



SOLVOYO

CLOSED-LOOP OPERATIONAL MANAGEMENT



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Closed-Loop Operational Management Webinar Participants



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Chief Operating Officer
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Former CEO



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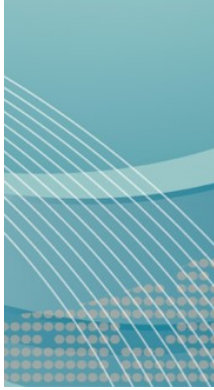
Planning and Execution



- Best-in-Class Companies plan holistically across network
 - Continuously analyze entire supply chain
 - Develop individual strategies for *each* SKU
- Requires 3-level planning: *Strategic, Tactical, and Operational*
 - Evaluate different attributes/time horizons to receive maximum benefit
- Can realize unparalleled returns on investment!
 - Inventory savings from 10-20%
 - Annual freight bill savings from 5-15%
 - On-time fulfillment improvements from 10-35%

But . . .

Planning and Execution Key Issues



■ Models Not Fast Enough

- Cannot solve for large quantities of SKUs on a daily basis, \therefore had to run periodically
- Inability to run daily meant planning and execution could not be directly integrated
- Planning Results were extrapolated, then interpreted into Execution

■ Models Not Granular Enough

- Inability solve for large quantities of SKUs daily caused aggregation of SKUs into groups or categories; cannot treat disparate SKUs the same
 - Granularity is necessary; get insights summarization can never provide
- ## ■ Planning Siloed -- Inventory, Orders, Transportation Separately

Closed-Loop Operational Management

- Supports day-to-day decision making
- Tightly-couples Planning and Execution
 - Turns optimized plans into action
- Delivers *detailed and specific instructions* by SKU
- Concurrent Planning optimizes Orders, Inventory, and Transport at the same time
 - How to allocate scarce inventory, what/when to order, how to move through pipeline -- meeting on-time fulfillment/shelf availability targets



Closed-Loop Operational Management

- Optimizes stock levels for *each* SKU (multi-echelon), fills from lowest cost-to-serve, realizes best delivery speed/service
- Optimizes inbound and outbound transportation
- Provides advanced capabilities for short life-cycle, fast-moving consumer goods; high-SKU count environments
- Goal Programming - “blends” solutions for best overall result
- “Smart Box” - routine decisions are run real-time; Managers can review plans/exceptions prior to execution

