

Dialing into the Supplier Network

PRESENTERS **Jeffrey A. Kuhn**
*Vice President, Supply Chain
Planning & Operations*
Caleres, Inc.

Gary M. Barraco
*Director, Global Product
Marketing*
Amber Road

Jenny Roman
Solutions Manager
Amber Road



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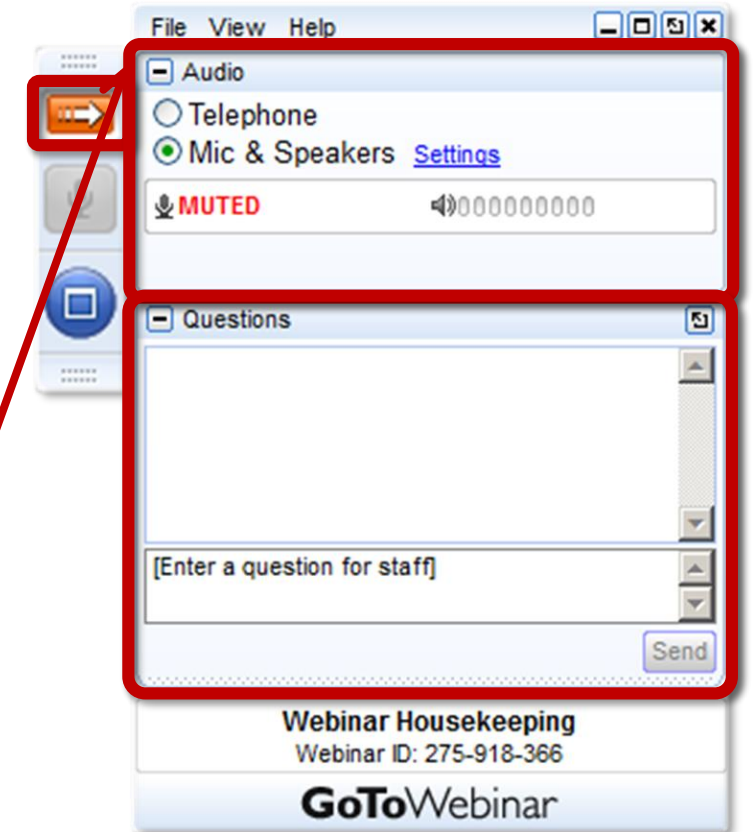


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Presenters



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What just happened?

2016: A Year of Disruptors

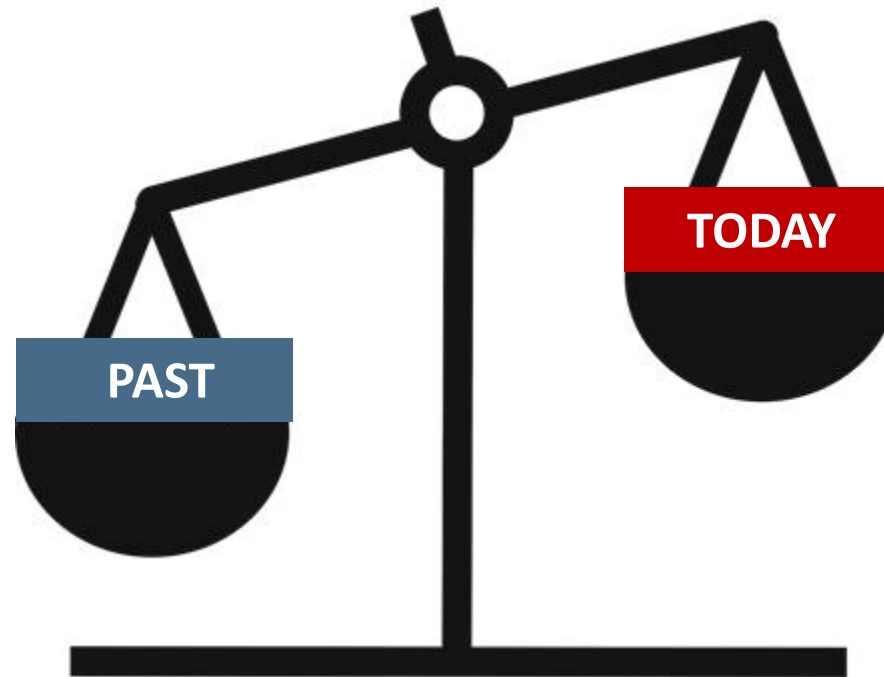
1. Global trade volumes fluctuated and consumer spending diminished
2. Worldwide protectionism and de-globalization
3. Post U.S. election changes and European elections
4. A new retail dynamic emerged
5. Transportation and logistics turbulence
6. Higher shipping costs
7. Enhanced supply chain risks and security fears
8. Heightened responsible sourcing initiatives

Supplier Relationship Management Has Evolved

Individualized goals and non-cooperation

Aggressive requirements & fines levied for lack of performance

Cost squeezing for minor issues



Strong and collaborative partnerships

Friendly working relationships

Retailers and manufacturers gain ROI by partnering with suppliers

Pressures for Better Supplier Relationship Management



Downsizing suppliers — including raw material or Tier 2 and 3 suppliers — to ensure compliance and build small, core group of best performance suppliers

