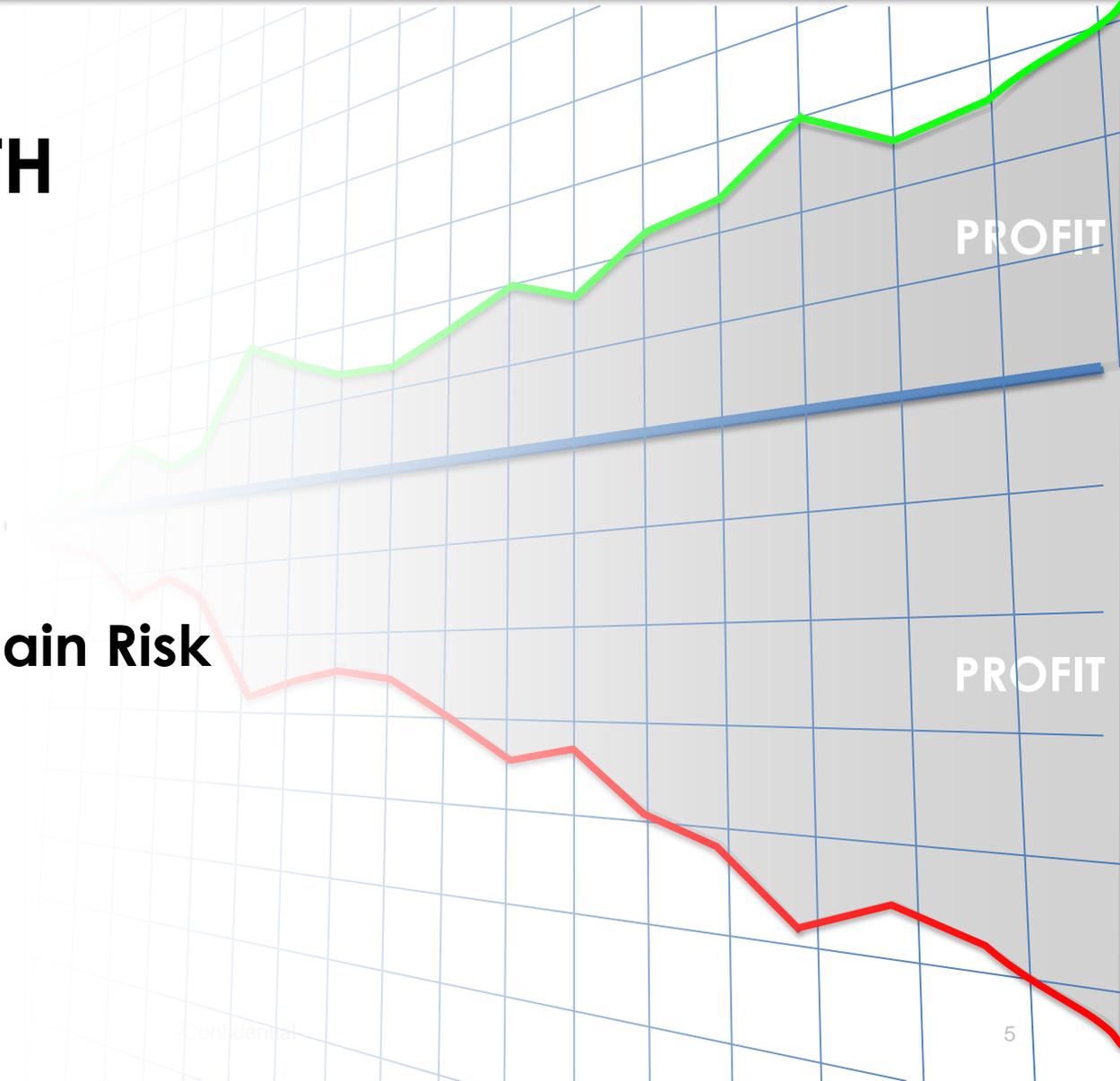


CSCMP's
Supply Chain
[QUARTERLY]

