White Paper

Running Your Supply Chain with Greater Efficiency:
Four Keys to Success



Amber Road
POWERING GLOBAL TRADE®

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Introduction

Today, for many car owners, it's way too easy to ignore simple car maintenance. After all, what's it saving you? A dollar here and a dollar there? And for many of us living in today's fast-paced world, drivers simply don't focus on how to drive more efficiently to save on gas – driving more slowly, keeping our cars tuned up, inflating the tires properly, and driving with the windows closed.

In short, getting your car to run efficiently requires investing now to achieve future overall cost savings. But, will the investment result in true economic efficiency? Whether you're talking cars or supply chains, the answer lies in how all of the "systems" are performing. Generating the maximum desired output for given inputs means using best available technologies, and keeping your systems in road-ready condition.

Like your car before it has been well tuned, it's probable that your supply chain is also not operating at its highest efficiency right now to maximize performance and deliver the highest possible margin. Your company's supply chain scenario, like those of many others, might be piled high with products, suppliers, and trading partners that are reducing the effectiveness of its strategy. Even though you and your team are working hard to manage at peak effectiveness, it is likely that the key metrics – on-time delivery, order lead time, and ability to react to consumer trends – tend to slip.

Today, retailers sourcing from low-cost countries need to implement technology to help manage the entire product lifecycle and global supply chain, thus ensuring their continued success. These solutions enable dramatic improvements by enhancing collaboration among various and distinct internal and external groups, standardizing processes and documents, and acting as a central knowledge base to store and share all related data that provides visibility into the supply chain process.

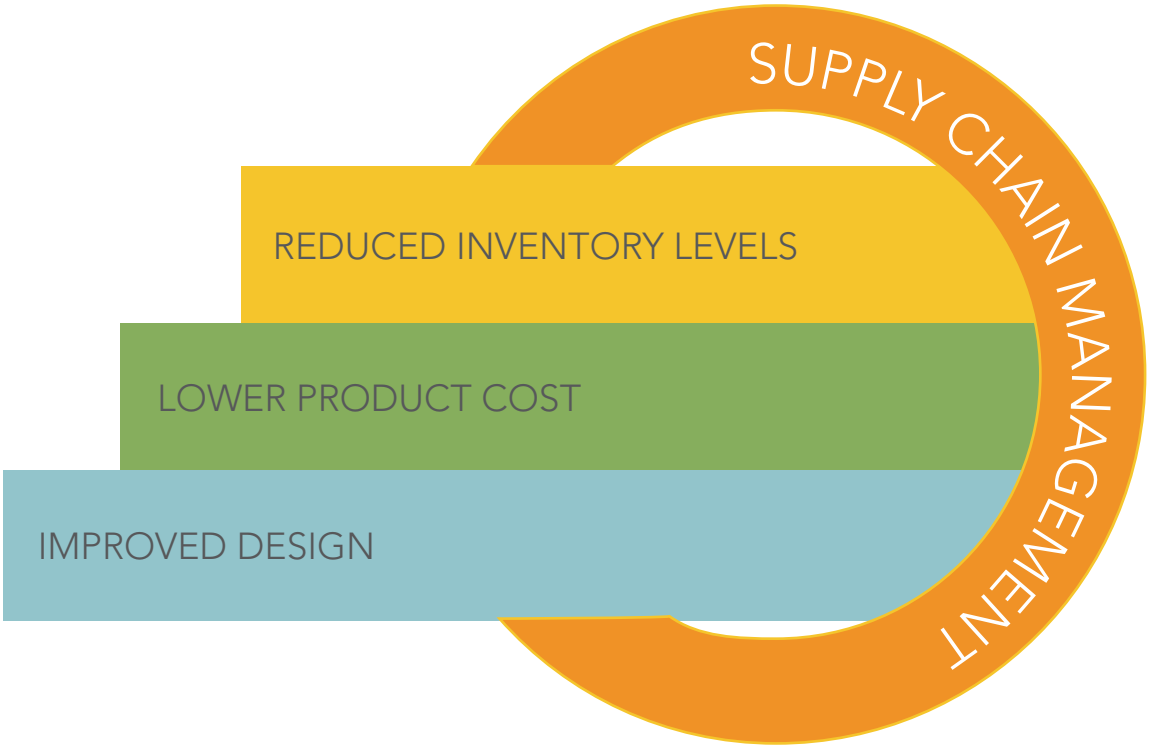


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Arming Yourself

As reported in the June 2014 issue of *Apparel* magazine, a survey on the supply chain impact of product lifecycle management (PLM) indicated that 38% of respondents reduced product development time, 19% improved profit margins, and 24% of PLM users achieved a faster time to market. Arming yourself with a PLM solution that orchestrates complex business processes across a globally distributed network also results in reduced inventory levels, lower product cost, and improved design – the coveted brass ring in supply chain management. For these companies investing in PLM solutions, there is substantial evidence that technology is helping fashion, apparel, and footwear companies become more agile in meeting the challenges of their markets.