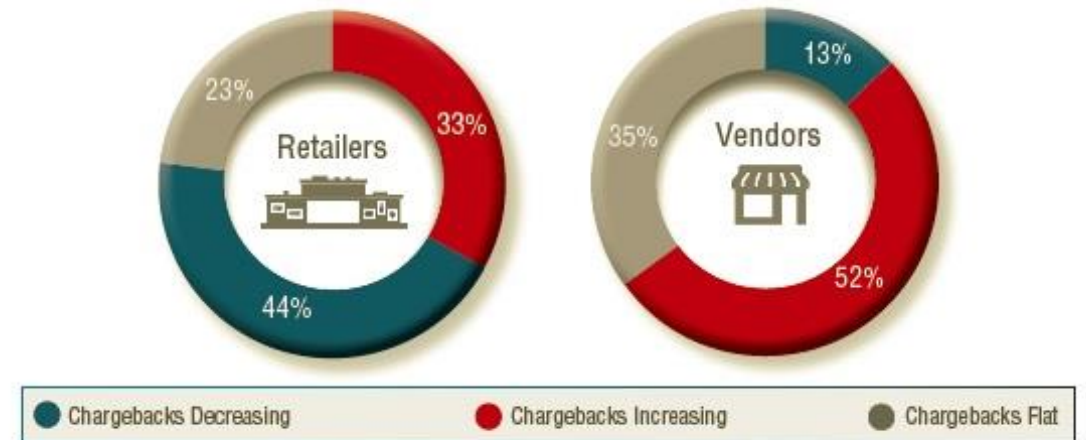
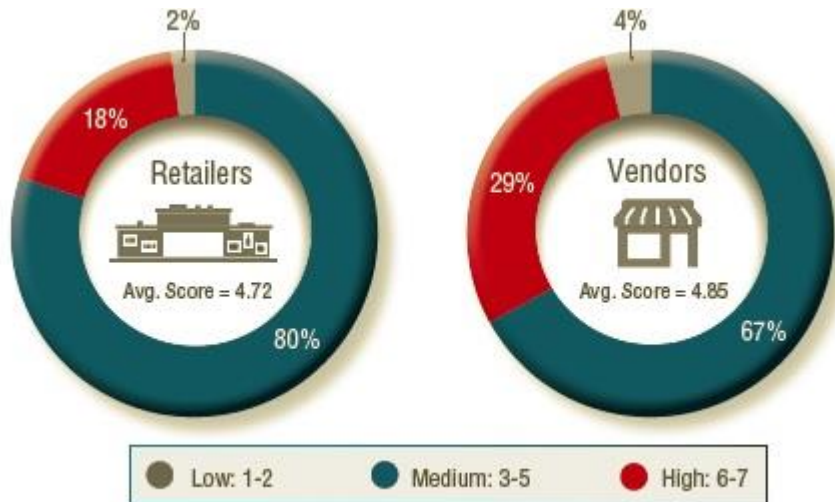


New product development and commercialization speeding up R&D resources overstretched to deliver steady flow of innovation



Need for increasing volume and reducing transactional costs ROI on yearly cost savings diminishing and need new sources of value

Relationships Are Highly Valued



Source: Supply Chain Digest 2015

Real ROI with Supplier Relationship Management

\$300
MILLION

annual cost savings and benefits from
supplier management programs



Collaborative and strong working relationships delivering substantial
benefits and real ROI to manufacturers and suppliers.

Higher Value with Supplier Relationship Management

- 75% companies believe stronger relationships deliver high value for companies
- 84% report strategic supplier engagement important in driving competitive advantage
- Cost reduction and getting priority when materials or production capacity are constrained are the two most prized sources of value
- Speed to market, collaboration on quality improvements and getting supplier innovations before industry rivals highly rated benefits

Poll Question



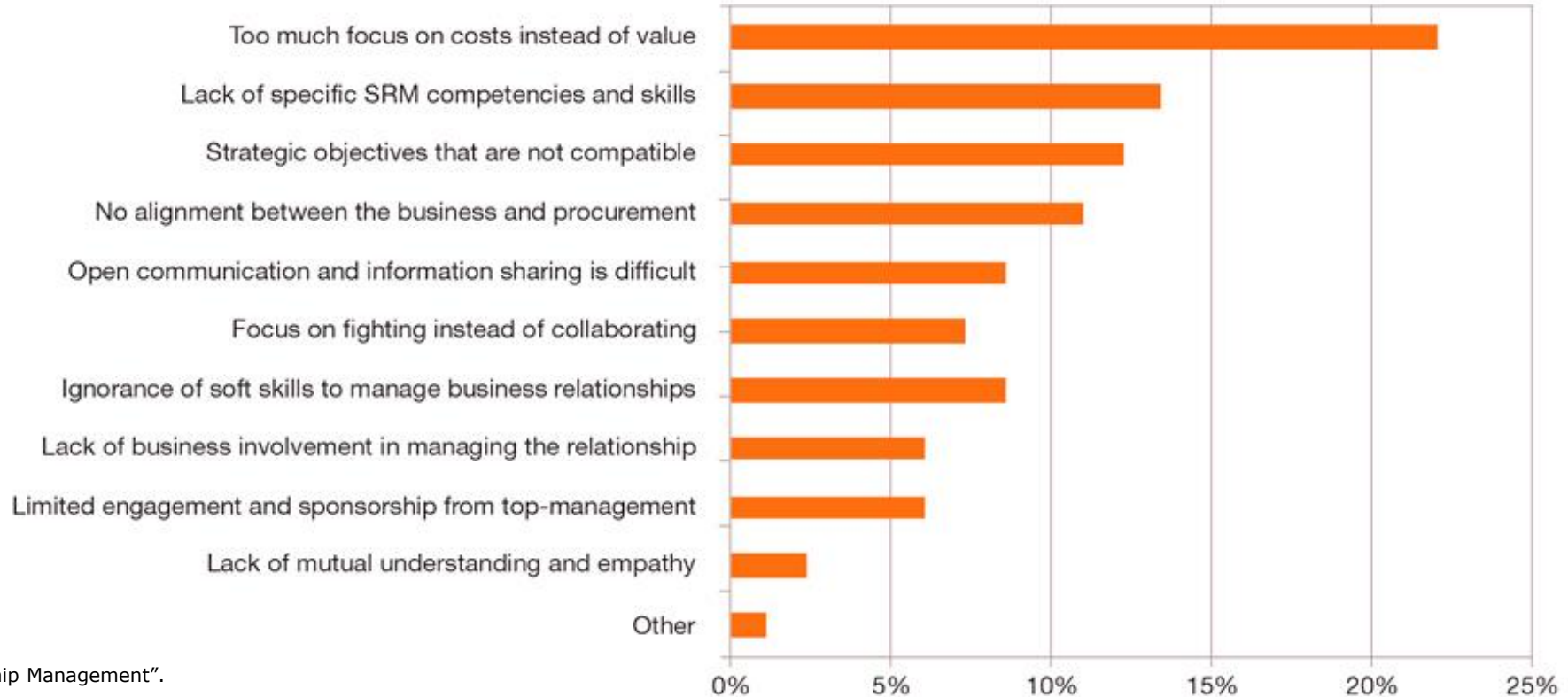
Key Capabilities



Source: PwC, "Supplier Relationship Management".

