



4 REASONS WHY YOUR SUPPLY CHAIN IS BROKEN

- 1 EXPAND ATTENTION PLACED ON INTERNATIONAL SUPPLY
- 2 PRODUCTS ARE NOT GETTING TO MARKET ON-TIME
- 3 VISIBILITY IS LACKING WITHIN GLOBAL SUPPLY CHAINS
- 4 OUTSOURCE SUPPLY CHAIN

EXPAND ATTENTION PLACED ON INTERNATIONAL SUPPLY



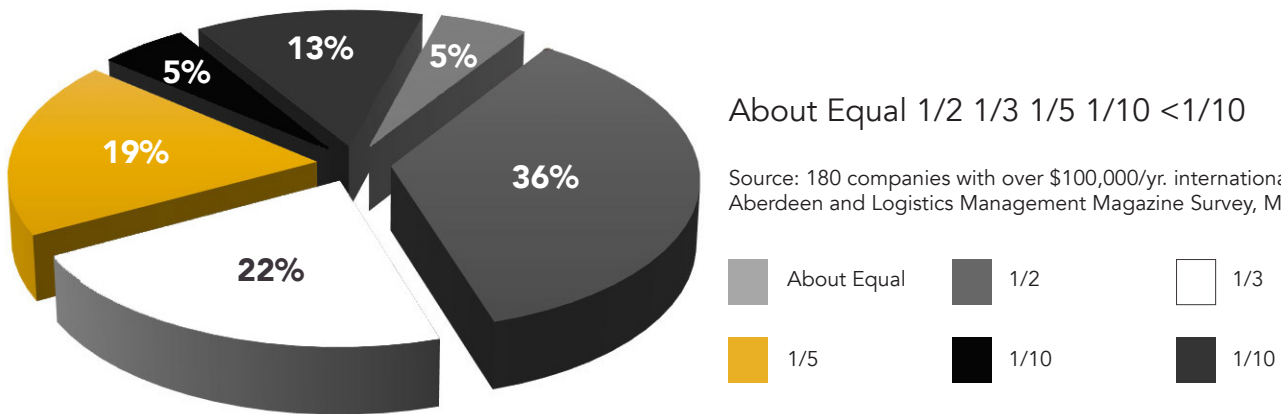
When evaluating the way your company manages your domestic supply chain do you place that same amount of focus on your international transportation? One reason why it is important to vamp up your international supply chain processes is because of the need to enable more optimal responses to changing global demands. "A 1% investment in international supply chain efficiency yields a far greater return than a 1% investment in domestic supply chain efficiency. Most international supply chain investment is only about 1/10 of domestic investment," according to the Aberdeen Group.

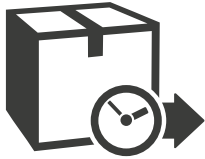
There are few companies that solely rely on domestic sourcing of goods today. Businesses are either directly sourcing overseas or their suppliers are; companies are selling their goods in international markets. Competition is arriving from every area of the globe.

"Gaps in performance and investment are important in today's global market, where 88% of companies are engaged in international trade and global transport," according to the Aberdeen Group. If you were to gauge the time you are currently spending on your domestic supply chain versus your international supply chain, how does it compare? International supply chains face security and compliance challenges. Enhance your existing import and export compliance knowledge base and establish a comprehensive track-and-trace system for real-time visibility for import and export shipments in-transit. Avoid compliance violations and reduce duties and fees while increasing profitability and operational efficiency.

"The logistics costs associated with operating an international supply chain can be 6% to 11% of revenue, which is roughly three to five times more than a domestic supply network," according to Stephanie Miles, Senior Vice President at Amber Road. Placing a larger focus on international transportation can provide a strong return-on-investment.

How Much Have You Invested in International Supply Chain Solutions vs. Domestic Supply Chain Solutions?





On-time delivery directly affects the customer's buying decision. Buying decisions affect pricing. If your products take any extra time to arrive at their final destination how does that impact your company's bottom-line? The extra time in-transit is not only delaying your customer from being able to purchase from your stock of product but it is also allowing your competitors to gain a competitive advantage. Your product will not hold the same value when it is delayed because of capacity constraints.

Timeliness of distribution has a direct impact on a products distinct position in the market. For example, if you are a grocery store and your racks are full of canned goods approaching their sell-by date this directly impacts the buying decision of your customer. Companies plan release dates for their products and know that they will need to have enough shipments of stock on-hand, along with replenishment products, within a certain timeframe.

When demand for a product is high it is vital for a company to have enough product available to match that demand. A wide range of industries experience periodic, non-repeatable events that carry a high demand for products during a short time frame.

With global sourcing and long lead times it is important for supply chains to be able to quickly deal with demand and supply variability. Supply chains are evaluated based on time, risk and cost. Often times, the value of time is understated. Every minute a product is in a supply chain the clock is ticking and the profit margin can be dwindling.