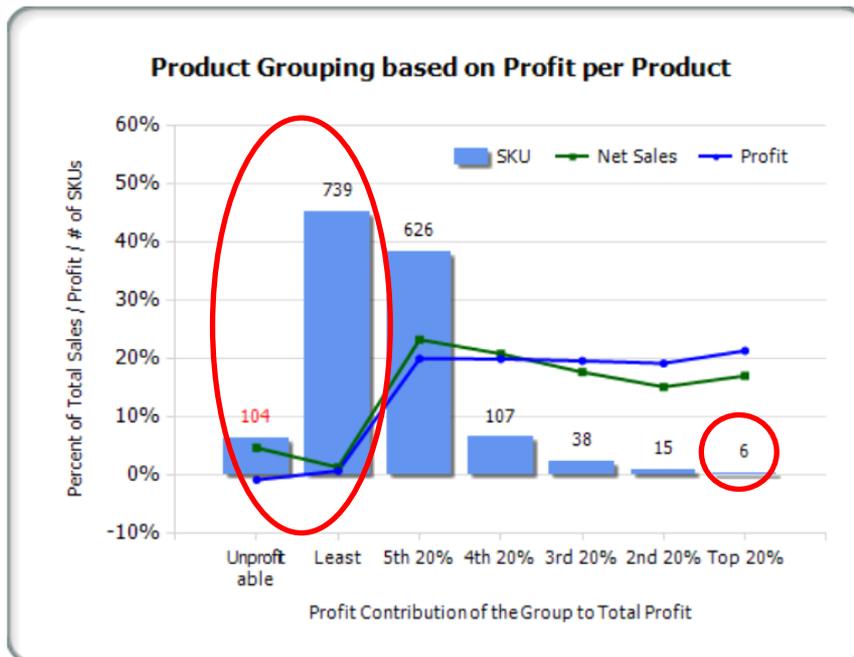


SMART GROWTH

- + Increase Sales
- Decrease Costs
- Mitigate Supply Chain Risk

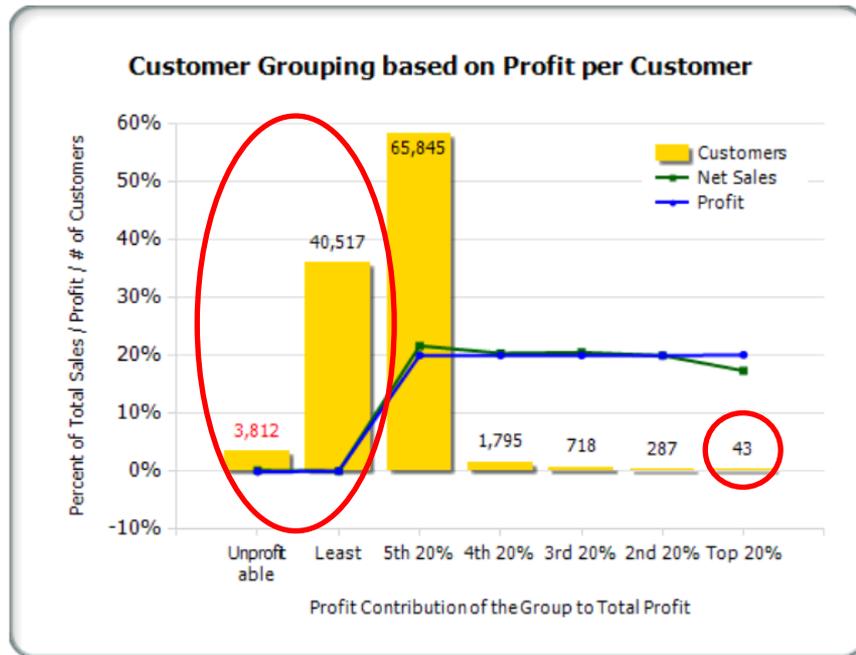


Product Performance



- 6 out of 1635 SKUs constitute 20% of profit
- 843 SKUs constitute no profit

Customer Performance



- 43 out of 113,017 customers constitute 20% of profit
- 44,329 customers constitute no profit

