

SCOPE SUMMIT

Supply Chain | Procurement | Logistics

Irina Rosca

Helix

5 STAR REVIEWS

★★★★★

QUARTZ events.com

Quick Overview

SCOPE Supply Chain Summit

- Who is Helix?
- What is ePlanning?
- Optimizing the Logistics Network and ePlanning
- Why is this important to you?
- Open Discussion



Helix- Leader in Consumer Genomics

2003 the Human Genome Project completed the first successful gene sequencing

Project lasted 12 years and cost $2.7 billion in 1991 ->2018 sequencing can be done in a few weeks for $1,500

Illumina leader in improving sequencing costs and result accuracy

Sequenced more than 7 million consumer samples in 2017

Helix is partially funded by Illumina commercialized in 2017

D2C marketplace with products meant to inspire customers to embark on a journey of discovery through DNA

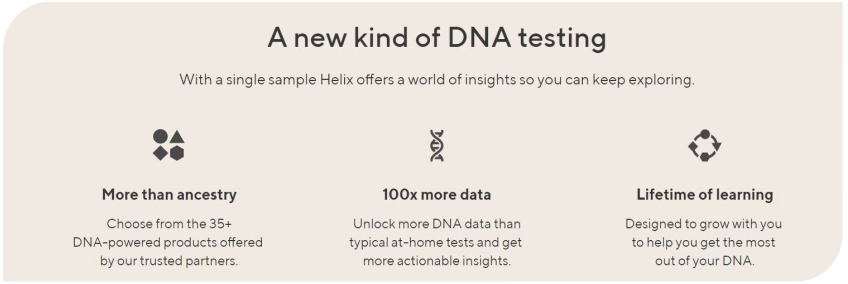
World's Most Innovative Companies 2018- Fast Company



Helix- Leader in Consumer Genomics

Why Helix?

- Self owned and run laboratory for testing in San Diego, California
- Provide results through SEQUENCING not GENOTYPING
- Powered by world leader in gene sequencing technology
- One sample offers a lifetime of answers through the Helix powered marketplace









Helix- Leader in Consumer Genomics



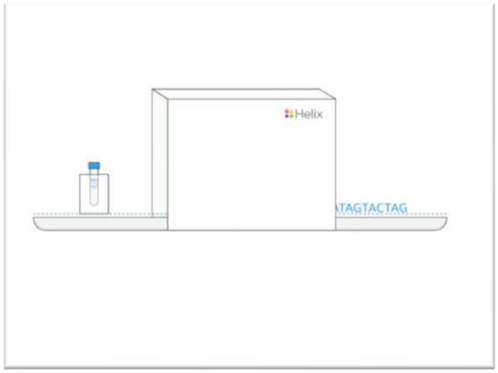
- 100% eCommerce driven sales
- Helix delivers consumers access to unprecedented amount of genetic data, with affordable sequencing and database services for individual samples.
- Consumers manage their data and explore an open marketplace of on-demand applications.
- Personalized insights into wellness, health, ancestry and entertainment DNA applications- Let's check it out!







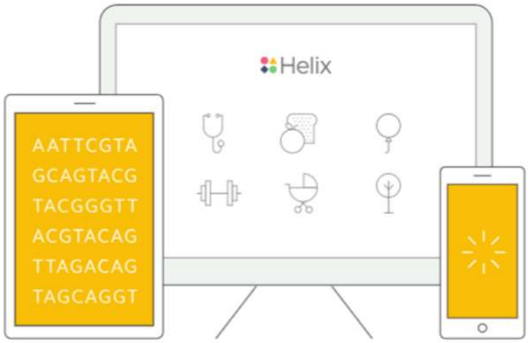
Consumer Genomics Supply Chain

Upstream	Downstream
	
Assembly of all raw materials sent to the customer for sample collection	Forecasting return patterns for consumer samples and planning supplies for all laboratory supplies
Reverse logistics- facilitating the return of human specimen to San Diego laboratory	Physically managing all laboratory materials and data tracking for regulatory reporting- FDA, CLIA/ CAP and ISO



Consumer Genomics Supply Chain

- New marketplace- absence of historical data
- Consumer demand tough to anticipate- highly sensitive
- Return patterns difficult to forecast for laboratory operations
- Short shelf life for all materials within supply chain: 3- 24 months
- Limited suppliers with extremely regulated process- supplier compliance and quality is key!
- Full data traceability is required for regulatory auditing
  - Temperature exposure
  - Chain of custody
  - Lot and serial tracking
  - Expiration date
  - Deviation monitoring





ePlanning:
Leverage the Logistics Network for Competitive Advantage in eCommerce



What is ePlanning



There's no room for complicated eCommerce in the current market.

ePlanning is the strategic use of **all consumer** point of sale data in demand and supply chain planning with specific solutions designed for refining eCommerce transactions.

