

WHITE PAPER

Building flexible, scalable supply chains to support today's high-volume complex DCs

TECSYS®

Your Supply Chain Matters.™

Table of **Contents**

Today's Supply Chains	3
Want your burger a little faster?	4
The new role for distributors	5
Using technology for blocking and tackling	6
Are you ready for what's next?	7
LifeScience Logistics: From zero to several hundred million in nine years	8

© 2015 TECSYS Inc. (TECSYS) All Rights Reserved. This document and translations of it may be copied and furnished to others, and derivative works that comment on or otherwise explain it or assist in its implementation may be prepared, copied, published and distributed, in whole or in part, without restriction of any kind, provided that the above copyright notice is included on all such copies and derivative works. However, this document itself may not be modified in any way, such as by removing the copyright notice or references to TECSYS, except as needed for the purpose of making reference to, in which case the procedures for copyrights defined in this Document must be followed, or as required to translate it into languages other than English. The limited permissions granted above are perpetual.

This document and the information contained herein is provided on an "As Is" basis and TECSYS disclaims all warranties, express or implied, including but not limited to any warranty that the use of the information herein will not infringe any rights or any implied warranties of merchantability or fitness for a particular purpose.

All names, trademarks, products, and services mentioned are registered or unregistered trademarks of their respective owners.

© TECSYS Inc. All Rights Reserved.

Today's Supply Chains

The high-volume warehouse or distribution center (DC) that supports B2B, Omni-channel activities, direct-to-consumer shipments, and the Internet of Things (IoT) all require a flexible and scalable supply chain in order to function at optimal capacity.

The problem is that most of today's supply chains are made up of fragmented silos of information that compromise their ability to be responsive—they are hampered by inefficiencies and barriers and are unable to scale swiftly to respond to customer demands or seize new opportunities. In essence, they are not living to the expectations of the modern digital era of IoT and omni-channel, as well as the significant changes in buying habits of the new generation of the modern consumer.

Organizations with traditional supply chains are no longer fit to compete. They need a new supply chain strategy—they need to reimagine their supply chain with the flexibility, adaptability and scalability that today's technologies can enable. With such a strategy, distribution organizations are able to unlock their supply chain to be an engine for competitive differentiation and growth.

With new challenges coming at them from every angle, today's distributors need agile supply chains that support a wide array of distribution options and consumer demands. In particular, omni-channel is placing extreme pressure on companies that now need to be able to ship everything from a single consumer order to a large business-to-business delivery in a fast and accurate manner.

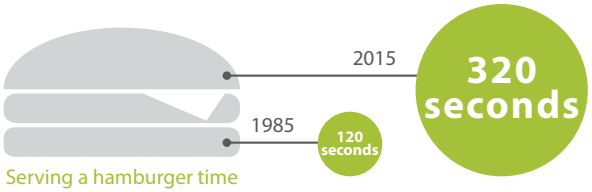
Most of today's supply chains are made up of fragmented silos of information that compromise their ability to be responsive—they are hampered by inefficiencies and barriers and are unable to scale swiftly to respond to customer demands or seize new opportunities.

Everything from healthcare reform to IoT to the growth of omni-channel is driving the need for single-platform supply chains that behave as one, single engine.



In this white paper, we'll explore the various demand generation challenges that distributors are dealing with today, discuss the role that technology plays in helping companies overcome these issues, and hear from a logistics services provider that's using the TECSYS platform to effectively manage and scale a growing business that serves the life science industry.

© TECSYS Inc. All Rights Reserved.



Want your burger a little **faster**?

Thirty years ago, it took a major fast food company 120 seconds to serve up a hamburger to a hungry customer. Fast-forward to 2015 and the same process now takes an average of 320 seconds from start to finish.

"That is truly mind-boggling," says Robert Colosino, TECSYS, Inc.'s vice president of marketing and business development, who has been in the manufacturing and distribution field since the 1980s. "Everyone needs that extra minute-and-half in their lives, and no one wants to wait around anymore for their supposed 'fast food' to be cooked and served up."

The same expectation levels transcend into the consumer product world, where a growing contingency of affluent individuals want to "consume with speed." Thanks to the Internet as a whole, IoT, and omni-channel methods, for example, the end consumer who places an order online now expects:

1. an **instant acknowledgement** of the order,
2. a solid idea of when it will be **shipped**, and
3. a vendor that can live up to its **commitments** and, in some case, even exceed that consumer's expectations.

While fulfilling these three demand categories may sound straightforward in theory, a quick look upstream in the supply chain reveals a number of "Fast food-like" supply chain operations that have yet to scale up and meet these new demands.