Global logistics requires getting the right product, in the right quantity and right quality, in the right place at the right time, for the right customer at the right cost. Data must be available instantly. In order to know about supply chain interruptions and volatility sooner, companies need access to automated data intelligence that provides information in real-time. The longer it takes to identify a problem, the worse the outcome may become. The data can be analyzed collaboratively so that adjustments can be made right away. This allows companies the opportunity to plan more effectively for crises that they cannot predict. Information about second and third-tier suppliers can help form a plan of action so that members of the supply chain are not scrambling when a disaster strikes.



Identify and eliminate delays before they become problems and reduce unpredictability within your supply chain. Generate a lean supply chain by managing and controlling your in-transit inventory. Follow cargo in real-time, know exactly where it is from purchase order to proof-of-delivery. If a shipment has encountered a delay you need to be able to address the capacity problem directly. You can't fix problems if you do not know they exist. Online, on-demand reporting with access to historical activity will give you the ability to analyze trends. This will provide you with the ability to evaluate and measure key performance indicators. Query the data you acquire from a visibility tool that allows you to drill down to the granular level and generate reports to share with key stakeholders. Gain a deeper understanding of the drivers of cost, performance and problem areas.

Maintain, audit and control current Customs compliance processes. Mitigate supply chain delays and fines by utilizing an online portal to electronically submit information to Customs. Manage risk more effectively and improve product profitability by using agility to help face unexpected disruptions within the supply chain.

Increased visibility of inventory across the supply chain allows for in-transit inventory to be counted as on-hand, which lowers the amount of safeguard stock your company will need to hold in case of capacity constraints. With this visibility, you can make strategic fulfillment decisions and can more accurately identify estimated time of arrival of shipment of goods and can respond to changing availability and consumer demand in real-time.

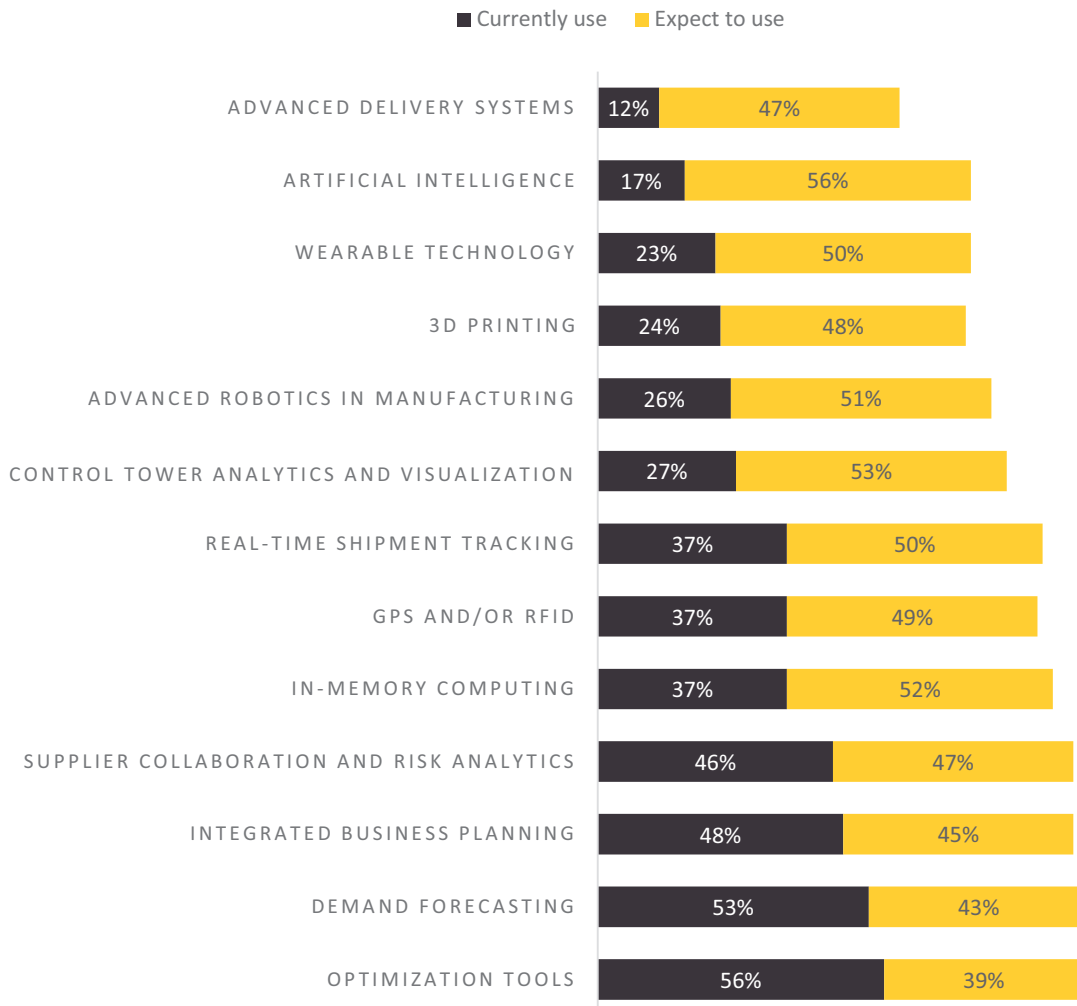
"To comprehensively manage global trade, supply chain teams need real-time visibility into the status of orders and shipments. With today's international shipments costing twice as much, taking five times as long and having five times more variability than a domestic shipment, global supply chain visibility is an imperative," according to the Aberdeen Group.