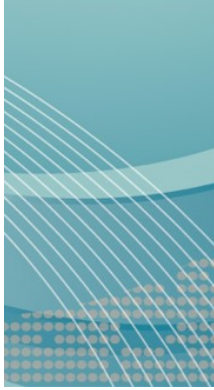


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CASE STUDIES



A101 Case Study



■ Business

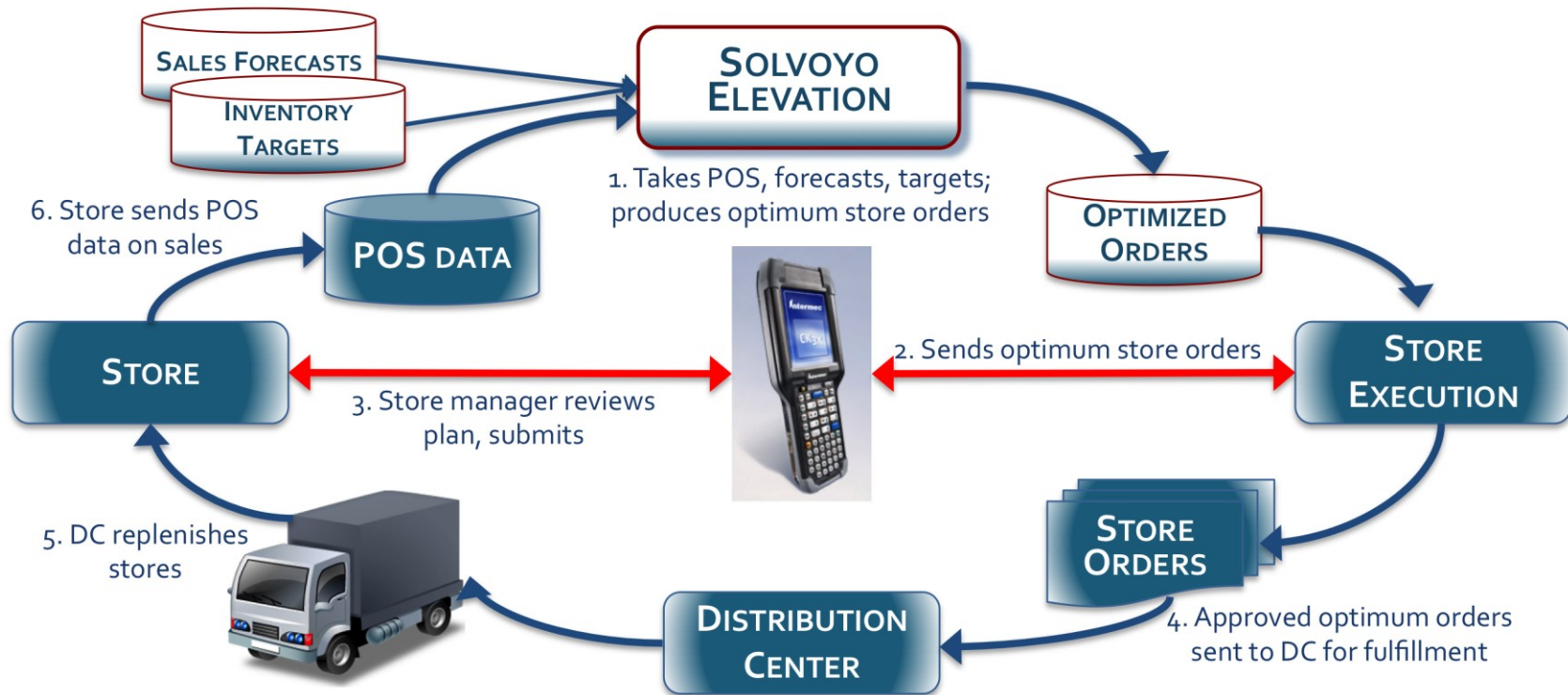
- A101 is a “hard discount” retailer
 - High-quality, cost-effective food and consumables at affordable prices throughout Turkey
- 3200 small footprint stores; 20 regional distribution centers
- 60% year-over-year sales growth; 2013 sales \$1.5B

■ Issues

- Inventory - homogenized sales forecast was inaccurate
 - Some items, too much stock, leading to excessively-high inventory carrying cost
 - Other items, wrong inventory in wrong places leading to critical out-of-stocks in stores
- Growth - rapid increase in number of stores and distribution centers
- Manual Process - impossible to react quickly

How It Works

PROFITABLY-MANAGING EXPLOSIVE GROWTH



- Automated ordering of the right products in right quantity at the right time; effective/efficient
- Decreased store stock-outs from > 10% to <5% (margin contribution of \$1.7M)
- Annualized inventory savings of \$8.1M
- Opened 130 new stores with no additional inventory investment