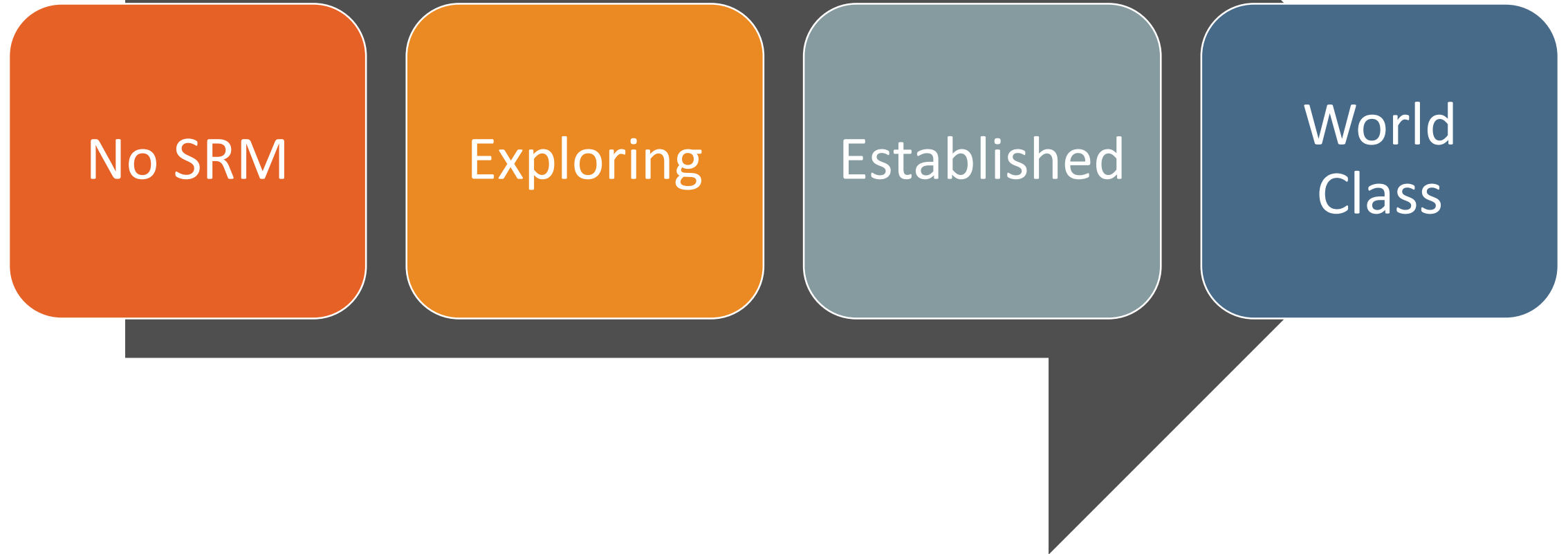
Challenges to Effective SRM Implementation

Figure 2. Challenges & issues when implementing SRM



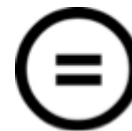
Source: PwC, "Supplier Relationship Management".

Levels of SRM Maturity

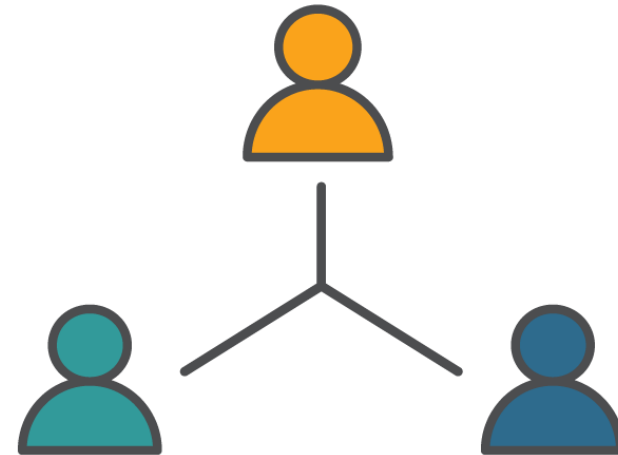


Steps to Better Supplier Relationship Management

Effective
Communication



Collaboration



Invest in Collaboration and Business Value to Deepen Supplier Engagement

Technology can bring more value and make dramatic improvements by

- Boosting collaboration among internal and external groups
- Standardizing processes and documents
- Acting as central knowledge base to store and share all related data
- Providing more holistic visibility



Strong Communication System Means Better Daily Management

- Automation technology communicates important information to each link in supply chain and should include the following:
 - Discussion tools to maintain history to specific issue or business document that is easy to search and find
 - Advanced technology such as Document Management Portal for uploading and sharing documents, version control and measurement activities based on access rules
 - Exception-based workflow/time and action calendaring system to monitor and update responsibilities based on user permissions

A Case Study

Challenges to Sourcing in China



Expansion & Diversification

- Moving an operation is not cheap
- Enforcement of the China labor law means high severance costs
- Relationships are very important in China
- Sample rooms may not be located at the manufacturing site
- Inland freight costs are higher than the coastal dray to a port
- Inland factories are not always practical at one site

Source: Aberdeen Group, 2014



Implementing Supplier Relationship Management Successfully

CALERES
★ 5 ★

**Building a Culture
of Courage**
Our ambitions are big, but
it's the drive, tenacity and
courage in our employees
that make them possible.