Competitive Insights: Big Data Video

Available at

<http://www.youtube.com/watch?v=DCffaA-Cra4>

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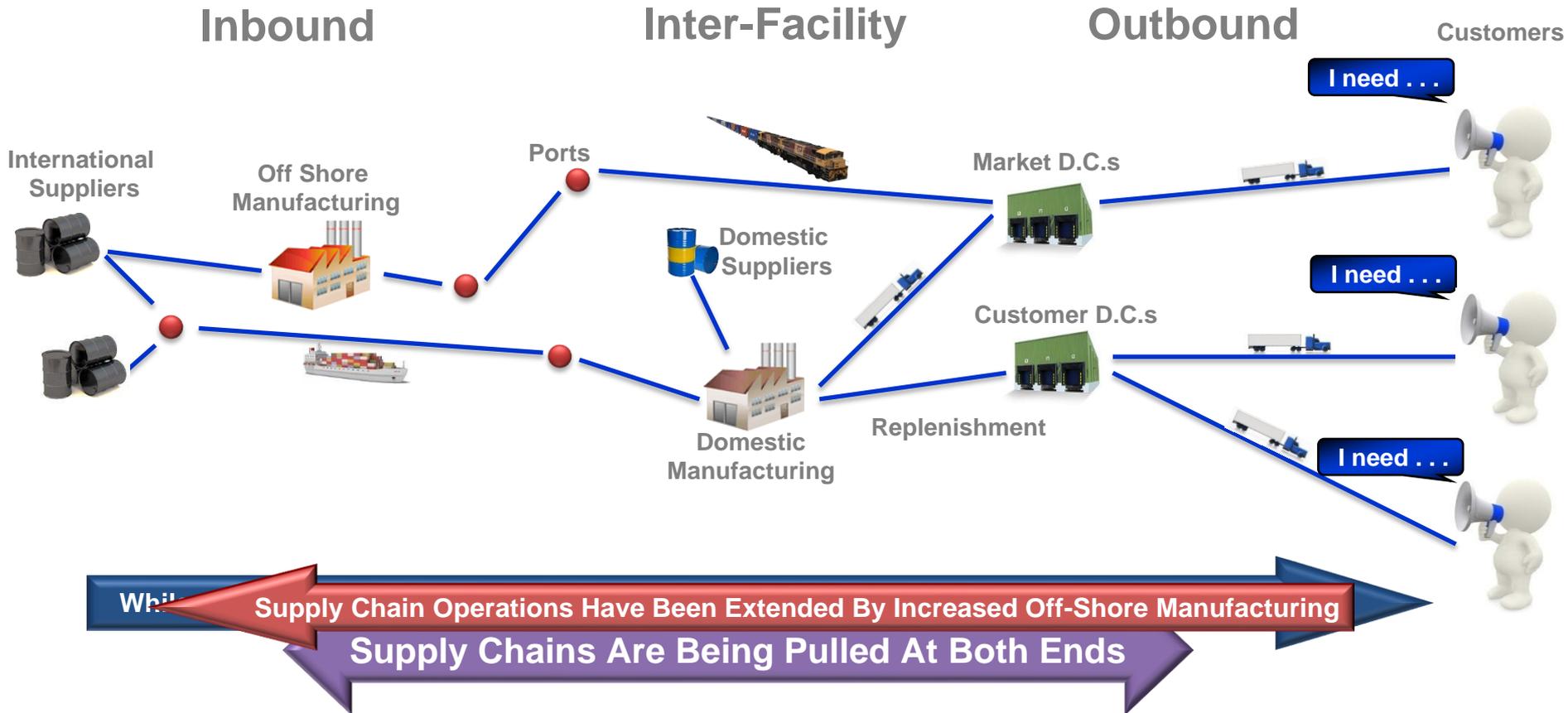
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The Financial Impact of Supply Chain Management



Since 1990, U.S. logistics costs have risen 95%

Average annual increase = \$30b

2011 increase was \$79b



**But looking at it
compared to the GDP....**

logistics expense decreased 25%
from 11.4% to 8.5%

The cost of logistics in the US was \$1.3 trillion in 2011, 8.5% of the US GDP. It was 17.9% in 1980.

US expenditures on logistics is larger than the national GDP of all but 12 countries.

Total domestic business inventories are valued at \$2.1 trillion.

By comparison, estimated logistics costs represent 15% of China's GDP and 13% in India.

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Traditional Approach for Defining Supply Chain Operating Networks



Traditional Approach for Defining Supply Chain Operating Networks

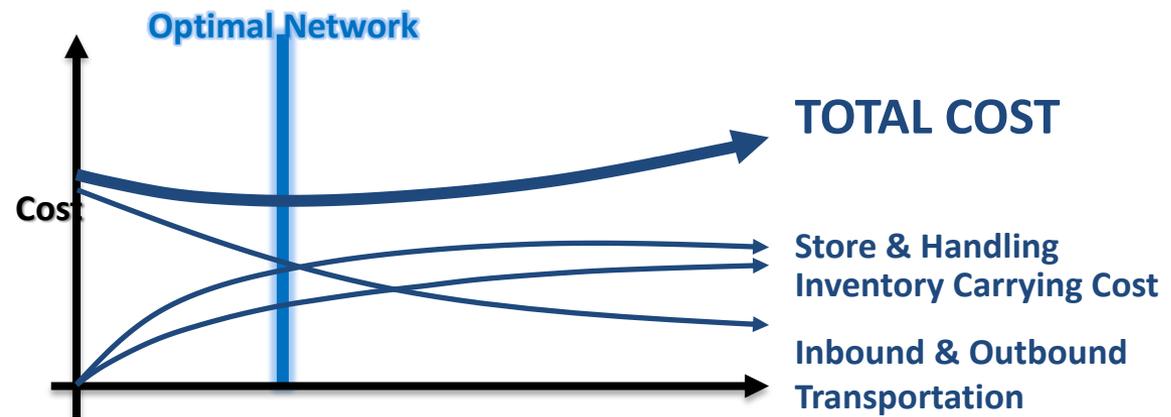
But there are a lot of choices in deciding how to design Supply Chain Operating Networks