Disruptions can occur with no advanced notice. There is very little time to react once a disruption has taken place, so shippers have to concentrate on making quick and efficient decisions to mitigate the impacts and control the costs incurred. It is critically important that the shipper has accurate and timely information on the status of their freight and knowledge of the nature of the disruption. End-to-end visibility of freight in-transit is a must, as is readily available information on alternative inventory sources and freight options, so the shipper can collaborate with suppliers to deal with freight delays.

Supply chains have become more sensitive than ever before to unplanned risks. At the same time, tools like supply chain visibility are available to prepare shippers for unexpected supply chain disruptions.

The top four supply chain capabilities that Deloitte University has found for big data and advanced analytics from a recent study titled, "Supply Chain Talent of the Future" are: 1) optimization tools, 2) demand forecasting, 3) integrated business planning and 4) supplier collaboration and risk analytics. Control tower analytics and visualization are also on the road maps of supply chain teams currently running big data pilots.

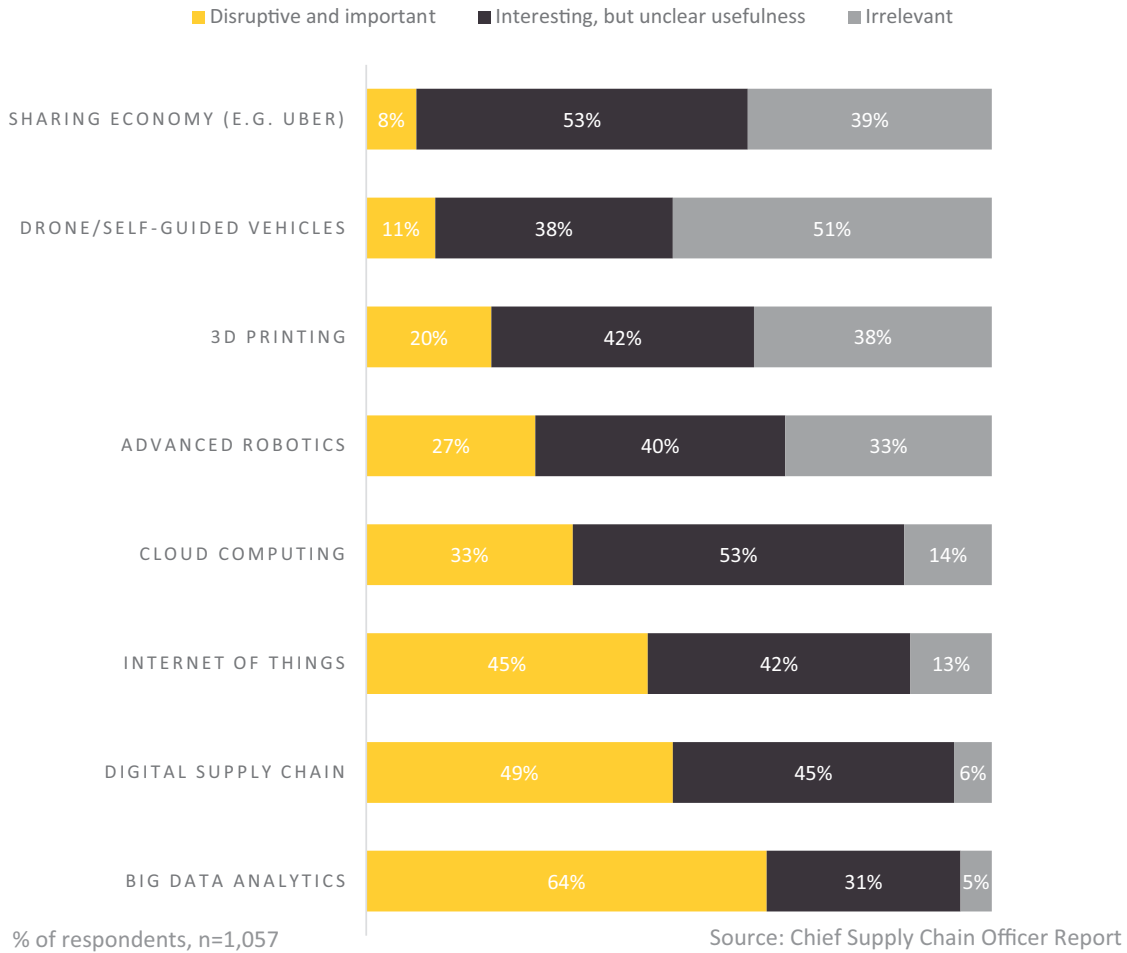
USE OF SUPPLY CHAIN CAPABILITIES



Source: Deloitte

Sixty-four percent of supply chain executives consider big data analytics a disruptive and important technology, setting the foundation for long-term change management in their organizations. SCM World’s latest Chief Supply Chain Officer Report provides a prioritization of the most disruptive technologies for supply chains as defined by the organizations’ members. The following graphic from the report provides insights into how senior supply chain executives are prioritizing big data analytics over other technologies.