Vestel Case Study



■ Business

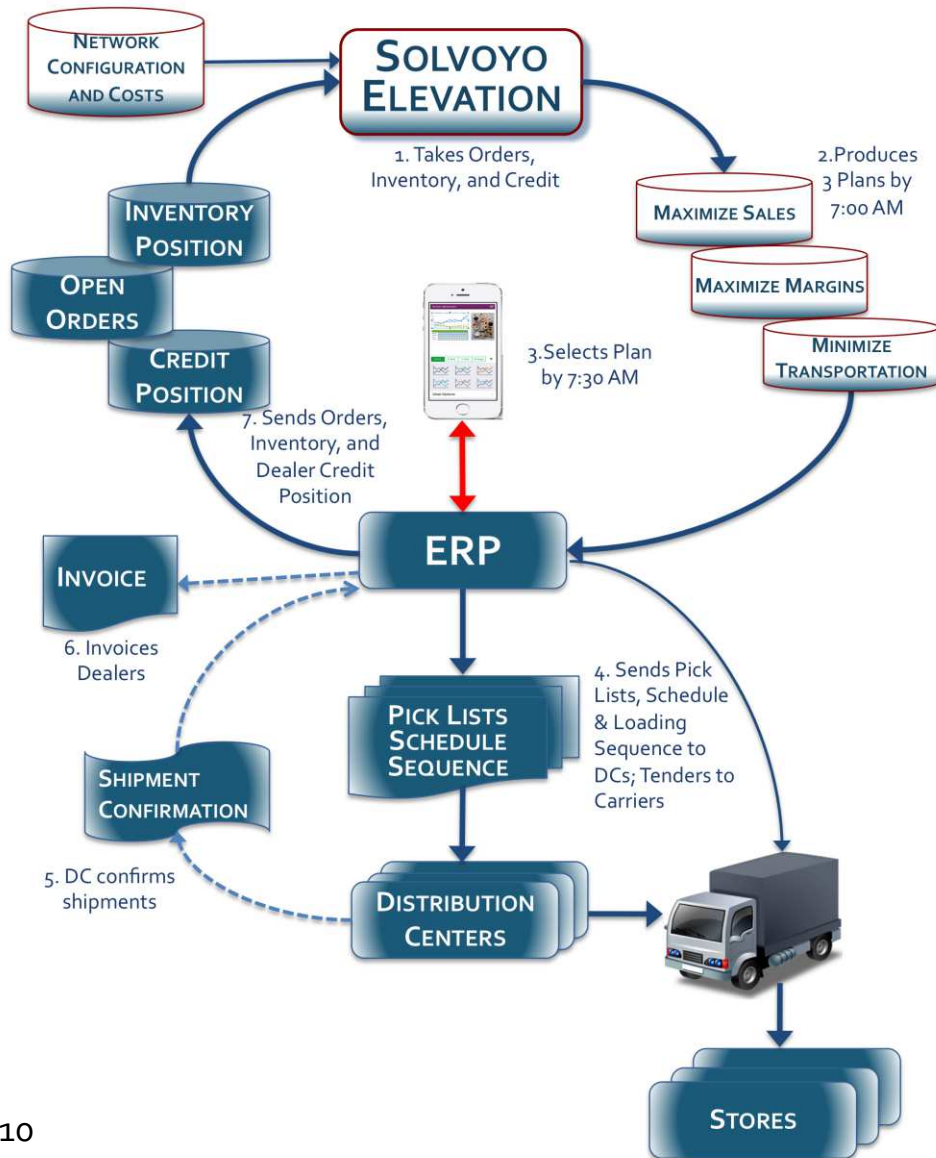
- Over €5B sales; one of the world's largest original equipment manufacturers
- Majority share of European TV market
- Operates retail appliance stores in Turkey

■ Issues

- Rapid Growth and Manual Process
- Allocation method was wrong -- dealers got wrong products
 - Stock-outs, customer complaints, lost sales, escalating fulfillment and transportation costs

How It Works

STRATEGIC INCREMENTS THAT MAXIMIZE MARGINS



- Eliminate two in-network warehouses, saving facility and personnel costs; eliminating \$30M in standing inventory
- Reduced transportation cost by 18%
- Increased on-time fulfillment to dealers
- Decreased stock outs at dealers
- Increased consumer satisfaction
- Reduced process complexity and manpower

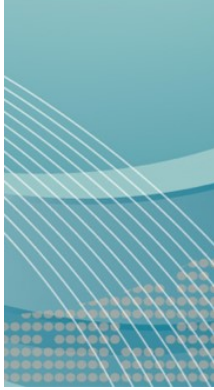


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QUESTIONS?



About Solvoyo



- International enterprise software company
- Significant value through innovative supply chain optimization techniques -- minimize costs while maximizing customer service and profit
- **Easy** -- yields Immediate Benefits
 - Evaluate - Rapid Assessment identifies key issues, economics, provides order-of-magnitude benefits
 - Afford - Pay-as-you-go model; extremely short time-to-benefit/minimum up-front cost
 - Implement - SaaS platform implemented very quickly
 - Integrate, Use, Maintain
- We are experts in Supply Chain Planning and Operations Research
 - Experience and expertise to guide supply chain planning initiatives
- Documented cases - solved complex, high-volume problems competitors could not solve!

We say “Challenge us -- see what we can do!”