1. Faster time to market
2. Improved customer service
3. Shorter transit time
4. Optimized inventory availability
5. Lower overall operating costs
6. Seamless reverse logistics



ePlanning- Driving Change

Consumer expectation of continuous improvement:

- Shoppers want connect with merchants directly and maintain an ongoing dialogue.
- Free/ fast shipping.
- Constant visibility and order traceability.
- Wider product availability.
- Immediate returns and refunds.



Brands cannot depend on retail and historical data to forecast demand and supply planning.

Key Actions for an Optimal Distribution Network

1. Design an Agile Network with Optimal Inventory Distribution

2. Create End-to-End ~~Visibility~~ Connectivity

3. Pivot to Demand Driven Forecasting and Planning



Design an Agile Network with Optimal Inventory Distribution



Can You Answer These Questions Clearly?

- **Who**- *Who is the customer- Retail, Wholesaler, Consumer- who are you solving a problem for?* ***Focus!***
- **Why**- *What is the desired end result and how will success be measured?* ***Quantify!***
- **What**- *what is your current network setup?* ***Collaborate!***
- **Where**- *where is the supply chain center of gravity?* ***Analyze!***



Know and understand your customer



Listen to the Voice of Your Customer



- Data tells us who our customers are, and what they want to buy-> it is up to us to *provide service that exceeds customer expectations every step of the way.*
- **Diagnose** customer behavior to prescribe the right market segmentation and set up your network to support this.
- Learn the consumer needs- give them a reason to shop with your brand.
  - Improved product and service quality
  - Provide rich web content
  - Deliver on all promises
  - Communicate transparently and proactively

Create a great shopping experience from click to delivery and beyond- build loyalty by leveraging your supply chain!



Measure of Success

How are you performing currently?

- Create a baseline model to map out the current end-to-end distribution and transportation network- establish baseline lead times, and service levels and costs

Establish metrics for change ahead of project initiation

- Improved service
- Increased eCommerce channel sales
- Flexibility/ or more control
- Faster time to market
- Shorter transit times
- Lower supply chain costs
- Superior partners who align with your goals

Establish the brand as one that customers can trust; be specific with how you plan to measure results, hold yourself and team accountable!

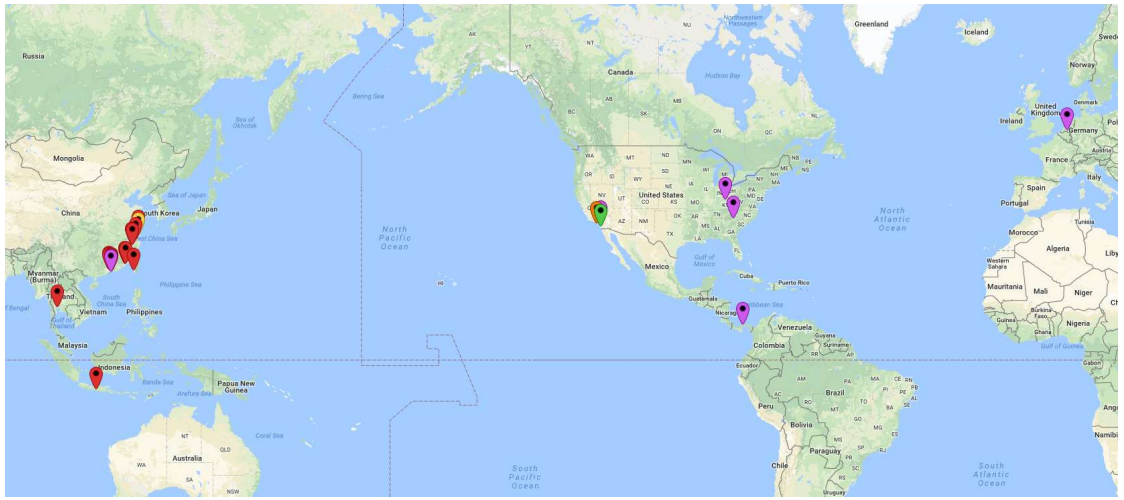




Analyze the Current Supply Chain Network Setup

What is the optimal number and location of suppliers and DCs?

- Minimize the number of touchpoints from factory to consumer.
- Analyze locations based on 3 criteria- proximity to consumer, proximity to supplier and labor costs+ availability.
- Optimize transportation modes and routings to meet delivery requirements.
- Know where your focus customers are located.
- Analyze the rate of consumer return and optimize for fast service.