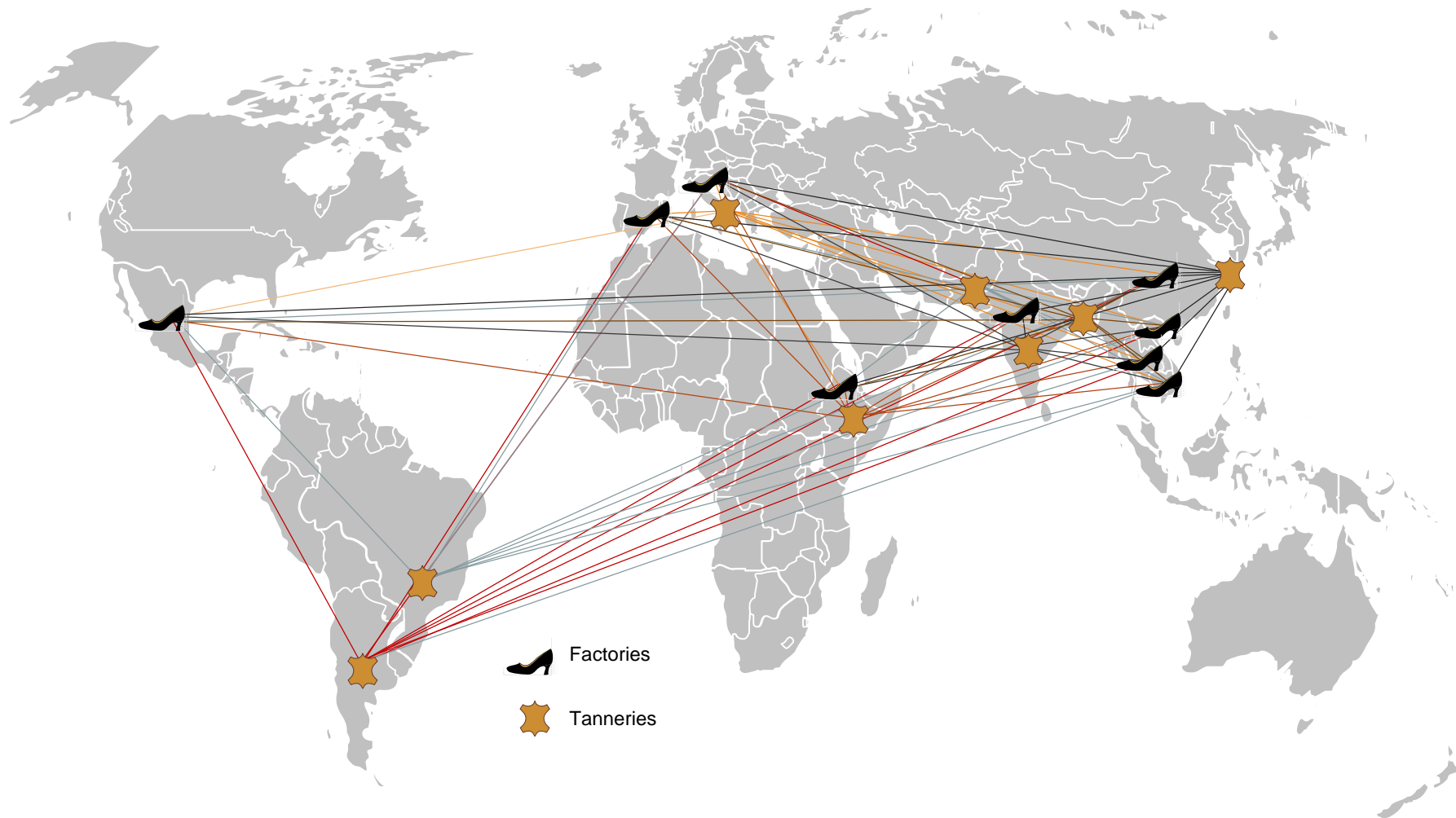


Caleres Supply Chain Posed Unique Challenges



- 15 brands
- Broad spectrum of retail price points to manage (US\$12 - US\$695)
- 90+% of products new each season
- 4-6 seasons per year
- 2 seasonal peaks
- 50M pairs
- Low product adoption rates (20%)
- Brand silos
- Product lifecycle
- Diversify supplier base outside of China

Caleres Supply Chain is Very Complicated



Needed to Streamline Supplier Collaboration

The platform would need to . . .

- Replace email or fax system with consolidated platform for internal and external teams
- Improve visibility into vendor pre- and post-production milestone events to ensure on-time delivery to customers
- Make strategic decisions on vendor allocation



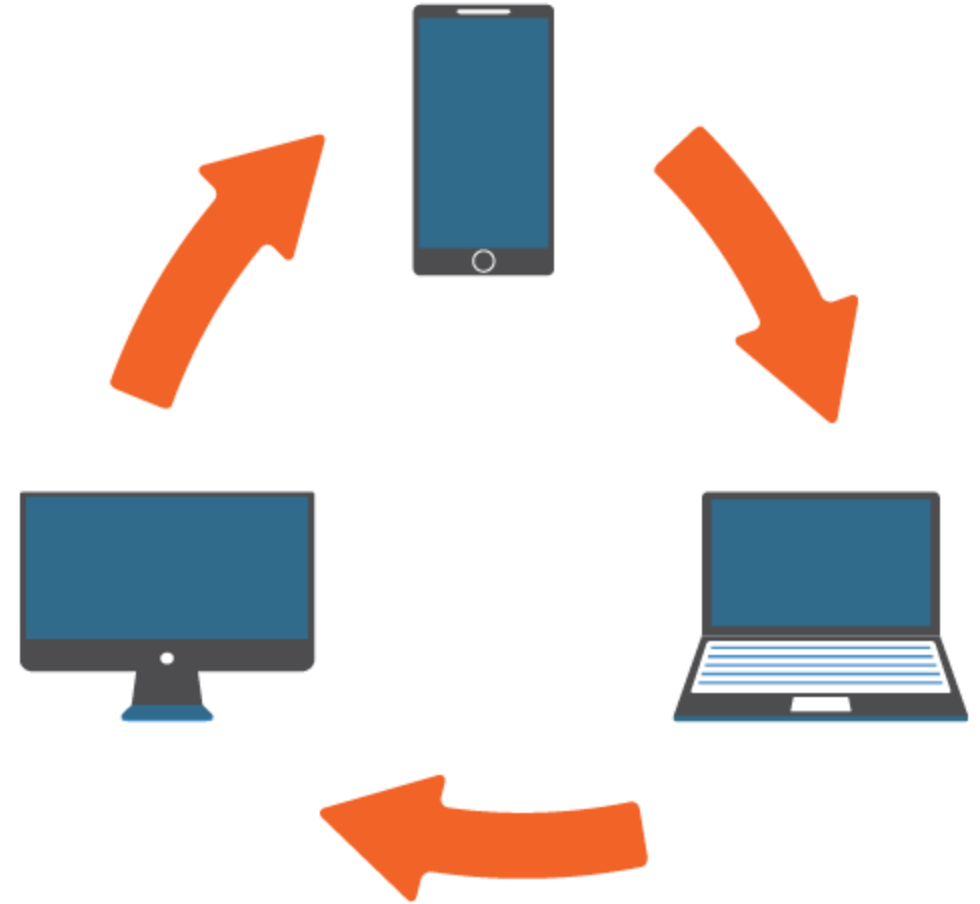
Phased 1: PO Collaboration

Connect factories to portal system and integrate to SAP ERP

- All POs and changes flow through Amber Road solution
- ASN, BOL, commercial invoice, other shipping docs automatically created and interfaced to ERP for payment
- Factory case label printing on demand