DISRUPTIVE TECHNOLOGIES FOR SUPPLY CHAIN

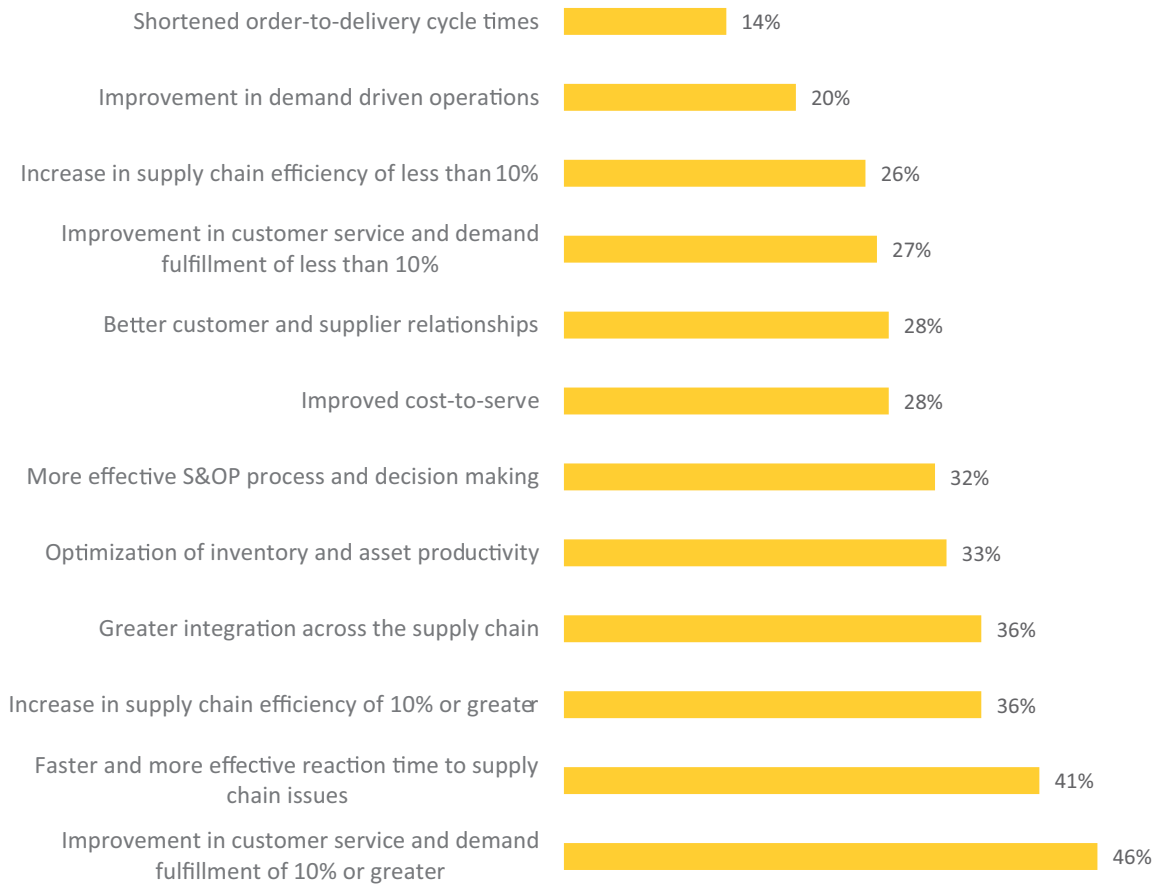


Companies that have a clear strategy are likely to have a larger return on their big data analytics investment. The reason for this is because these companies will be better able to navigate the challenges they encounter in collecting and storing data, selecting the right analytics tools, generating usable insights from their data and ultimately being able to act on those insights to achieve positive business outcomes.

Strategy development is not a minor undertaking. Developing a relationship with a third party logistics provider will help you define your strategy for applying big data analytics into your operations and will help assist with how to understand the benefits of end-to-end visibility that provides the data intelligence that you need from your global supply chain. This relationship will be key in understanding the true potential of big data analytics while helping you avoid making a significant investment in the tools or visibility software required. Having an understanding of how your supply chain is evolving or being disrupted and then translating those insights into a clear business road map is critical.