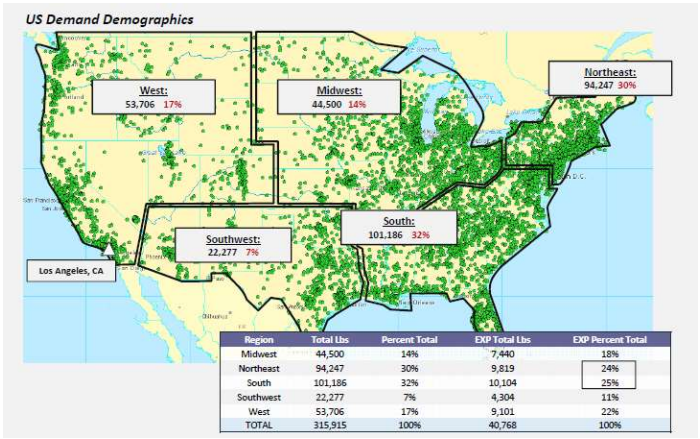


Create your supply chain map: outline the number and location of suppliers, distribution warehouses, transportation partners, allocation locations of customer demand within a supply chain.

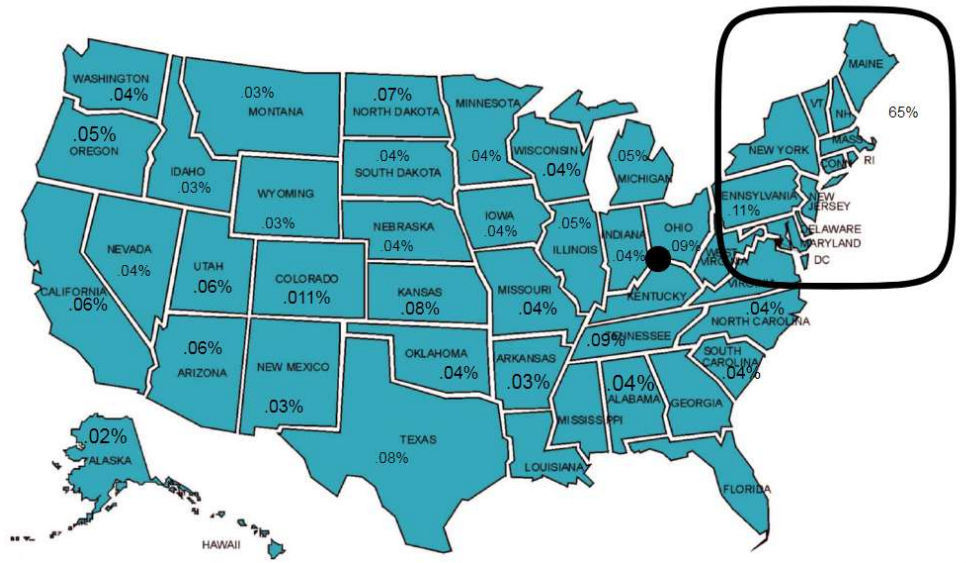


Conduct a Supply Chain Center of Gravity Analysis

- ePlanning- focus on center of gravity of *demand*!
- Planning a network and inventory for eCommerce is different than traditional retail channels.
- Pivot to demand driven supply planning and partner with nimble supply chain solutions providers.
- Supply chain needs to understand regional demand and seasonal fluctuations.



Region	Total Lbs	Percent Total	EXP Total Lbs	EXP Percent Total
Midwest	44,500	14%	7,440	18%
Northeast	94,247	30%	9,819	24%
South	101,186	32%	10,104	25%
Southwest	22,277	7%	4,304	11%
West	53,706	17%	9,101	22%
TOTAL	315,915	100%	40,768	100%