Traditional Approach for Defining Supply Chain Operating Networks

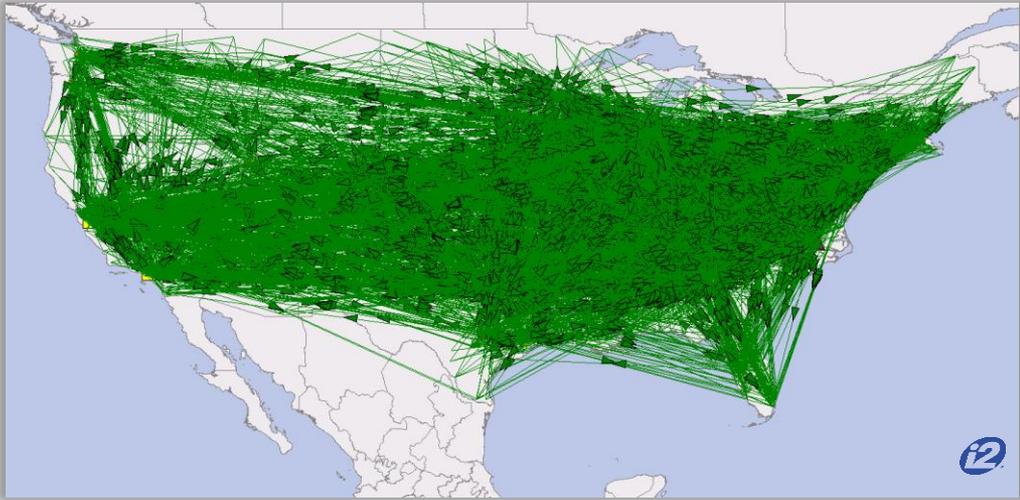


Strategy Objective: Minimize Costs while maintaining service levels



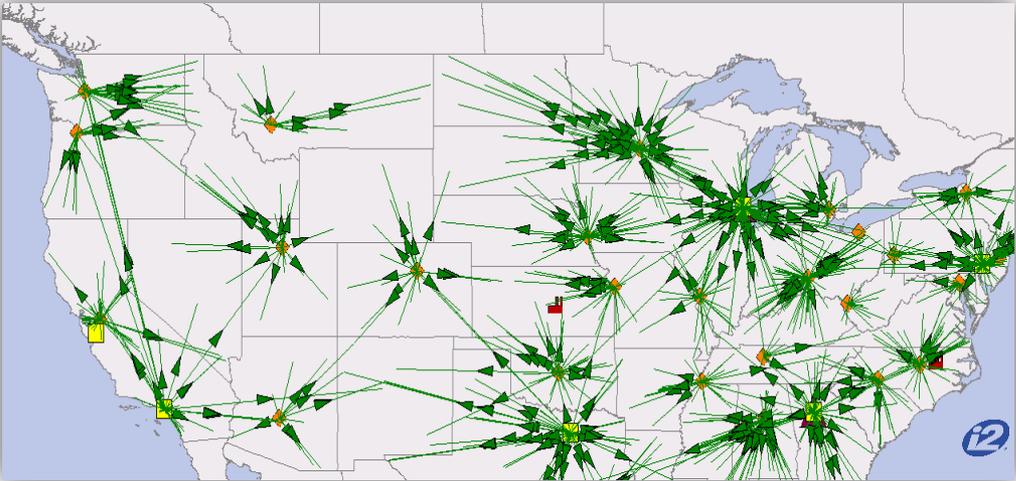
This is under the big assumption that things will stay the same for 3 to 5 years when it is time to re-evaluate the Operating Network!