An Accenture global operations megatrends study titled, “The Big Data Analytics in Supply Chain: Hype or Here to Stay?,” found that companies are achieving significant results by using big data analytics to improve supply chain performance to gain greater contextual intelligence. The top results of the study are shown below.

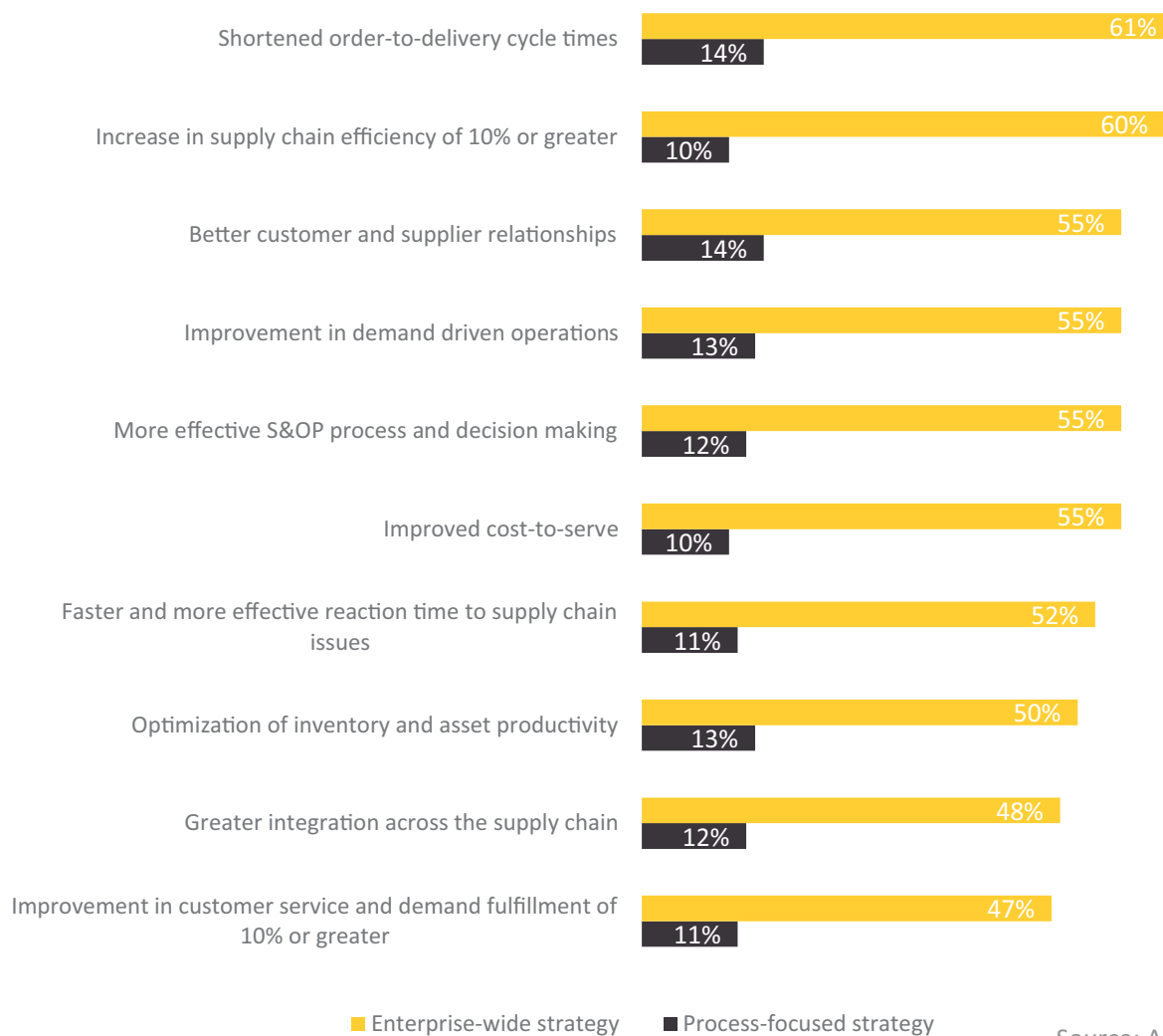
RESULTS COMPANIES HAVE ACHIEVED USING BIG DATA



Source: Accenture

Leaders make developing a robust data analytics enterprise-wide strategy, a high priority. An enterprise-wide strategy of which the supply chain is an integral part enables a company to use big data to drive business value. Companies with an enterprise-wide strategy are more likely than those with a process focused strategy to have shortened order-to-delivery cycle times (61% versus 14%), a more effective sales and operations (S&OP) process and decision making (55% versus 12%), and improved cost-to-serve (55% versus 10%).