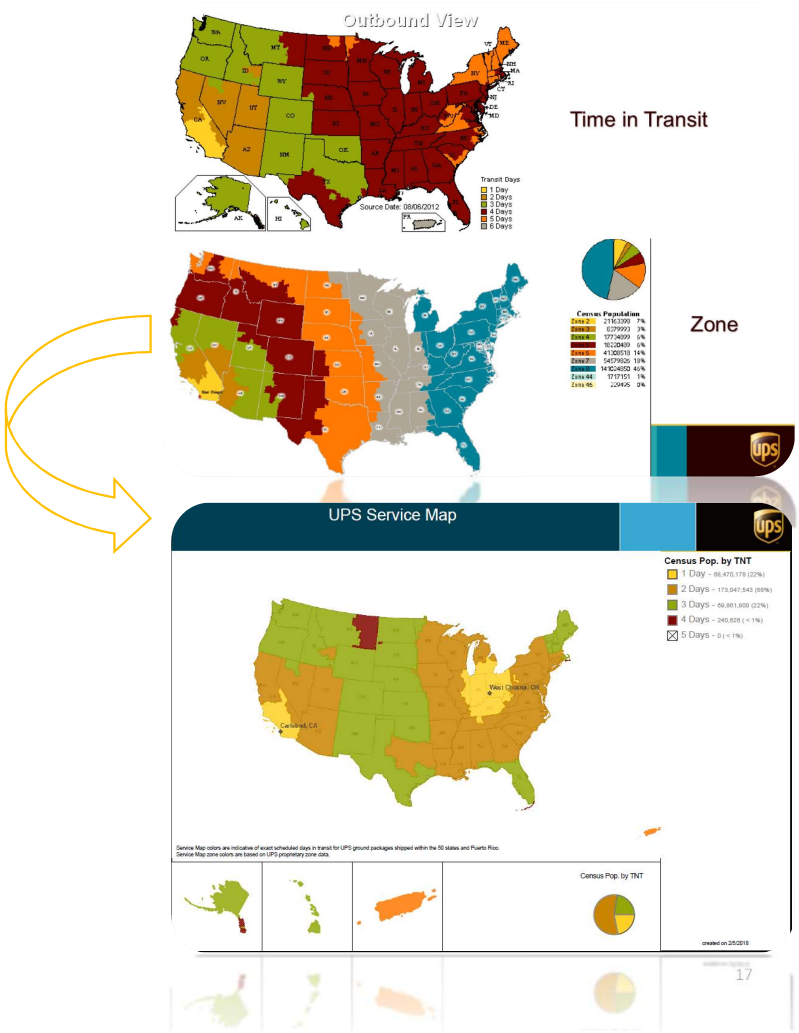
Your logistics strategy, specifically warehousing and fulfillment, is the backbone to reaching your consumers and building trust.

Optimize Transportation Costs and Network Setup

Apply learnings from center of gravity analysis- shortest time in transit or lowest distribution costs?

- Assess/evaluate current network- does this fit with what you've learned about your customer and their location?
- Articulate the desired state- share the vision!
- Create a baseline model map out the current end-to-end distribution and transportation network.
- Cannot escape transportation costs-> optimize your inventory you can come to the lowest cost possible.
- Consolidate inventory from distribution centers/ manufacturing-> fulfillment centers to lower last mile delivery costs.

