

Can Supply Chain Planning finally be that easy?

by Robert Camozzo, President, IntelLogistix.com

Let's imagine your CEO has proclaimed a "Lean Initiative" for the year and has challenged each department, including distribution and logistics to find ways to trim costs. You've already done the obvious ... stopped using overnight express for shipments that don't need next day delivery ... negotiated favorable rates and discounts from your usual carriers. You're pretty sure you've found the low hanging fruit in cost savings, but you're still not sure if overseas sourcing can dramatically cut your costs or if further consolidating freight can still meet your delivery schedules while producing the cost cuts you're looking for.

Your company is not one of the giants with a sprawling distribution network and sophisticated systems, but you still operate a pretty complex supply chain that spans multiple distribution facilities, carriers, cross dock facilities and inventory stocking points. You wish you could move a few pieces on the board and see what the trade offs would be in terms of customer service, inventory and cost. Your spreadsheet model lets you see a few pieces at a time, but you really can't see the big picture or feel confident you've gotten that "optimum" answer you're looking for. And how do you make that convincing presentation once you think you've found your new distribution strategy to take you to the "next level"?



Many small and mid-sized companies routinely encounter logistics problems that are too complex to answer without a modeling or optimization tool to do the heavy computations and ensure that all the cost and service factors are considered and balanced in the final solution. Whether trying to decide if off-shore suppliers are more cost effective than local suppliers given the trade offs of lower product costs against order lead times, buffer stocks and customer service requirements, or if consolidation facilities and cross-docks are justified for product distribution, or if a new acquisition will impact the current distribution network, users are looking to quickly answer

those 'what-if' questions and optimize their decision making process.

Solutions On-Demand

This is where On-Demand or Software-As-A-Service (SaaS) applications are entering the picture, as promising alternatives to previously expensive licensed software and services. According to Bill McNee of Saugatuck Technology in an article for SandHill.com, SaaS is in its second wave of adoption resulting in a rapid phase of SaaS evolution causing "profound market changes [that] fundamentally change the business organization, structures and operations of IT vendors and user enterprises".

SaaS fills a gap that's not being met by traditional supply chain planning and optimization tools that are too complex, too data intensive and ultimately too expensive. Web based software solutions for transportation management, shipment tracking and other enterprise applications can be accessed on-line and are ready to run in much less time than traditionally licensed enterprise systems removing a lot of the complexity of data setup, customization and set up time. All this convenience and lower capital cost can come at a price requiring users to conform to a standard design in exchange for much lower costs that are spread across the user community. Nonetheless, priced on a subscription or per user basis, SAAS has changed the game for otherwise expensive supply chain planning tools often requiring investments of \$100,000 or more in software licenses and consulting services.

Supply Chain Planning Simplified

Recently, one such application was announced from supply chain software developer IntelLogistix with its release of LogiSite, a Software-As-A-Service application that enables logistics and supply chain managers to model

their operations and determine their optimum distribution strategies, facility locations, sourcing alternatives and other strategic decisions. With a minimal monthly subscription, users can get solutions in seconds to complex supply chain problems about off-shore sourcing and best entry port locations, risks from supply chain disruptions, effects of in transit delays on inventory buffers or simply optimum distribution strategies for locating and sizing distribution centers.

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Any manufacturer, logistics service provider, retailer, consumer packaged goods or food distributor can download Logisite from IntelLogisitix' web site (www.intellogistix.com), set up the data using an Excel spreadsheet, for example, and answer questions about strategic sourcing, where distribution centers should be located, optimum transport mode selection and other logistics problems with optimum results in a matter of minutes.

A User's Perspective

Navesink Logistics, a supply chain consulting and services firm based in Middletown, NJ, experienced first hand how useful a quick solution capability can be in a recent consulting project for a defense electronics manufacturer. This mid-tier manufacturer of ruggedized military radio equipment had already cut

transportation costs eliminating express shipments and consolidating same-destination shipments when possible. The challenge was finding the next level of savings through multiple shipping point LTL consolidation, same destination truckload consolidation and multi-stop inbound route planning.

“Logisite allowed us to quickly download inbound and outbound shipment transaction details from the client’s ERP system and pinpoint customer density and consolidation opportunities for LTL

and truckload planning”, commented Tom McKenna, President of Navesink Logistics. “Utilizing LogiSite’s simulation capabilities let us look at some “What-if” scenarios and produce reports and maps that supported our recommendations to the client to potentially cut transportation costs by 12%-15%. Even problems that used to require large investments in time and software can be answered quickly and presented in clear reports and map displays.”

