

Tactical Network Analysis

How shippers can unlock the hidden improvement potential in their inbound and outbound logistics

The challenge of optimizing inbound and outbound logistics

Continuing economic volatility and the ongoing trend towards globalization are forcing shippers such as manufacturers and retailers to further assess and optimize their distribution network and transport planning. Shippers are looking for ways to improve the efficiency of their own fleet and/or get the best value from activities outsourced to logistic service providers (LSPs).

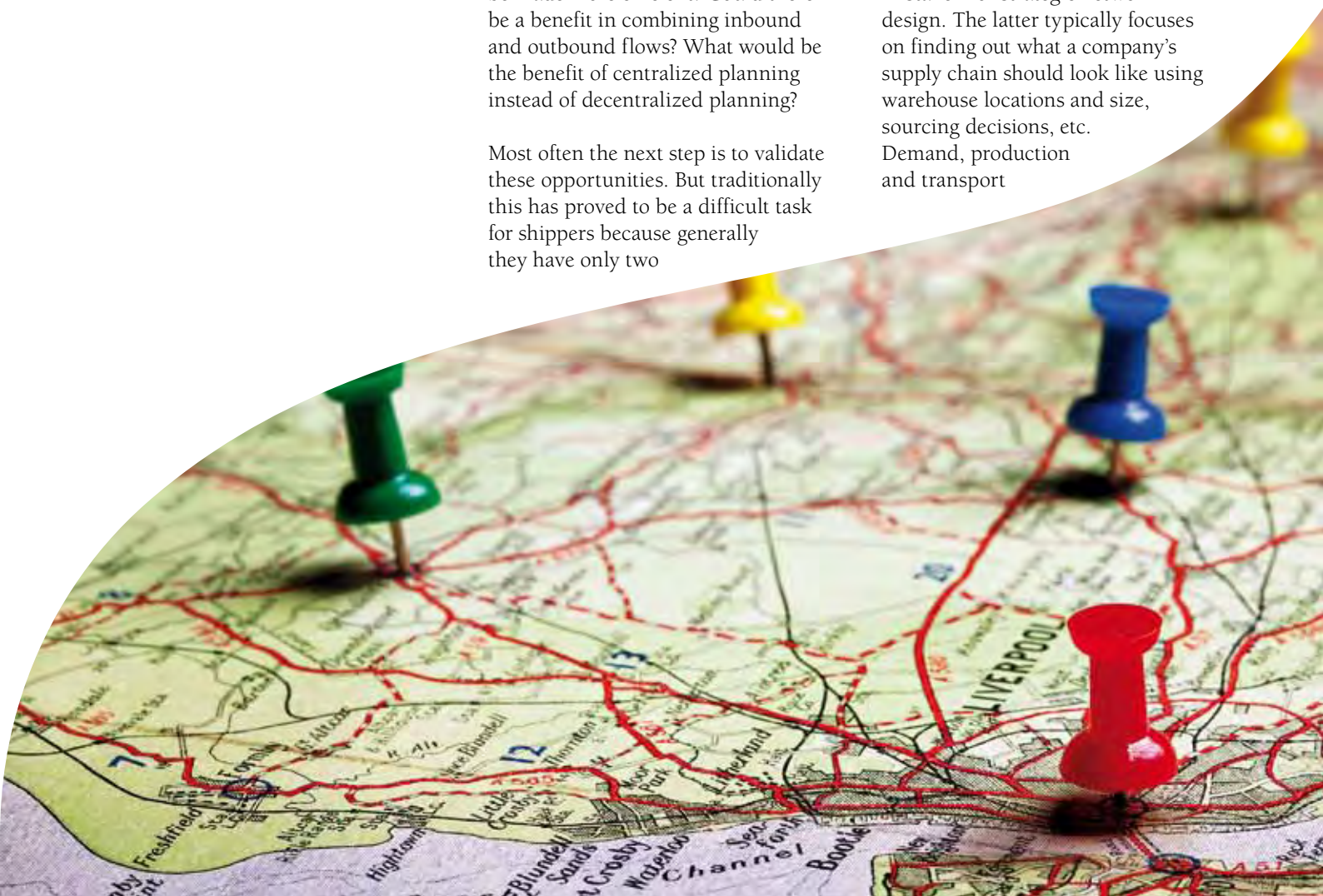
How to do that? As a first step, it is necessary to spot opportunities where improvements might be possible. For example: Could delivery routes be made more efficient? Could there be a benefit in combining inbound and outbound flows? What would be the benefit of centralized planning instead of decentralized planning?

Most often the next step is to validate these opportunities. But traditionally this has proved to be a difficult task for shippers because generally they have only two

options. One is to conduct the assessments themselves, often resulting in a high-level, simplified process that focuses on a limited part of the supply chain and the second option is to have their LSP do a potentially one-sided assessment for them. We offer a third option: Tactical Network Analysis. It offers a realistic, fast, effective way to define the improvement potential to be found in inbound and outbound logistics without a large investment in expensive tools.