Traditional Approach for Defining Supply Chain Operating Networks



Before

After



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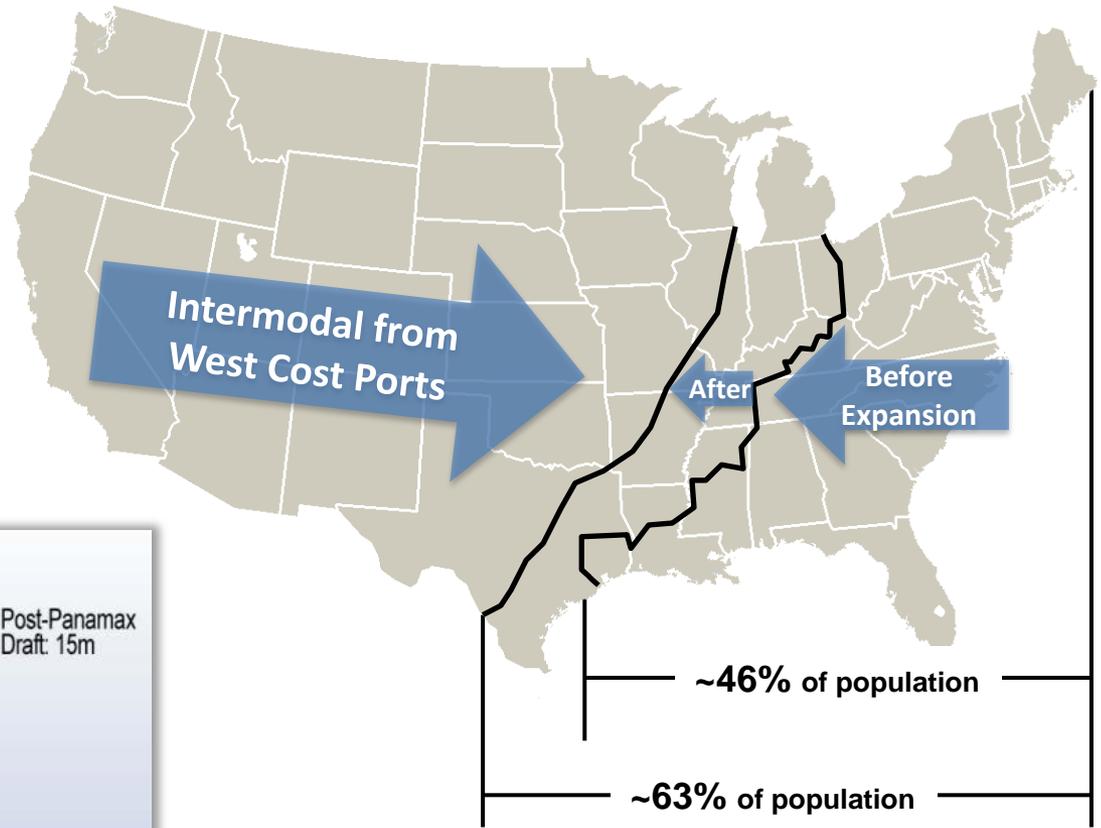
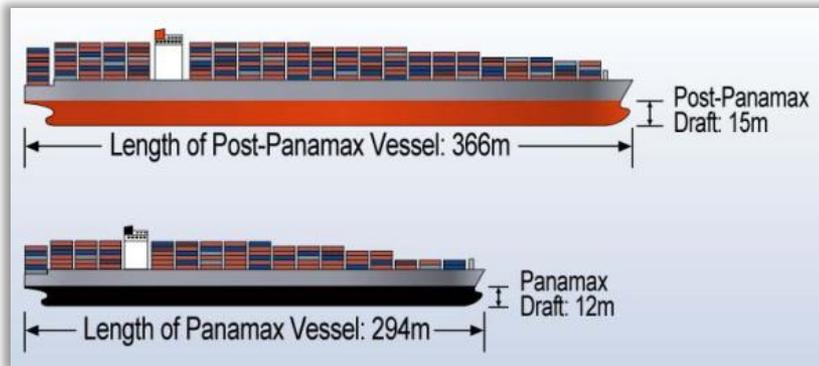
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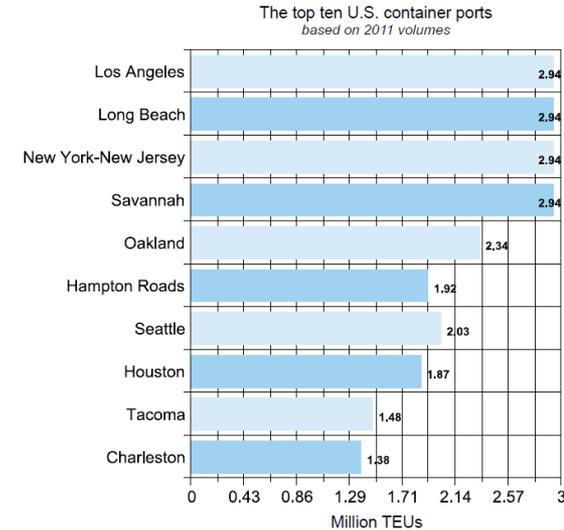
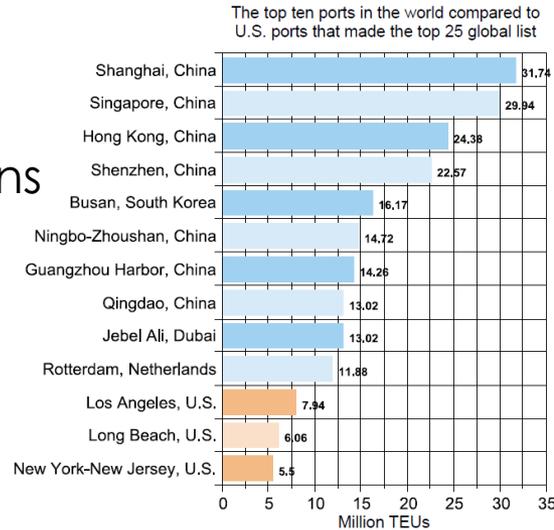
Trade Route Economics - Panama Canal Expansion