"We want to consume with speed; we want to get our products quickly; and we want to shop just as expediently," says Colosino. Add in the fact that consumers and B2B end users can simply turn to the devices that are already in the palms of their hands to procure goods and services. In fact, many of them are shopping via mobile devices—a trend that makes the flexible and scalable supply chain even more critical.

A general contractor who is working at a remote jobsite and in need of supplies for the following day, for example, can use an application or open a web browser on his smart phone, hit "buy," and rest easy knowing that the industrial distributor on the other end will pack up the goods and deliver them within the specific time frame. There are no paper purchase orders to cut, no phone calls to make, and no need for expediting or follow ups.

© TECSYS Inc. All Rights Reserved.

The **new role** for distributors

In the past, manufacturers held a lot of the cards when it came to new product development and distribution. Working as "middlemen," distribution firms worked closely with their suppliers to ensure that their warehouses were adequately stocked and their end users' needs were met.

That landscape has slowly changed to the point where the same distributors are now producing their own private label product lines. With the intention of selling direct to end users, in a retail-like arrangement, these distributors are manufacturing with the intention of gaining a value edge and thinking outside of their traditional siloed business practices—in essence they are becoming a complete supply chain organization.

In addition, the trend of distributors making goods has changed the game. The same can be said about manufacturers and retailers, they are also becoming complete supply chain organizations competing at the full spectrum of supply chain services for B2B and B2C consumers. As a result, companies can no longer just "be" whatever they've been over the last three decades. In fact, those that do try to stick to their traditional models risk going out of business.

Organizations that take a proactive approach to the changes, on the other hand, and that embrace technology in the process, can effectively scale up—or down—while enhancing customer service and boosting their bottom lines. It's all about adaptation and being able to scale, expand, and execute in ways that you never thought were possible.

For example, leading logistics organizations are leveraging technology platforms that allow them to receive and put away shipments quickly, turn around and ship those products out quickly, pick multiple orders at once, and break down large, incoming shipments into single orders for specific customers—all the while optimizing their labor forces as effectively as possible.



Distributors also have to be able to plan efficiently and make transportation a key part of that planning, using an interface that's easy to use and navigate. The TECSYS Supply Chain Platform, for example, features visual content that helps companies optimize business processes, make more informed decisions, identify new revenue opportunities, accelerate growth, and provide high levels of customer service.

© TECSYS Inc. All Rights Reserved.

Using **technology** for blocking and tackling

Much like a professional sports team has to study the competition and then hone an effective "blocking and tackling" approach for a specific competitor, today's distributors must be agile enough to tackle what's around the next corner.

And in today's volatile environment, what's coming around the next corner could literally be anything. That's the reality in today's landscape because things are shifting so radically. Who you're competing with today won't be who you're competing against tomorrow—or who you were up against yesterday. With the competition and the customer base changing constantly, organizations need technology that helps them adapt quickly.

One major food manufacturer, for example, needed to manage its fluctuating labor force and demand generation needs. With 10 employees onboard about 10 months out of the year, and an additional 170 workers on the payroll for the other two months of the year, this manufacturer could use a platform such as TECSYS' to deal with a major scaling issue due to unpredictable demand levels. At the same time, the distributor is expected to send out perfect orders on time and fast. Consumers expect the same speed and accuracy, regardless of what time of the year it is.

And while customer service is a focal point for any leading organization, having a supply chain platform that's enabled with visual content and able to flex as needed provides a suite of benefits that no manual or proprietary solution can match.

Business partners, for example, benefit greatly from the distributor's ability to scale up or down as needed while maintaining high levels of service and reliability.

In turn, the distributor is looked upon as the fastest, most nimble, and easiest partner to work with. This is particularly critical in a business world where suppliers need to be able to partner with a firm that enables them, not one that disables them.

For those distributors that are taking on more of a manufacturing role in today's evolving environment, a technology platform helps them break the Fast Food's "320 second" mold and develop and distribute products in the most efficient manner possible. "No one has the patience to wait or deal with mistakes anymore, it's as simple as that," Colosino concludes. "As a distributor, you must have the confidence of knowing that you'll be the fastest and most accurate. Period."



"No one has the patience to wait or deal with mistakes anymore, it's as simple as that," Colosino concludes. "As a distributor, you must have the confidence of knowing that you'll be the fastest and most accurate. Period."



© TECSYS Inc. All Rights Reserved.

Are you ready for **what's next**?

Top performing organizations know that the digital revolution is changing the very nature of the distribution era—by breaking down silos and enabling supply chain convergence they are able to transform their supply chains into efficient growth engines destined to competitive supremacy.

