

# Achieving Breakthrough Supply Chain Results

## Food Service Industry CSC Client Briefing

Complex network with constrained demand visibility and limited economies of scale

- Deployed an integrated redistribution strategy
- Reduced Inventory and Operating costs
- Enhanced SCM capabilities

## Telecommunications Provider CSC Client Briefing

Limited demand visibility, manual processes, constrained network

- Channel Master
- Deployed an alert based management framework
- Integrated scaleable infrastructure
- Decrease supply chain costs by \$40 million

Distribution-intensive companies whether manufacturers, wholesale distributors, retailers or third-party operators face the challenges of rising operating costs, expanding service requirements and constant changes in their capital-intensive distribution networks. Traditional approaches can sub-optimize the whole by focusing too narrowly on discrete components of the supply chain (inventory, logistics, warehouse management, etc.), limiting potential benefits and adding complexity.

Firms that responded aggressively to these challenges have taken a broader view, to overcome these obstacles and add significant financial performance to their bottom line. These organizations now enjoy industry leadership positions because they extended their supply chain to leverage the power of the “**network**,” beyond their own discrete operations. By doing so, these firms save two to eight percent of revenue in total supply chain costs when compared to weaker peers in their industry, and they enjoy the influence that goes with that leadership (see inset CSC client briefings).

By actively engaging customer and supplier partners, in a broader network centric view, firms can address these challenges by looking beyond their traditional organizational boundaries in order to assess the ever changing network dynamics, which are driven by multiple factors:

- **Competitive Pressures** – joint ventures and partnerships, cost competitiveness, market effectiveness and margin squeeze
- **Increasing Customer Demands** – inventory availability, demand for value-added services and higher customer service level expectations
- **Channel Drivers** – changing channel economics, customer and supplier network changes, and altered roles/status of key industry players
- **Growth Imperatives** – product proliferation, geographic expansion, mergers and acquisitions, and demand for shorter new product introduction cycles

- **Technological Advancements** – connectivity needs with partners, emerging optimization solutions and RFID mandates

These drivers present substantial challenges to a firm’s supply chain performance in the areas of inventory redundancy, transportation inefficiencies, customer service pressures in multiple channels, decreasing product velocity, lead time variability, lack of inventory visibility, and excess capacity.

Leaders respond to these challenges by increasing the frequency with which you analyze your networks, expanding the scope of your efforts to reflect the extended supply chain system and bringing innovative solutions to the associated channel dynamics. The payback for implementing these efforts will be improved performance in areas that have been historically difficult to manage, including:

- Network designs that model customer and supplier locations to develop collaborative networks, resulting in proper DC locations, minimized product handling and optimized order deployment processes – **dramatically reducing total landed costs.**
- Inventory can be optimized in a multi-echelon network by designing effective inventory stocking strategies, utilizing event management to manage lead time variations and maintaining visibility throughout the network – **reducing out-of-stocks and increasing sales lifts because the right product is at the right place.**
- Adding additional supply chain programs into the overall network such as drop ship, merge-in-transit, postponement, and other product flow optimization initiatives – **further reducing handling and shipping costs.**
- Addressing ineffective, often overlooked, multiple reverse path flows from your customers as a source of additional network value

## Achieving Breakthrough Supply Chain Results through Level IV™

CSC has applied its first-hand experience, functional expertise, and proven change techniques to help clients take optimization and process improvement to the next level; to the “network level” by enabling a single view of demand and supply, with visibility across the value chain.

CSC’s Level IV™ offering is a holistic approach to the design, implementation and active management of a distribution network. It applies our proprietary Supply Chain Maturity Framework that leverages better practices and enabling technologies, to baseline an organization’s existing capabilities and identifies future state requirements, in linking customers, distributors and suppliers together with logistics operations to achieve breakthrough results. It provides the opportunity to assess scenarios in comparing financial and operational “trade-offs” in order to optimize the flow of materials, information and cash through your distribution network and to reduce lead-times and minimize cost.