Results:

- -12 FTEs
- \$150K case label rebates
- Payback < 2 years
- IRR > 50%



Phased 2: QA Mobile App

Connect QA Inspectors with factories

- Inspectors armed with tablets in field
- End-to-end product development visibility
- Smarter and more efficient auditing

Results:

- -15 FTEs
- Better quality product
- Payback < 2 years
- IRR > 50%



Phase 3: Raw Material Management

Connecting Tanneries

- Capture raw material bulk buy info in portal
- PO + BOM = raw material need
- Factories place leather orders to tanneries, consume bulk buys
- Smarter visibility to time-phased demand

Results:

- \$100K annual raw material cost savings
- \$50K lower air freight due to reduction in material delays
- Payback < 3 years
- IRR > 30%



Phase 4: Packaging

Connecting Packaging Suppliers

- Key packaging info added to BOMs in PLM (boxes, hangtags, etc.)
- PO + BOM = need, orders place directly thru portal
- Ensures packaging is ordered through preferred suppliers
- Immediate visibility

Results:

- \$200K annual shoebox cost savings
- Better quality to our standards
- Payback < 1 year
- IRR > 50%



Phase 5: Sample PO Collaboration

Connecting Factories 2.0

- Sample Req-to-Pay just like production POs
- Eliminates emails and manual processing
- Immediate tracking, visibility, and speed

Results:

- \$100K annual cost savings (staffing and lower material waste)
- 2-3 day cycle time improvement (10%)
- Payback < 3 year
- IRR > 30%