Today's IT managers realize that an organization's receptiveness to technological change will enable it to emerge in a better competitive position than those that simply attempt to hold to the status quo. Investing in supply chain technology with key capabilities to improve performance is a commitment that will pay off in the long run. Let's look at three areas where technological automation can strengthen supply chain processes to minimize risk.



2

Building Blocks for Better Supplier Relationships

By most definitions, PLM starts where the product development and design phase ends. However, involving sourcing teams and the supplier network in the design and development phase of the product lifecycle can result in cost reductions and positively impact sales. According to Aberdeen, 65% of apparel and footwear firms that use PLM software see higher sales after using it for a year. This level of supplier collaboration can also improve coordination between steps in the design and production process, which helps your business meet constantly changing consumer expectations.

Best-in-class retailers use automated solutions, such as Amber Road's Supply Chain Collaboration solutions, to make hard or soft commitments to purchase a given number of goods from their suppliers, and in turn allocate capacity to produce these items at agreed times throughout the production season. This "reservation" can pre-position raw materials or finished goods, and gives all parties involved the ability to forecast supply and demand cycles. The retailer benefits from reduced on-hand inventory and guaranteed production capacity, ensuring a "lean" process. In turn, the supplier knows what is expected of them.

The complexities of the retail and apparel industries make product development and planning the most frustrating process for these organizations. With overall lead time from concept to in-store typically taking 10 to 16 months, it is no wonder executives and employees are frustrated. With the introduction of technology, lengthy cycle times can also be sighted in the crosshairs. Never a one-way conversation, trading partner collaboration is needed to enable secure access to data by external suppliers that participate in the development process – defining, building and maintaining the relationship between each organization. This provides more efficient communication while maintaining tight access control throughout the system.



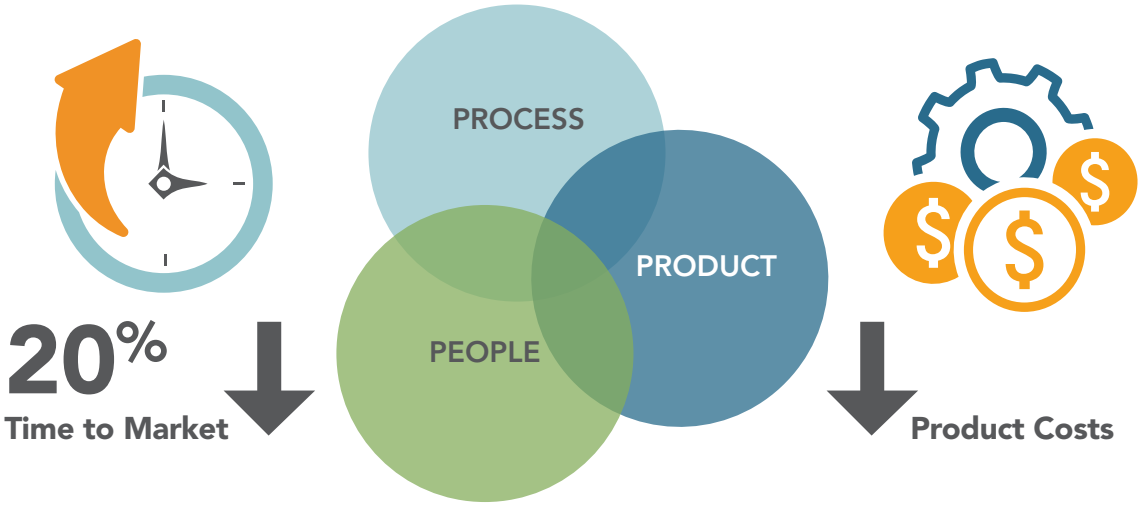
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Getting the Best Price

Margins and return rely on determining the best deal from the best supplier. A recent Aberdeen Group report (*Procurement in New Product Development: Ensuring Profit from Innovation*) found that sourcing technology is a key enabler of profitability through its ability to involve procurement considerations early in the product development process. The report points to reduced product costs and up to a 20% improvement in time-to-market by "best-in-class" companies that collaborate with procurement earlier in the design process and make sourcing decisions a higher priority during the early phases of the product lifecycle.