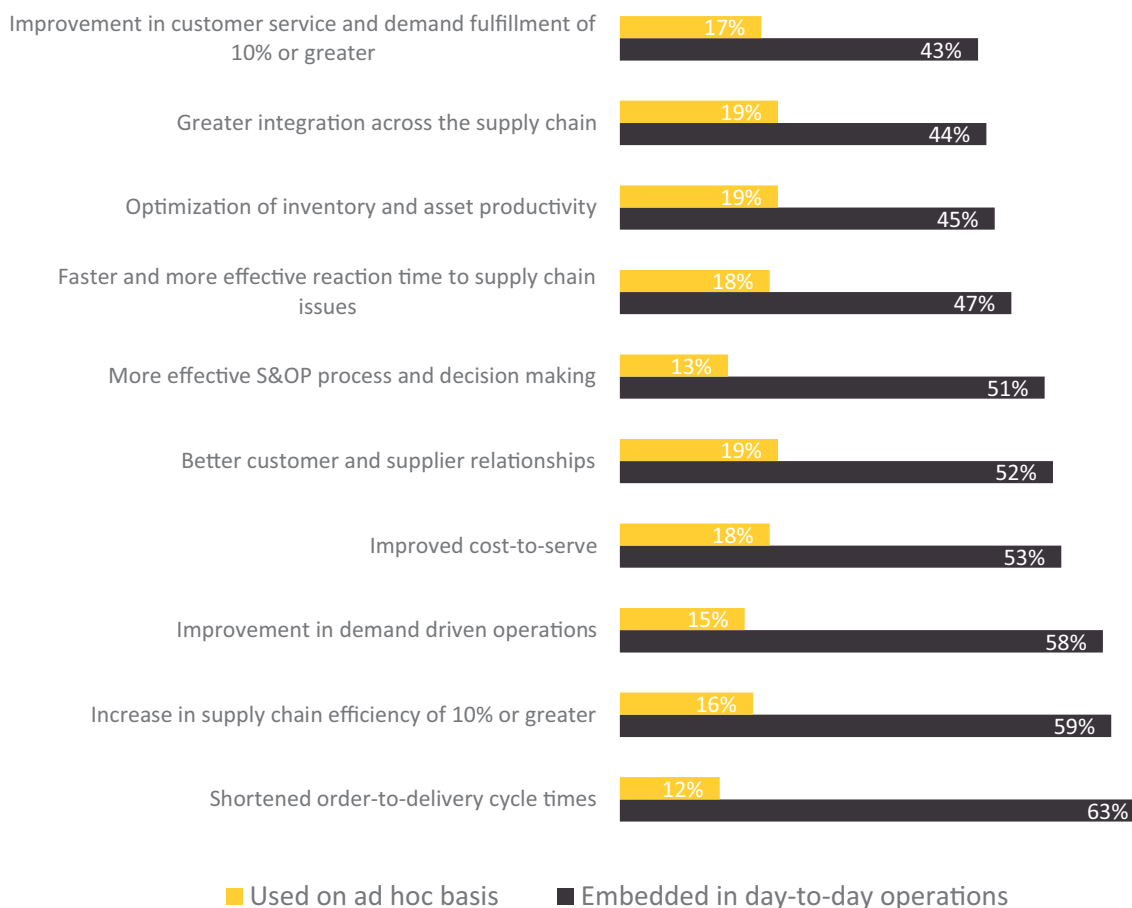
COMPANIES WITH AN ENTERPRISE-WIDE STRATEGY GENERATE A RANGE OF IMPORTANT SUPPLY CHAIN BENEFITS FROM BIG DATA ANALYTICS



Source: Accenture

Leaders emphasize embedding big data analytics into operations to improve decision making. A second key to generating more substantial returns is ensuring that big data analytics is operationalized. Companies that embed analytics in their day-to-day supply chain operations generate more significant and far-reaching benefits than those that use big data analytics on an ad hoc basis in limited areas of focus. These benefits are shown below. Operationalizing analytics in this way requires deploying the right tools to support the right processes in the right manner.

COMPANIES THAT EMBED BIG DATA ANALYTICS IN THEIR OPERATIONS ARE FAR MORE LIKELY TO GENERATE A RANGE OF IMPORTANT SUPPLY CHAIN BENEFITS