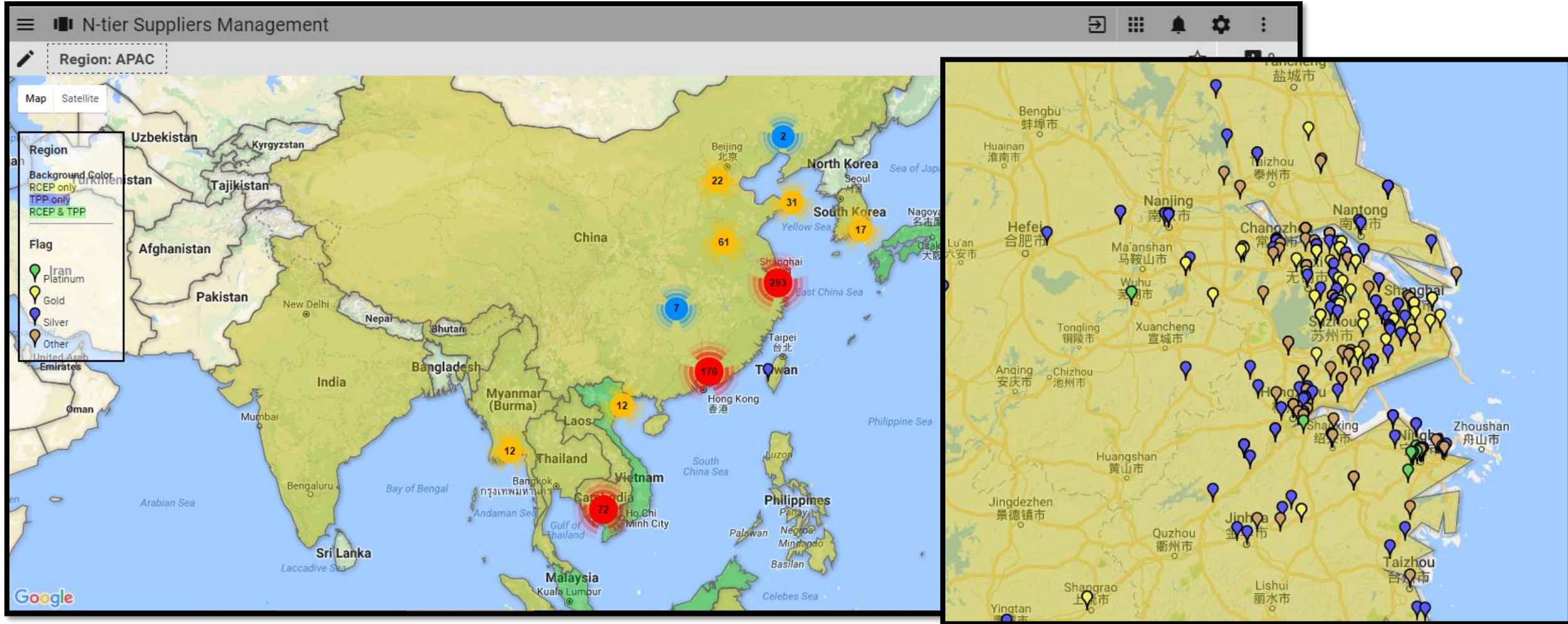


The Technology Behind it

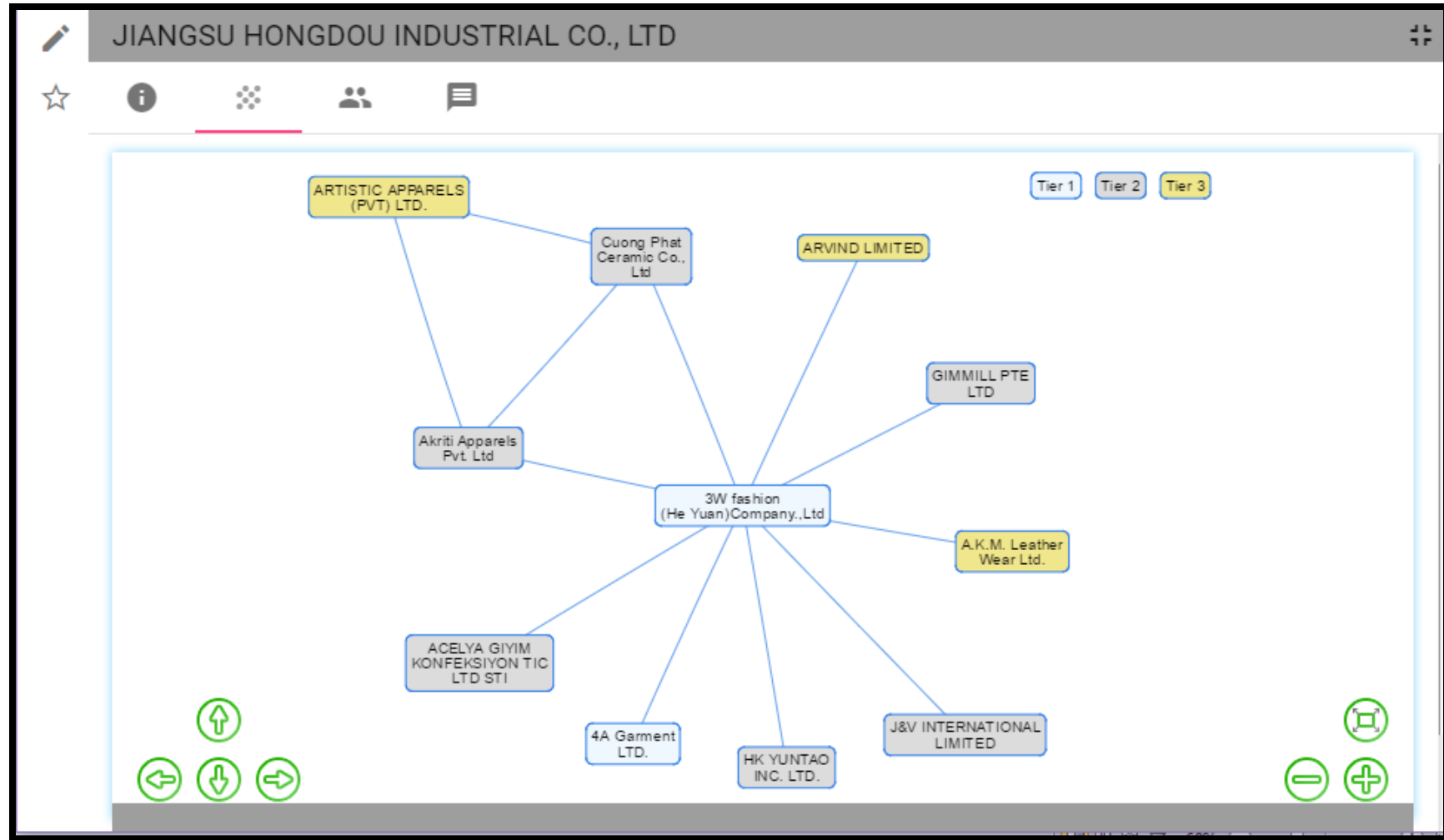
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Where are my Suppliers?



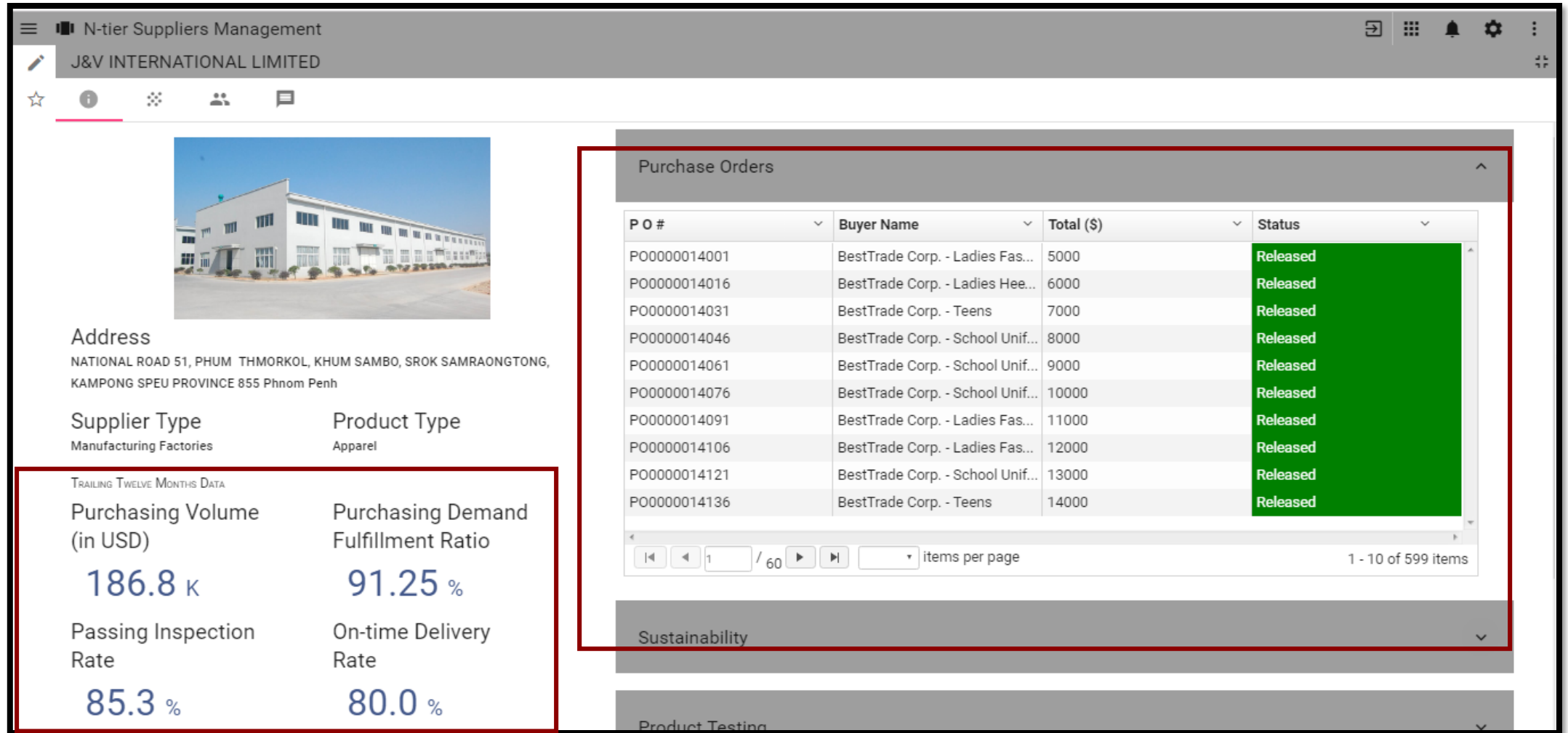
Who do they buy from?



How are they performing?