Tactical Network Analysis versus strategic

Tactical Network Analysis is often mistaken for strategic network design. The latter typically focuses on finding out what a company's supply chain should look like using warehouse locations and size, sourcing decisions, etc. Demand, production and transport



quantities are usually calculated in day or week buckets, and distances between locations are often estimations. The result is a relatively high level look at the supply chain.

On the other hand, Tactical Network Analysis focuses on finding efficient improvements in the existing network. It uses operational data about demand (transport orders) and related service requirements, like time windows and takes into account other operational constraints such as truck types and sizes, driver capabilities, legal constraints and graduated tariff structures.

Tactical Network Analysis is based on operational transport and logistics models and can therefore give realistic answers to the following questions:

- What would be the ideal fleet size and/or truck sizes?
- What would be the efficiency improvement if pickup and deliveries windows were increased?

- Can efficiency be gained by introducing hubs?
- Is there a benefit in running inbound and outbound transportation together?
- What is the effect of shipment consolidation on warehouse activities?
- What is the impact of centralizing / de-centralizing transport planning?

How can we help you to quantify the improvement potential?

By using your operational data and with the help of state-of-the-art planning and analysis tools, we can answer virtually any question you might have regarding the optimization of your transportation network.

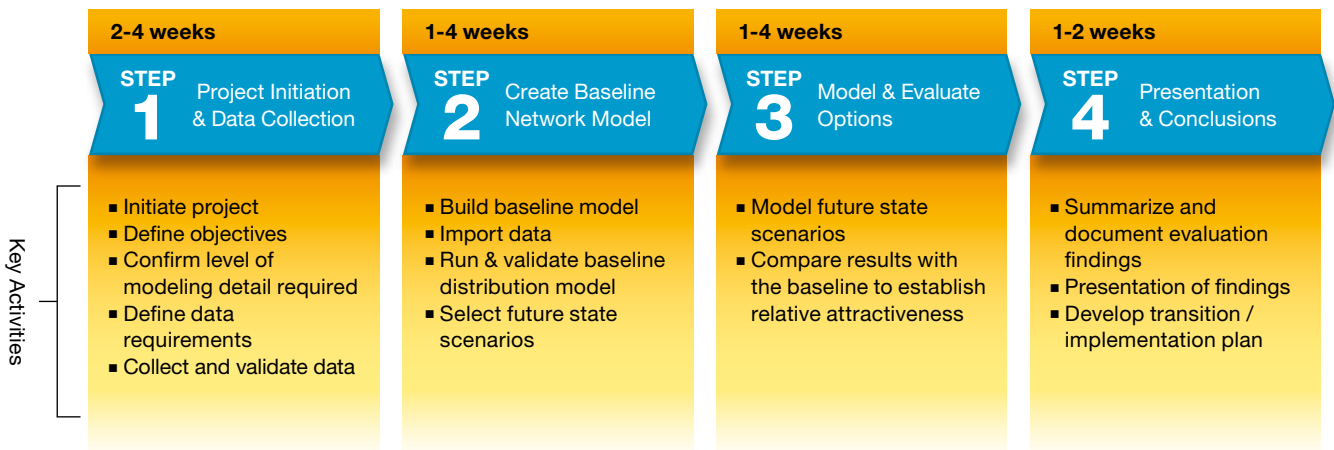
Capgemini maintains a relationship with the best technology solution providers in the business. By understanding the customer's situation and by asking the questions that need to be asked and answered, Capgemini can select the best technology for the situation.

Our approach can be characterized as pragmatic and to-the-point. Together with you we translate business questions into scenarios. Based on these scenarios and the available data, a suitable tool is chosen for the scenario analysis / simulation.

What is the benefit for you?

A Tactical Network Analysis will typically include two to four scenarios and depending on the customer specific situation and scenarios, the lead time varies from a couple of weeks to a few months. Combine a short lead time with low investment and the possibility to realize cost savings becomes apparent, typically in the range of a 5-15% decrease in transport kilometres and trips. Based on the findings of the analysis, Capgemini can advise you on the steps necessary to realizing your cost saving potential and give you the arguments needed to transform your own logistics operations or help you establish a more effective way of working with your (current) third-party logistics partner.

Our Way of Working



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Tactical Network Analysis with Capgemini

To accommodate a successful Tactical Network Analysis, Capgemini draws on a unique combination of capabilities:

- Capgemini's Advanced Analytics Cluster focuses on delivering clearly demonstrable added value and a competitive edge to our customers by improving their decision processes based on innovative Advanced Planning & Scheduling and Business Analytics solutions. The cluster consists of subject matter experts that bring focus and vision

to our customers and is capable of implementing a range of market leading advanced tools such as IBM ILOG, Click Software, Quintiq, ORTEC, INFOR and SAS.

- Capgemini Consulting is the strategy and transformation consulting brand of Capgemini Group. The global Supply Chain Management practice, supports our customers in strategic and tactical transportation network design. In close collaboration with our customers, we define, rationalize, and rate alternative network scenarios.



About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™. The Group relies on its global delivery

model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in more than 30 countries, Capgemini reported 2008 global revenues of EUR 8.7 billion and employs 90,000 people worldwide.

More information is available at www.capgemini.com.

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