	Panamax	Post-Panamax
Capacity:		
Containers (TEUs)	4,500	12,000
Dimensions:		
Beam	32m (106')	49m (160')
Length	294m (965')	366m (1,200')
Draft	12m (39.5')	15m (50')



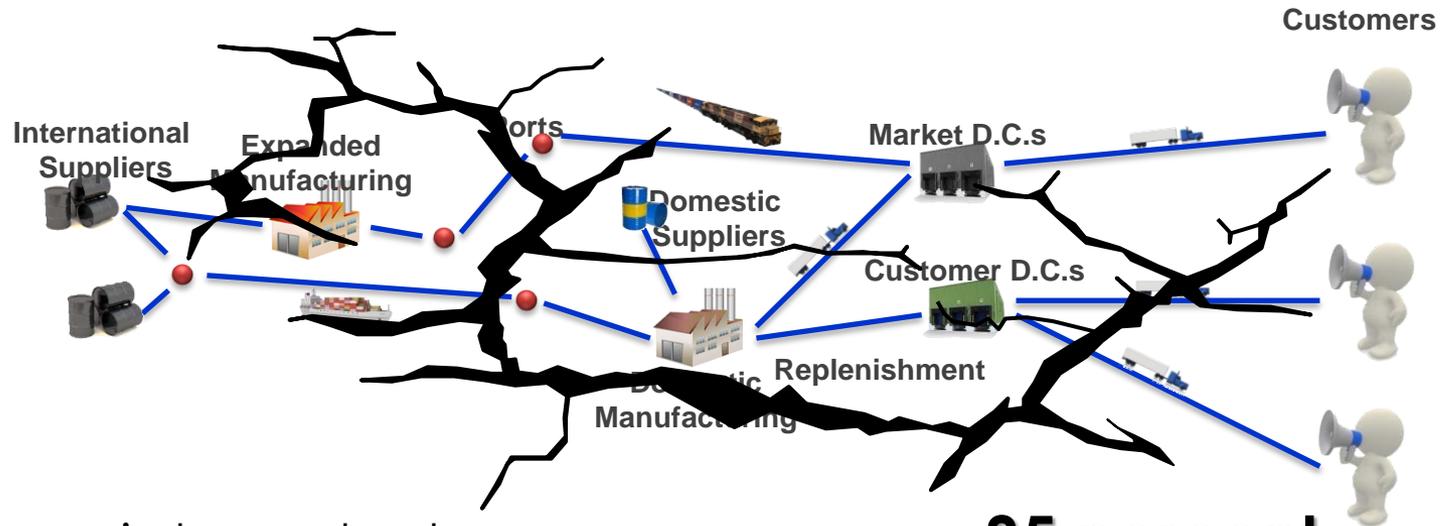
Pressures for Ports

- Shifting trade routes
- Labor contracts
- Environmental regulations
- Global security threats
- Bigger ships
- Commuter traffic
- Bridges
- Rail Lines
- Channel depth
- Community response
- Other pressures



and what about your customers?

Supply Chain Risk



Economic losses due to supply chain disruptions **increased by 465% over 3 years**

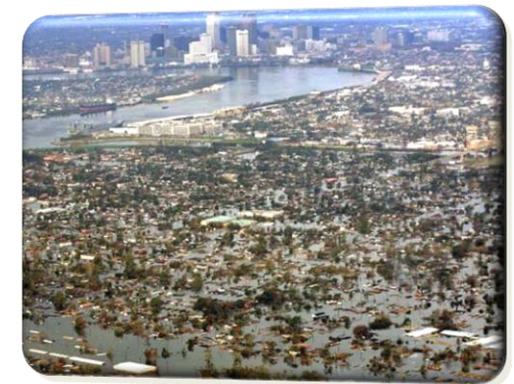
(\$62 billion in 2009 to \$350 billion in 2011)
-Penn State University

85 percent of companies say they experienced at least one supply chain disruption in 12 months.