Region - Site Name	Prdt/Region	Distance	Quantity	Trans\$	Whs/Prdt\$	Total\$
SITE LOCATION ~ Mid Atlantic Regional Center						
Salem Supply	A	702	10,302	208	16,483	16,691
SUBTOTAL (Inbound)						
10,302 208 16,483 16,691						
> Mid Atlantic Regional Center						
Maryland	A	111	7,544	3,768		
New Jersey	A	182	584	478		
New York	A	206	327	303		
Pennsylvania	A	152	457	313		
Delaware	A	78	34	12		
Virginia	A	163	567	416		
West Virginia	A	90	789	320		
SUBTOTAL (Outbound)						
10,302 5,610 100,232 105,842						
SITE LOCATION ~ Central Regional Facility						
Salem Supply	A	642	14,155	525	22,648	23,173
SUBTOTAL (Inbound)						
14,155 525 22,648 23,173						
> Central Regional Facility						
Illinois	A	0	853	0		
Missouri	A	322	3,856	7,450		
Ohio	A	384	3,654	8,419		
Indiana	A	129	3,432	2,656		
Michigan	A	213	545	697		
Iowa	A	524	22	69		
Wisconsin	A	227	354	482		
Minnesota	A	426	543	1,388		
South Dakota	A	583	43	150		
North Dakota	A	509	354	1,531		
Kansas	A	722	67	290		
Nebraska	A	533	432	1,382		
SUBTOTAL (Outbound)						
14,155 24,914 100,211 125,125						
SITE LOCATION ~ Northeastern Regional Center						
Salem Supply	A	654	1,081	40	1,730	1,770
SUBTOTAL (Inbound)						
1,081 40 1,730 1,770						
> Northeastern Regional Center						
Massachusetts	A	93	123	14		
Rhode Island	A	75	319	120		
New Hampshire	A	101	437	221		
Maine	A	337	80	135		
Vermont	A	66	86	28		
Connecticut	A	156	36	8		
SUBTOTAL (Outbound)						
1,081 526 100,025 100,551						
Summary Totals:						
43,834 55,899 125,599 688,213 813,812						

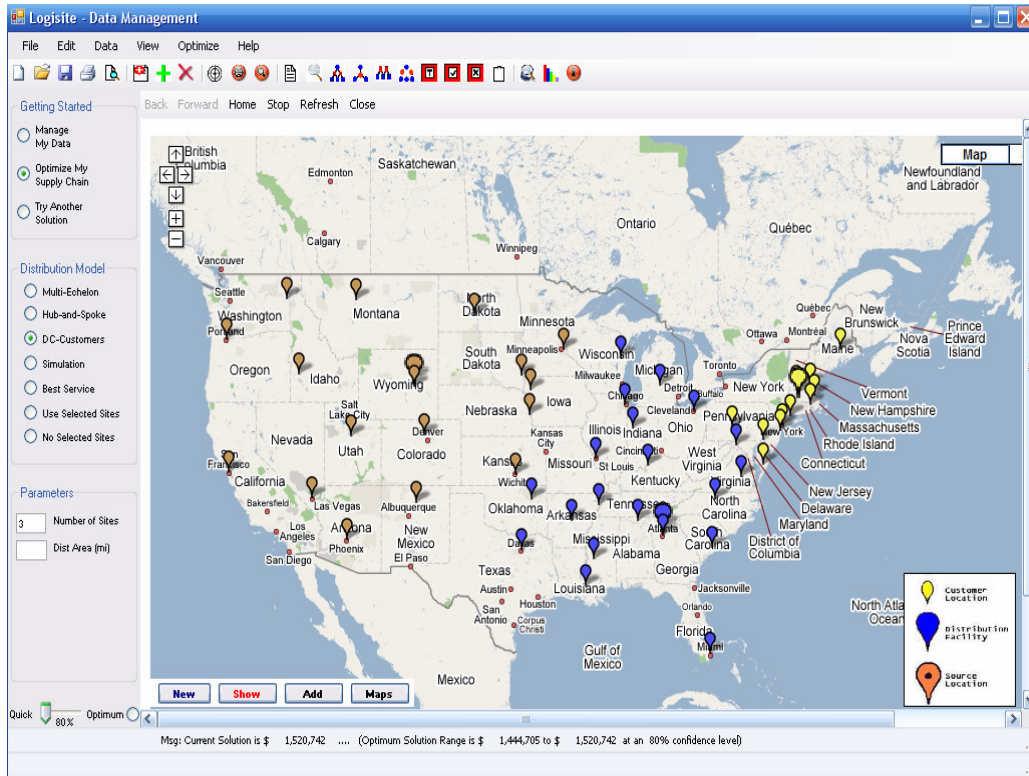
LogiSite can be set up easily to provide optimum solutions and reports for complex multi-tier supply chain problems in minutes.

Data can be entered directly in LogiSite or imported from spreadsheets and ERP systems.

For many enterprises, SaaS represents a tipping point allowing them to implement technology previously out of their reach that promises to improve their competitiveness and customer service and optimize operations at reduced cost. As the number of enterprises of all sizes planning to deploy mission-critical SaaS over time [has] jumped from 18 percent to 49 percent from 2006

to 2007*, this next wave of technology adoption figures to provide solutions and opportunities for even the mid-tier companies that have not been able to jump on the technology bandwagon due to cost and too much complexity.

*SaaS: Beyond the Tipping Point, by Bill McNee, Saugatuck Technology, Sand Hill.com



LogiSite's map displays feature multiple levels, color coded distribution areas and satellite highway views to help visualize answers to all-important questions like "Where's the closest highway on-ramp" to the optimum distribution center location"?

About IntelLogistix

IntelLogistix provides supply chain solutions to support strategic planning and rigorous cost cutting requirements. IntelLogistix's customers are predominantly small and mid-sized transportation, manufacturing, retail, high-tech and consumer products companies. Specializing in supply chain management software and ERP consulting services, IntelLogistix was founded in 2006 by Robert Camozzo with over 20 years' experience in supply chain software and services for Descartes Systems Group, Oracle/GLog and Roadshow International.

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If you would like more information on LogiSite or for a free demo, visit www.intellogistix.com.