Source: Accenture

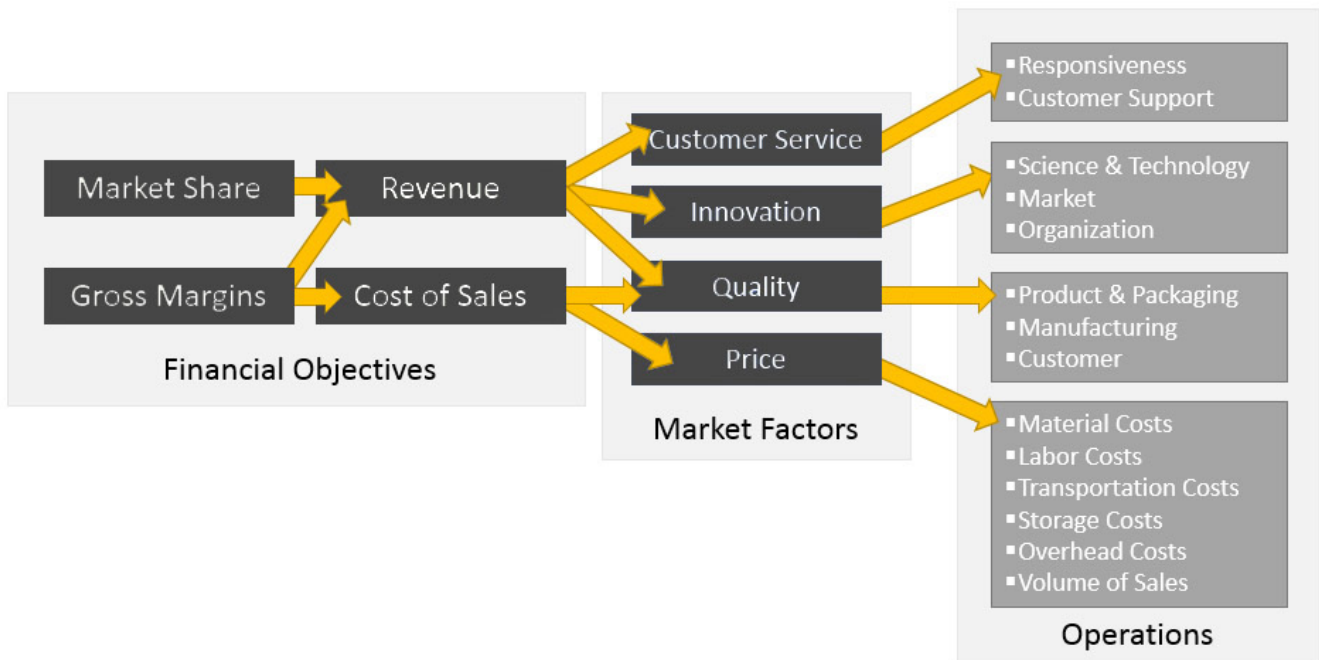
Advanced analytics can generate deep and expansive value by providing real-time visibility across the supply chain and improving forecasting, demand planning, sourcing, replenishment, production, transportation and logistics and distribution processes.

VISIBILITY IS LACKING WITHIN GLOBAL SUPPLY CHAINS

Many C-level and supply chain executives admit that they still have little idea of what is happening throughout their extended supply chain until long after events have taken place. It is nearly impossible for their company to sense an issue and modify or optimize its response in a timely manner. As a result, today's executives are frustrated—they know their companies are sitting on extremely valuable information assets and yet they are unable to leverage it for the benefit of their organization. While they work hard every day running operations or trying to figure out how to best allocate their limited capital, the thought is always in the back of their minds that there has to be a better way. The problem however is that it is very challenging to know what tools to invest in and how to time that investment.

It is important to obtain greater contextual intelligence of how supply chain tactics, strategies and operations are influencing financial objectives. Supply chain visibility often refers to being able to see multiple supplier layers deep into a supply network. Being able to track financial outcomes of supply chain decisions back to financial objectives is attainable.

Source: Turn Big Data into Big Visibility



Today, because of the widespread use of technology, companies are collecting ever-greater amounts of data—and, as a result, need even more powerful ways to make sense of that data. Big data analytics fills that need.



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“Automated companies have moved out from behind the firewall and converted ‘once manual’ processes to cloud-based solutions for trade and visibility. Top performers are delivering superior results and are more operationally ready for globalization, building a culture that embeds true organizational intelligence into their corporate DNA,” according to Bryan Hall, Vice President at the Aberdeen Group.