- Zurich Financial Services Group and the Business Continuity Institute (BCI) (2011)

Supply Chain Disruptions - Physical

- Geographically Related
(e.g. aging U.S. transportation infrastructure)
- Weather Related
 - Tornadoes
 - Earthquakes
 - Tsunamis
 - Hurricanes



Supply Chain Disruptions - Commercial

- Financial Disability
 - Third Party Providers
 - Carriers
 - Value-Added Suppliers
- Workforce Capability Related
- Financial Market Related
- Technology Related





Supply Chain Disruptions - Geopolitical/Regulatory

- New Regulations
- Economic sanctions
- Political unrest
- Terrorist attacks
- Or Other Man-Made Events

Emerging Markets

Before 2020, emerging countries will surpass developed countries.



Brazil
China
India
Indonesia
Mexico
Russia
Turkey

Canada
France
Germany
Italy
Japan
UK
US

Emerging Countries Developed Countries

-Price Waterhouse Coopers(2013)

70% of world's incremental global growth is coming from emerging markets.

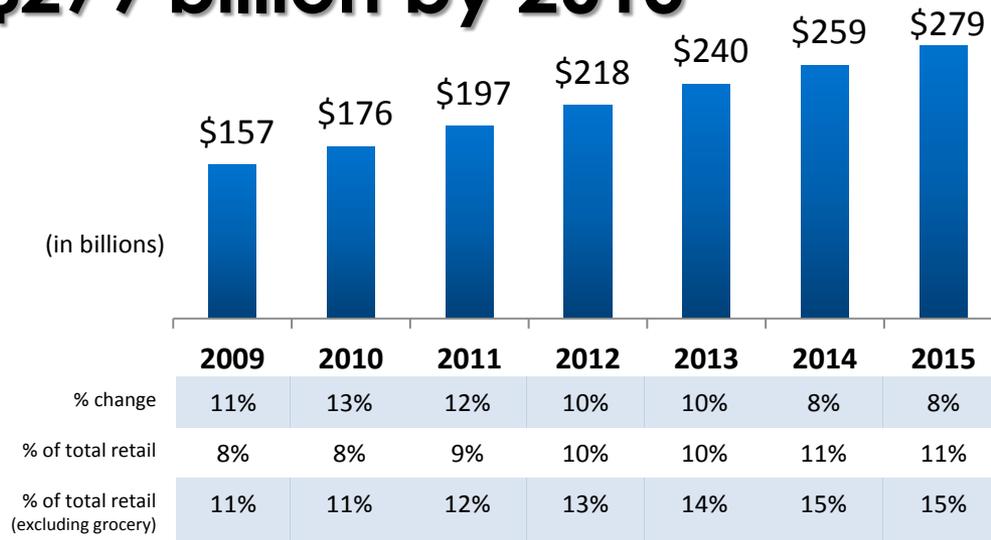
- Columbia Management (2013)

E-Commerce

**In the U.S.,
e-commerce revenues will reach
\$279 billion by 2015**

**In China,
e-commerce revenues will reach
\$360 billion by 2015**

up from about \$121 billion in 2011
- The Boston Consulting Group (2012)



-Forrester Research, Inc. (2011)

**In Brazil,
26% growth**

in e-commerce revenues
from \$8.4 billion in 2010
to \$11 billion in 2011

-Forbes (2012)

Profitability

The ever increasing pressure to generate and protect corporate profits



Given the financial volatility in various markets and rapidly changing needs for the supply chain to support global commerce,



**can companies rely on
an operating design
that is only reviewed
every 3 – 5 years?**

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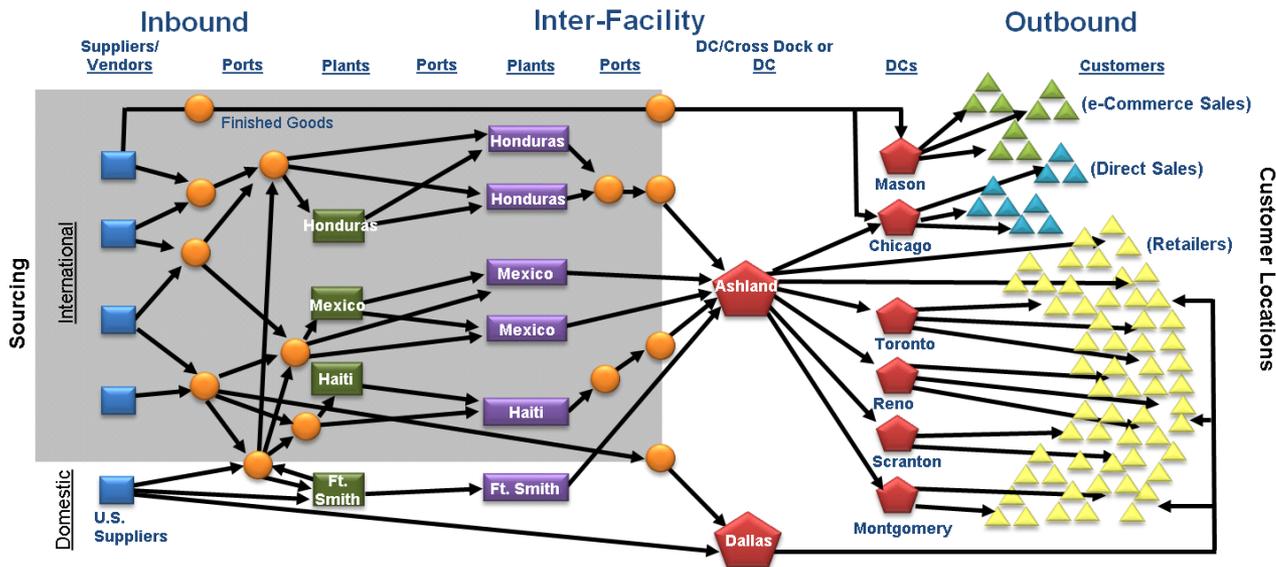
Ongoing Operating Network Adjustments