Starting early isn't the only important aspect to achieving the best price. Sourcing teams need to determine estimated costing for each style and utilize multiple scenarios to maximize global reach to yield the highest return. Sourcing or costing features found in Amber Road's Supply Chain Collaboration solutions offer robust, collaborative, on-line Request for Quotation (RFQ) tools that bring a higher level of efficiency to the sourcing process. With the use of electronic costing sheets that handle multiple scenarios and suppliers, automation is employed to maintain negotiation histories and generate a comparison matrix of the responses. The costing sheets can hold detailed information that is necessary to differentiate between suppliers, such as estimated landing cost, material, and other component cost.

With this information, the product line can be culled down to a group of selected styles that yield the highest rate of return or margin. Automated order management systems pick up these winning bids to generate the purchase orders and complete the sourcing phase with greater accuracy.



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Maintaining Command and Control

Retailers need to continuously improve their interactions with their supplier networks in order to successfully minimize risk and improve their supply chain efficiencies. Effective communication and collaboration is a very challenging key aspect of improving supply chain relationships. The tools in Amber Road's software solutions help companies increase visibility and control of the supply chain, increase supply chain accountability, and accelerate time-to-market through proactive supply chain project management.

- **Improved visibility through a centralized, single location for supply chain collaboration.** Retailers and their global supply networks can use Amber Road's Supply Chain Collaboration solutions to track production and collaborate with thousands of suppliers. The collaboration tools provide a platform where all parties can openly communicate about cost, product, and service issues. Collaboration is inherent with the discussion capabilities found in this web-based, role-based system, which serves as a centralized repository for shared conversations and attaches them to a specific issue within the system.
- **Centralized accountability through issue assignments and notifications.** Because all workflow tasks and information are centralized in one platform, the time it takes to manage the workflow is reduced. Alerts are automatically generated based on business rules, and include an automated escalation feature to ensure proper managerial oversight – enabling true "management-by-exception."
- **Proactive management through reporting.** Many organizations today are already recording and collecting the data they need, but they struggle with converting that data into knowledge and using it to influence change. Even more challenging is the ability to gain insight to prevent problems, rather than waiting for them to occur before taking action. Using the robust reporting tools in Amber Road's Supply Chain Collaboration solutions, companies effectively monitor issues, measure timelines, and react before links in the supply chain break.



Technology is the Solution

The fully-integrated, web-based suite of functionality found in Amber Road's Supply Chain Collaboration solution engages the entire supply chain by creating a direct, efficient connection between product development, procurement, and suppliers to support better cost management throughout the entire product lifecycle process. The result is a shortening of the design process, allowing companies to release new products more quickly and cost-effectively, ultimately improving the top and bottom lines simultaneously to achieve a competitive advantage. Additionally, procurement and supplier collaboration in later product lifecycle stages make it possible to continue to reduce production costs, explore part reuse, maintain competitive advantage, and extend the economic product lifecycle.



Investing in supply chain technology, such as supply chain management and global trade management systems, is essential for your organization to maximize global supply chain performance, improve the customer experience, and increase profitability.

About Amber Road

Amber Road's (NYSE: AMBR) mission is to improve the way companies manage their international supply chains and conduct global trade. As a leading provider of cloud based global trade management (GTM) solutions, we automate the global supply chain across sourcing, logistics, cross-border trade, and regulatory compliance activities to dramatically improve operating efficiencies and financial performance. This includes collaborating with suppliers on development, sourcing and quality assurance; executing import and export compliance checks and generating international shipping documentation; booking international carriers and tracking goods as they move around the world; and minimizing the associated duties through preferential trade agreements and foreign trade zones. Our solution combines enterprise-class software, trade content sourced from government agencies and transportation providers in 147 countries, and a global supply chain network connecting our customers with their trading partners, including suppliers, testing/auditing firms, freight forwarders, customs brokers and transportation carriers. We deliver our GTM solution using a Software-as-a-Service (SaaS) model and leverage a highly flexible technology framework to quickly and efficiently meet our customers' unique requirements around the world.

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