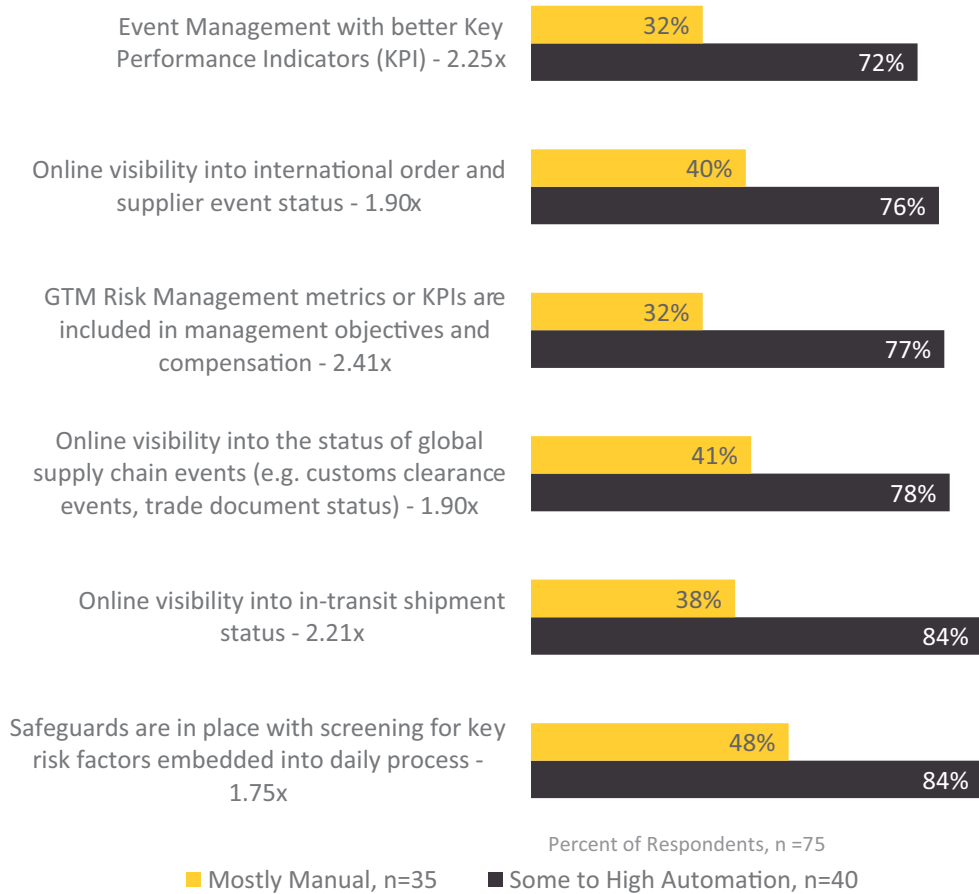
In a visibility report conducted by the Aberdeen Group titled, “Supply Chain Visibility and Segmentation: Control Tower Approach”, 85% of companies indicated that they plan to increase their current level of end-to-end supply chain visibility.

Utilizing a control tower will help manage risk in your company’s inbound supply chain. By making the control tower a key component of your upstream supplier management function, you can sort through a wide variety of data and model your suppliers’ capabilities to understand what suppliers are truly able to do. Such insights will help you avoid costly interruptions in supply and will allow for you to meet your commitments to customers.

Today, secure, cloud-based global trade solutions have been adopted by top performing companies to embed balanced metrics enterprise-wide in order to foster organizational intelligence. Organizational intelligence is enabled by automation.

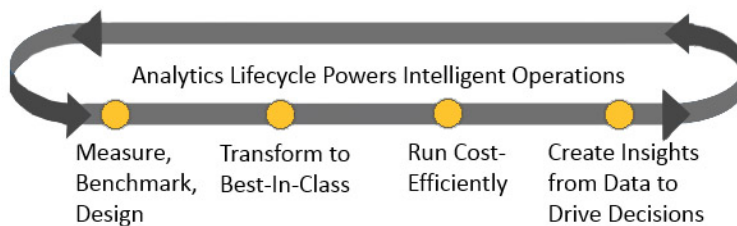
“We are seeing that the complexity and global nature of today’s trade/transport landscape drives a need to collaborate with partners and share data and intelligence from the original source to final delivery,” according to Bob Heaney, Research Director, Supply Chain and Retail Practices at the Aberdeen Group.

COMPANIES WITH AN ENTERPRISE-WIDE STRATEGY GENERATE A RANGE OF IMPORTANT SUPPLY CHAIN BENEFITS FROM BIG DATA ANALYTICS



Source: Aberdeen Group, October 2014

Cloud-based solutions pave the way for standardized data entry and sharing. A data network is only as strong as the quality of information that is being exchanged. Real-time analysis of information is a key driver in efficient forecasting and improved visibility for supply chain executives.





Outsourcing simply for the sake of outsourcing is not best practice. Identifying a third party logistics provider that can provide flexibility, reliability, and visibility with real-time communication will save you time, risk and cost from your operations.

If your company does not have product available today this significantly impacts your profit margin and eliminates future sales opportunities with the same customers tomorrow. Technology has made the world smaller and with that the marketplace has become ultra-competitive. Companies in all industries need the right product, at the right place, at the right time to be successful. If the product is not on-hand when needed, the end result is a lost customer. This has a direct impact on the quality and reputation of your brand.

Customer loyalty will be lost due to the product being out-of-stock. An inefficient and mismanaged supply chain will create an environment that dampers growth. The internet has raised expectations of product availability. The global marketplace attributes to longer lead times and layers of complexity from a transportation distribution standpoint. Outsourcing your international transportation to a global ocean freight forwarder and Customs broker can improve your flexibility, speed and accountability.

Avoid ongoing capital investments in transportation spend and see a strong return-on-investment. Ensure that your customers receive what they ordered when they need it. The difference between having a good logistics process and a great logistics process could mean the difference between making a sale and giving the sale away to your competition.

WHERE DOES YOUR SUPPLY CHAIN STAND?

IS YOUR SUPPLY CHAIN BROKEN?

WHAT IS THE BIGGEST ISSUE THAT YOUR SUPPLY CHAIN IS FACING?

To learn more about repairing the broken links in your supply chain, please contact Jim Stewart, Vice President Global Logistics, at jstewart@tacustoms.com or **716.462.6037**.

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