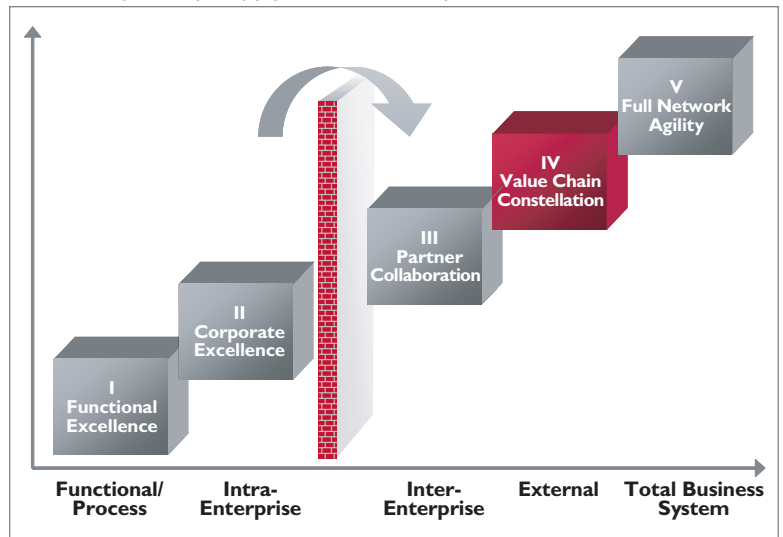
By creating a Level IV™ Strategy, companies are able to develop a framework to exploit improvement opportunities across multiple areas:

- **Flow Path Optimization** – multi-tier distribution networks with highly optimized product flow paths as well as support for advanced programs such as merge-in-transit, cross dock, and reverse logistics
- **Distributed Order Management** – coordinating orders across channels and divisions with the goal of one order, one invoice in an error-free environment
- **Transportation Network Management** – corporate-wide demand aggregation, network level load consolidation, carrier bid optimization, and optimization opportunities such as continuous moves and drop ships
- **Multi-Echelon Inventory Management** – VMI, consignment, multi-echelon inventory management, global inventory visibility and collaborative planning
- **Supplier Adoption & Onboarding** – designing the supplier network to match the new distribution strategy, eliminating redundant stocking locations and reducing supplier costs
- **DC Operations** – optimizing product handling and minimizing high cost labor activities with appropriate automation

Designing highly-efficient networks is just the first step. To competently manage processes and operations at the network level, new business requirements must be supported through an effective business system architecture that integrates the enabling business functions. Demand for real time collaboration with network partners, enabling decision support tools and event based management capabilities require organizations to assess the value of extending their current application capabilities, as a means of institutionalizing new ways of doing business.

In working with our clients, we have helped create long term roadmaps for Level IV™ Strategies, which adopt a phased deployment approach, taking into account the firm’s readiness and willingness for change.

## CSC’s Proprietary Supply Chain Maturity Framework



## CSC – Your Trusted Guide for Supply Chain Advancement

CSC can help you evaluate your supply chain network and operating strategy, determine how to leverage your supply chain technology investments and enable competitive business practices. Our experience with network analysis and solutions, combined with our ability to deploy experienced, cross-functional teams, and proven approaches and techniques can increase your company’s changes of success and benefit realization.

CSC’s Supply Chain Solutions Practice is recognized as a premier supply chain consultancy for providing superior client service through viable and tested solutions implemented by experienced practitioners.

For more information on CSC’s Supply Chain Solution’s Practice and its Level IV™ offering, please contact:

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### About CSC

*Computer Sciences Corporation helps clients achieve strategic goals and profit from the use of information technology.*

*With the broadest range of capabilities, CSC offers clients the solutions they need to manage complexity, focus on core businesses, collaborate with partners and clients, and improve operations.*

*CSC makes a special point of understanding its clients and provides experts with real-world experience to work with them. CSC is vendor-independent, delivering solutions that best meet each client’s unique requirements.*

*For more than 45 years, clients in industries and governments worldwide have trusted CSC with their business process and information systems outsourcing, systems integration and consulting needs.*

*The company trades on the New York Stock Exchange under the symbol “CSC.”*

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