N-tier Suppliers Management

J&V INTERNATIONAL LIMITED



The image shows a software interface for supplier management. On the left, there is a profile for 'J&V INTERNATIONAL LIMITED' with a photo of a factory building. Below the photo, the address is listed as 'NATIONAL ROAD 51, PHUM THMORKOL, KHUM SAMBO, SROK SAMRAONGTONG, KAMPONG SPEU PROVINCE 855 Phnom Penh'. The supplier type is 'Manufacturing Factories' and the product type is 'Apparel'. A summary box highlights key performance indicators: Purchasing Volume (186.8 k USD), Purchasing Demand Fulfillment Ratio (91.25%), Passing Inspection Rate (85.3%), and On-time Delivery Rate (80.0%). On the right, a 'Purchase Orders' table lists 10 orders, all with a status of 'Released'. The table columns are PO #, Buyer Name, Total (\$), and Status. Below the table, there are sections for 'Sustainability' and 'Product Testing'.

Address
NATIONAL ROAD 51, PHUM THMORKOL, KHUM SAMBO, SROK SAMRAONGTONG,
KAMPONG SPEU PROVINCE 855 Phnom Penh

Supplier Type: Manufacturing Factories
Product Type: Apparel

TRAILING TWELVE MONTHS DATA

Purchasing Volume (in USD)	Purchasing Demand Fulfillment Ratio
186.8 k	91.25 %
Passing Inspection Rate	On-time Delivery Rate
85.3 %	80.0 %

Purchase Orders

P O #	Buyer Name	Total (\$)	Status
PO0000014001	BestTrade Corp. - Ladies Fas...	5000	Released
PO0000014016	BestTrade Corp. - Ladies Hee...	6000	Released
PO0000014031	BestTrade Corp. - Teens	7000	Released
PO0000014046	BestTrade Corp. - School Unif...	8000	Released
PO0000014061	BestTrade Corp. - School Unif...	9000	Released
PO0000014076	BestTrade Corp. - School Unif...	10000	Released
PO0000014091	BestTrade Corp. - Ladies Fas...	11000	Released
PO0000014106	BestTrade Corp. - Ladies Fas...	12000	Released
PO0000014121	BestTrade Corp. - School Unif...	13000	Released
PO0000014136	BestTrade Corp. - Teens	14000	Released

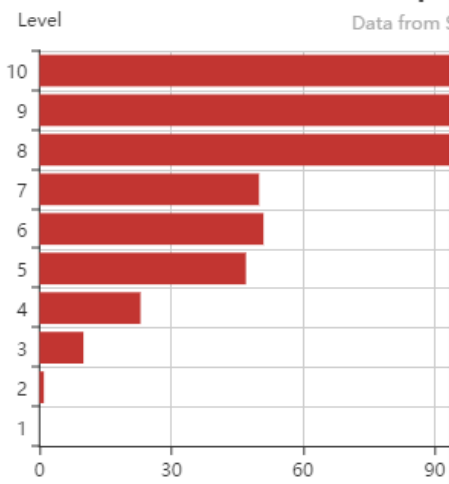
1 - 10 of 599 items

Sustainability

Product Testing

Region: APAC

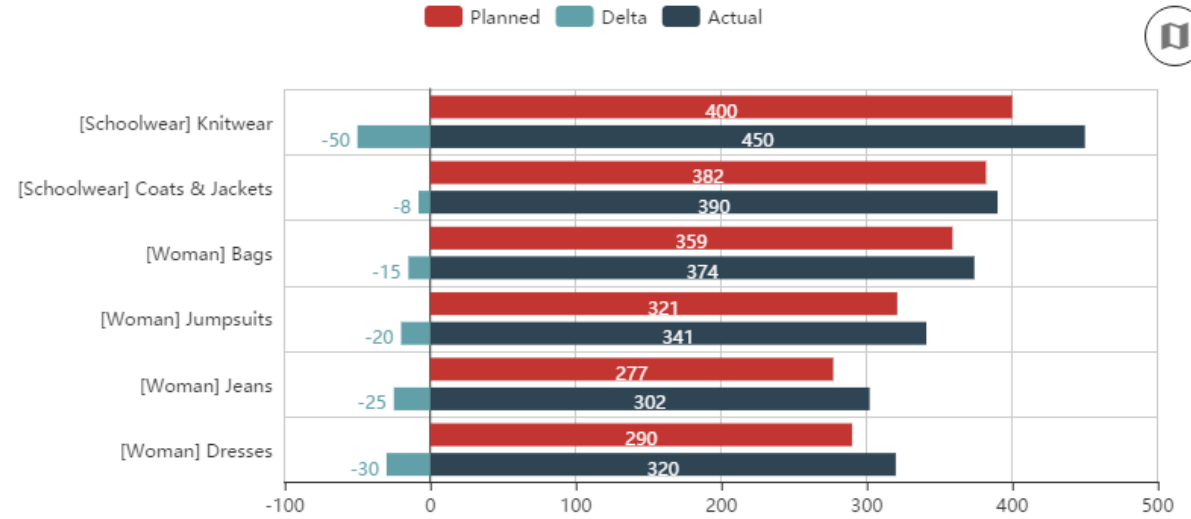
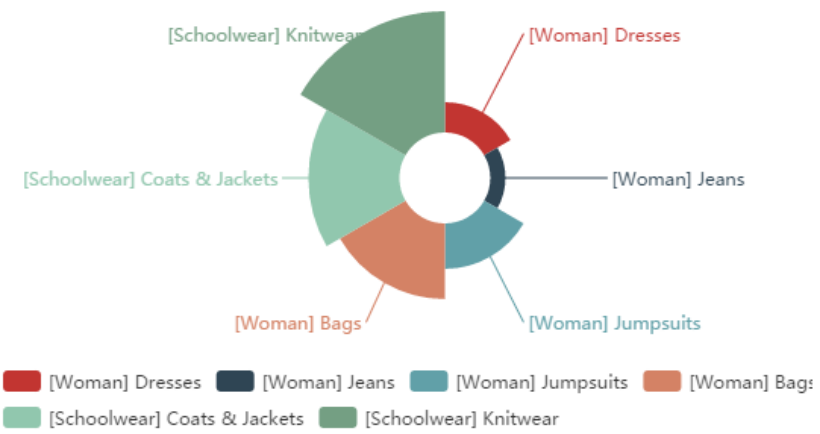
Smart Inspe