With analytics integrated in operations, supply chains become much more intelligent. They have the intelligence needed to meet constantly shifting requirements from customers. Since they develop a deeper understanding of both customers and markets they can even predict where new growth opportunities may arise, and immediately adjust their plans accordingly.

They can also see new sources of revenue sooner than the competition. They have the vision of where the new demand is emerging and where the best source of supply is located. Thus they can serve their customers better and grow their business.

Industry leaders leverage innovative digital technologies such as Visual-On-Voice to drive scalability across their supply chains. As a result, their supply chains are dynamic and flexible enough to be significant contributors to growth. Such technologies can be used to build scalable supply chain infrastructures that dramatically streamline the distribution process, shortening cycle times, and cut costs.

As the distribution environment becomes even more complex, and as an increasing number of distributors step up their games and adopt flexible supply chain strategies, the company that takes the "wait and see" approach to omni-channel, IoT, and other trends could quickly find itself in the dust.

"As a distributor right now, you have to have the confidence of knowing you're going to be the fastest, the most accurate, and the most nimble," says Colosino. "That way, as things change and as your partners and customers expect more and more from you, you'll always be ready for what's next."

What makes a **good** supply chain platform?

Today's supply chain must be one platform behaving as one engine, constantly adapting to the internal and external challenges & changes. A modern era supply chain must have the following characteristics:

TECHNOLOGY

Optimal execution capabilities with innovative digital technology

HOLISTIC VISIBILITY

Real-time holistic view of the entire supply chain. Integrates and collaborates with existing enterprise and automation systems

ADAPTABILITY

Agile, scalable, adaptable by users on-the-go to the unique business needs and individual preferences

EXPANDABILITY

Growth path for additional supply chain capabilities

COMPLIANCE

Compliance with regulatory bodies and major retailers



© TECSYS Inc. All Rights Reserved.

LifeScience Logistics:
From zero to several hundred million in customers' revenue

At Dallas-based LifeScience Logistics, being able to scale and grow along with customers are the primary goals for this healthcare-focused, third-party logistics provider (3PL). Since its inception in 2006, the company has been using the TECSYS Supply Chain Platform to ensure that it can not only meet its customers' demands, but that it can also optimize its warehouse and transportation operations while maintaining a fluid and agile supply chain.

"We were looking for a scalable platform that could be hosted and maintained remotely," recalls the 3PL's CEO Richard Beeny. "We also wanted a solution that didn't require the support of a large, internal IT department."

LifeScience Logistics Then and Now:

2006

1	40,000			0
Number of warehouses	Facilities in Sq. FT.	IT Staff (the same)	Software	Customers' Revenue

Now

4	1.35 million		TECSYS Platform	Several hundred million

Over the last nine years, LifeScience Logistics has grown from a single, 40,000-square-foot warehouse in Louisville, Ken., to having four warehouses that comprise nearly 1.35 million square feet of space. Using TECSYS' technology platform for transportation management, warehouse management, and distribution management, the 3PL has been able to add new warehouses and customers without the need for additional IT staff, expensive technology implementations, or time-intensive upgrades and integrations.

"It's very easy for us to add warehouses or warehouse space to our portfolio, so we really don't ever worry about how scaling up will impact our performance," says Beeny. "That's never even been on our radar screen."

Beeny says that LifeScience Logistics uses almost all the functionality contained in TECSYS' enterprise supply chain platform, and that some clients also use the platform to view data, generate reports, or to have reports pushed out to them on a recurring basis.

Having growth from zero to several hundred million in customers' revenue in less than 10 years, LifeScience Logistics credits its early decision to adopt the TECSYS Supply Chain Platform with helping it achieve that growth plus other goals.

To distributors currently considering a scalable, flexible technology platform to handle various aspects of their supply chains, Beeny says "do your homework" before buying. "These days, everything looks good on paper, no matter who the vendor is," he says. "To get around this challenge, do the due diligence, talk to current users, and get a real feel for what the implementation process looks like…as opposed to how it appears on a glossy spreadsheet."

According to Beeny, the TECSYS supply chain platform was one of the major pillars on which LifeScience Logistics was founded, and that has enabled the 3PL to grow to a multimillion-dollar company.

"When our customers outsource their supply chain operations to us, they're looking for the best value, quality, and flexibility," says Benny. "These are the same values we have gotten from TECSYS, giving us and our healthcare customers peace of mind and enabling us to provide them with a full range of standard and specialized services scalable to their changing needs."

© TECSYS Inc. All Rights Reserved.

www.tecsys.com
info@tecsys.com
Phone: 514-866-0001
Toll Free: 1-800-922-8649

Your Supply Chain Matters.™

TECSYS®