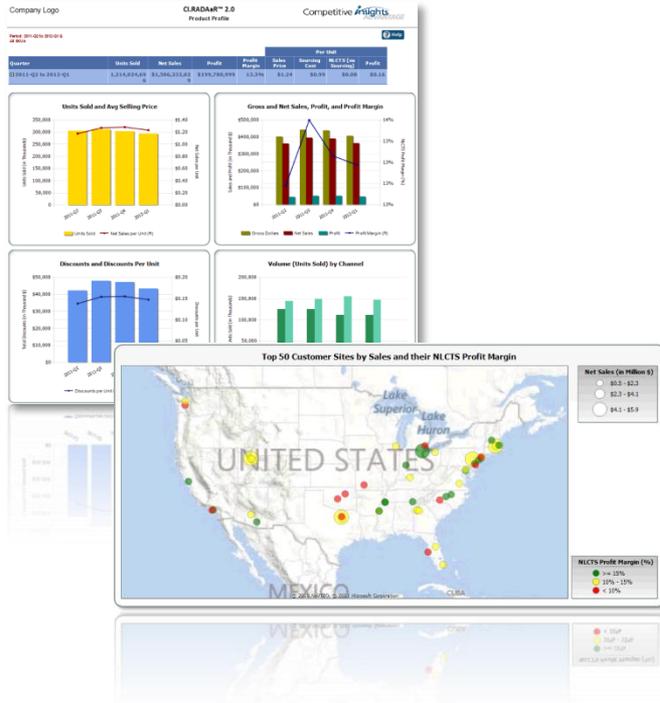
Balancing :

- **Costs**
- **Profits**
- **Customer Service**
- **Risks**

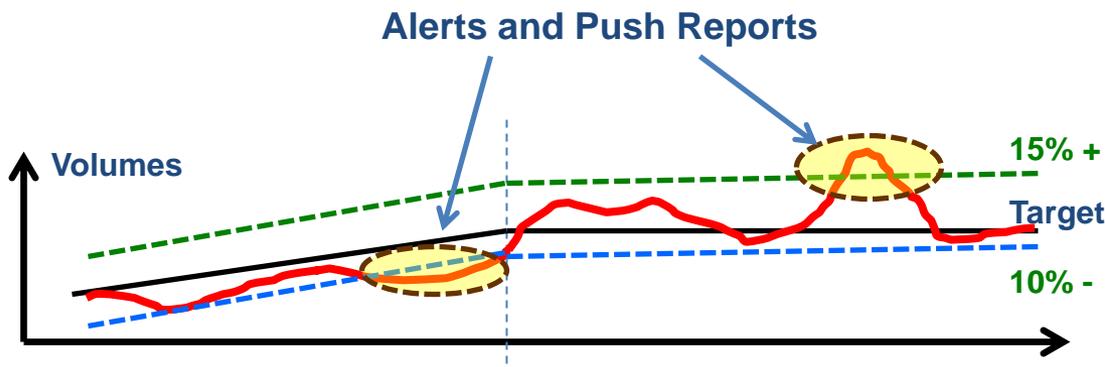
Realizing that “One Supply Chain Structure May Not Fit All Needs”



Utilize Big Data to Understand Current Operating Performance



Utilize Big Data to Refine and Measure Operating Networks



- Refine operating plans every 3 – 5 months
- Set performance thresholds for reporting and alerts

By Continuously Adapting to a Changing World,



**Companies will Win
Ongoing Competitive Advantage**

It will not be easy, but . . .



it can happen.



Visibility for Smart Growth

Thank You

If you have further questions or comments,
e-mail rsharp@ci-advantage.com
or visit www.ci-advantage.com

Turning Big Data into Smart Growth