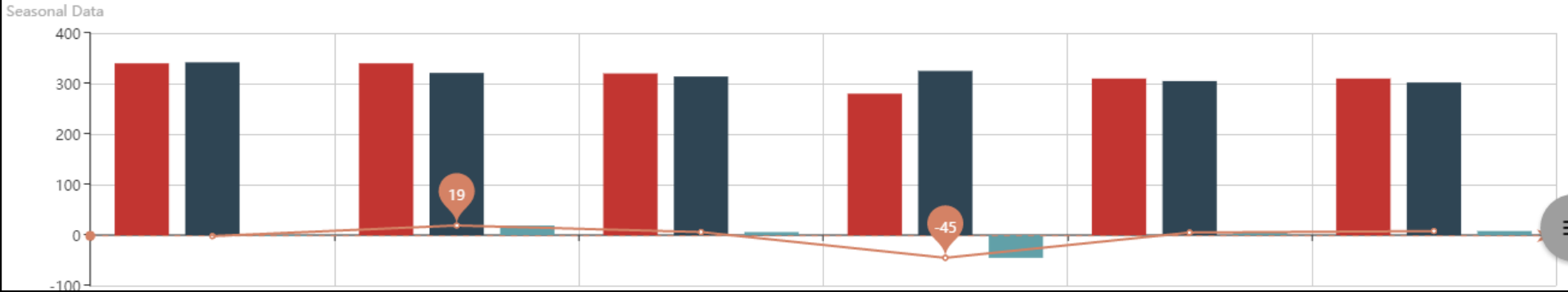
Supplier Name	Country
DAKOTA IND. CO. LT...	CAMBODIA
King First Industrial ...	CAMBODIA
WINWAVE Corporati...	CAMBODIA
KING STAR GARME...	CAMBODIA
SUNVICTORY ENTE...	CHINA
ZHEJIANG SANYUA...	CHINA
HIGH HOPE INT'L G...	CHINA
Elegance Industrial ...	CHINA
Regal Shine Enterpri...	CHINA

Region: APAC

Lead Time Analysis



[Woman] Dresses



Framework Components

Collaboration Framework

Discussions

Alerts

Calendar Management

Configurable Landing Page

Document and Image Collaboration

Dynamic Data Panel

Reporting

Recap

- External factors have influenced the need to alter the approach to supplier relationships
- All parties can see the change occurring and are embracing it
- There are quantifiable benefits and ROI
- Companies embarking on an SRM initiative need to understand the objectives, challenges and investments
- Technology solutions improve overall supplier relationships
- Unique scenarios can be addressed and improved
- Good SRM requires technology and process change



Q&A



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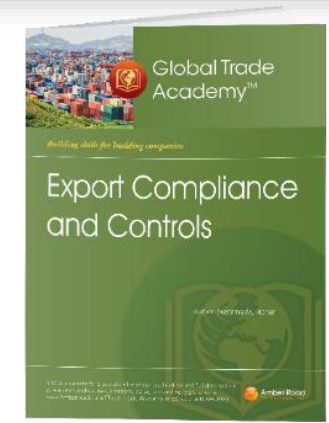
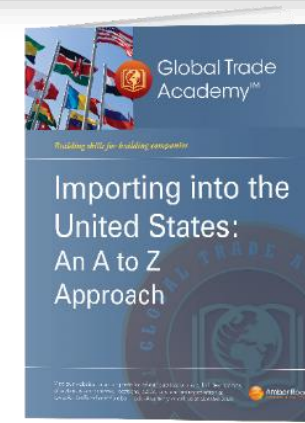
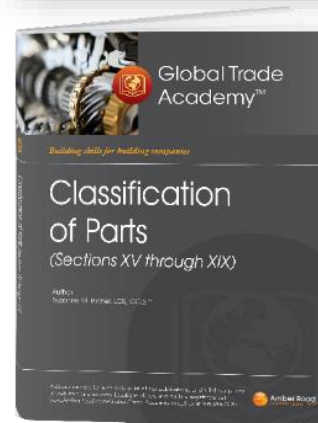
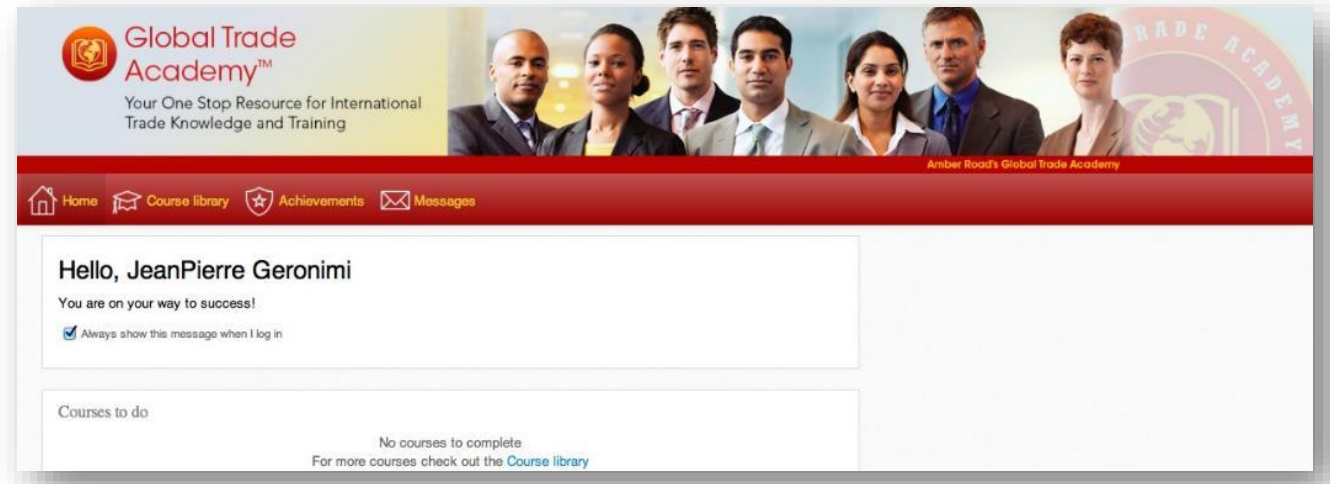
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 - Import (into the U.S.) Compliance and Documentation
 - Incoterms and Managing Supply Chain Liability
- At the conclusion of today's webinar, attendees will receive an email with instructions to register your trial subscription
- After we have received your information, access to the LMS will be sent via email

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www.AmberRoad.com/Global-Trade-Academy



+1-201-609-2020



GlobalTradeAcademy@AmberRoad.com
Solutions@AmberRoad.com



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