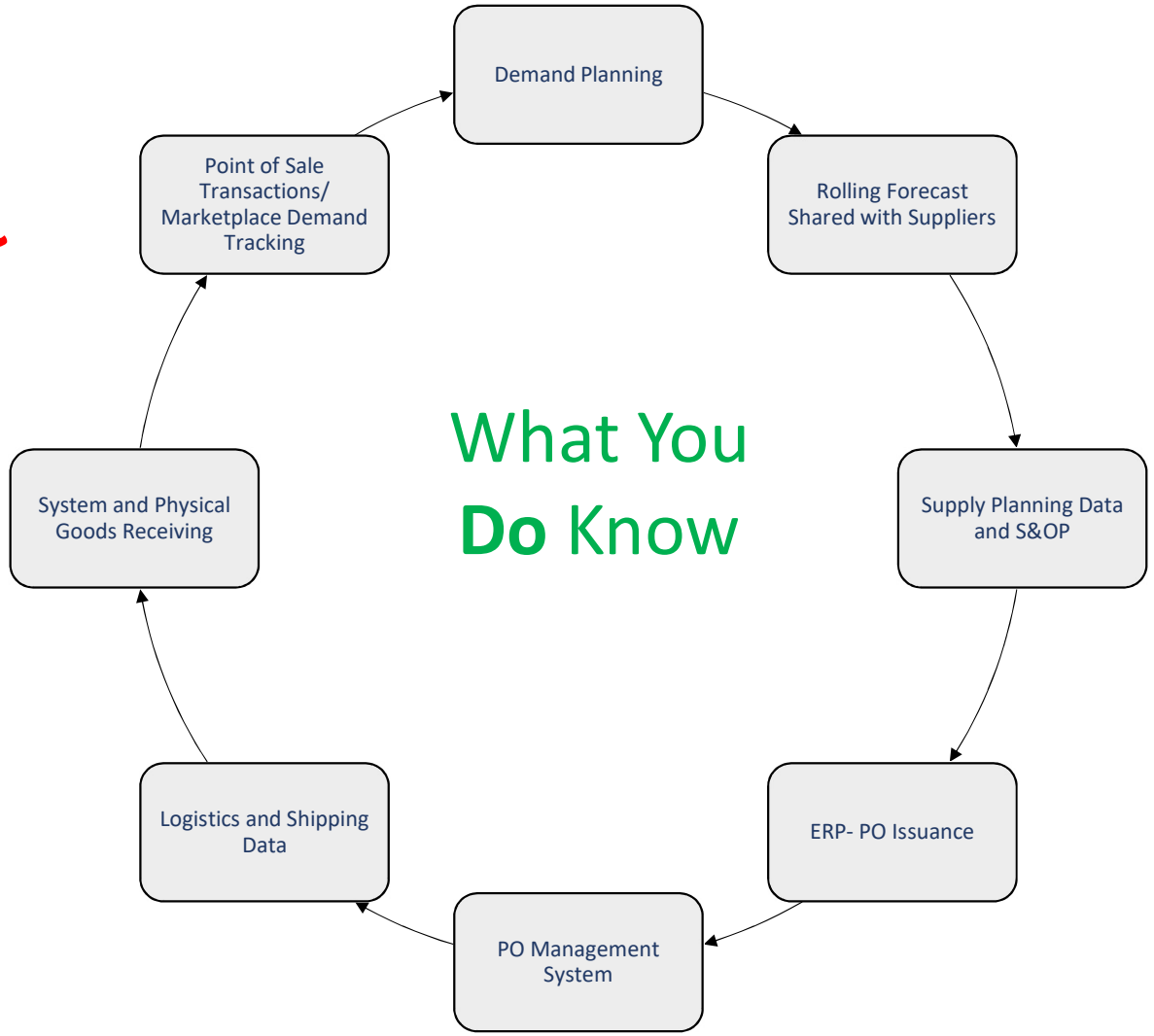




Create End-to-End Supply Chain
~~Visibility~~ Connectivity



Everything You **Don't** Know





Focus on Demand Driven Forecast

What is more important: how much product you can offer for sale ***OR*** how much your customers are likely to buy?

- Analyze consumer trends to define assortment strategy for selling channels.
- Demand data should focus on the “true consumer” using consumption-based modeling.
- Incorporate point of sale (POS) data from all marketplaces in forecast and demand planning.
- Data collaboration and storytelling:
  - Collect data from marketing, retail channels, promotion results, customer service.
  - Cross-functional collaboration- gain real time access to e-commerce sales data.
  - One source of truth across multiple business units.
- Shift focus from how supply drives demand to **how demand drives supply!**

Being able to better predict demand and its effect on the supply chain can help increase revenues by at least 3% to 7%.



Rolling Forecast Shared with Suppliers- Do You Know Who Your Suppliers *Suppliers* Are?



- Keep your finger on the pulse!
- Changes to forecast, marketplace adjustments, large swings should be shared immediately with Tier 1 suppliers and beyond.
- Your end-to-end supply chain does not begin with your immediate suppliers but further **upstream**.
- Focus on raw materials and sometimes services to your suppliers.
- Implement a supplier relationship management process, shared goals, mutual KPI review and forecast alignment strategy.

When negotiating prices with your direct suppliers, you should be able to negotiate year-over-year price reductions—in the order of 3%-5%—that are built into your supply agreement.



Sales & Operations Planning

- Determine drivers of demand for your product.
- eCommerce should be a separate marketplace under review- don't let it get lost!
- Design process around information related to these drivers and to company goals.
- Integrate demand forecasts, demand plans and supply plans for a holistic outcome.
- Focus on business issues and key assumptions.
- Develop and apply metrics for process measurement.



***Safety Stock**: Everybody Wants to Use, Nobody Wants to Own- S&OP can help!*



Real Time Visibility Into Production and Inbound Logistics

- Supply chain team should have visibility into all stages of production- including on hand raw materials, scrap and WIP.
- Implement a Purchase Order Management System and make sure all supply chain partners have access and are trained on use.
- Know when product is ready to ship or when a production delay occurs- communicate internally in case of potential service disruptions
- A typical shipment can involve anywhere from 5-25 different parties and handoffs-managing this all efficiently depends on how accurately you can predict and plan.
- Inbound shipping- focus typically on Where was the product last seen ***NOT*** where it is now.
  - Shippers left in the dark for 30 days on ocean shipments overlooking numerous disruptions along the way.
  - Data needs to be exchanged much faster- real time and seamlessly.
- Data is dirty, inaccessible, and siloed away in antiquated systems- **Light up the dark areas!**
- Improve performance through real time visibility- **Built in audit trail!**





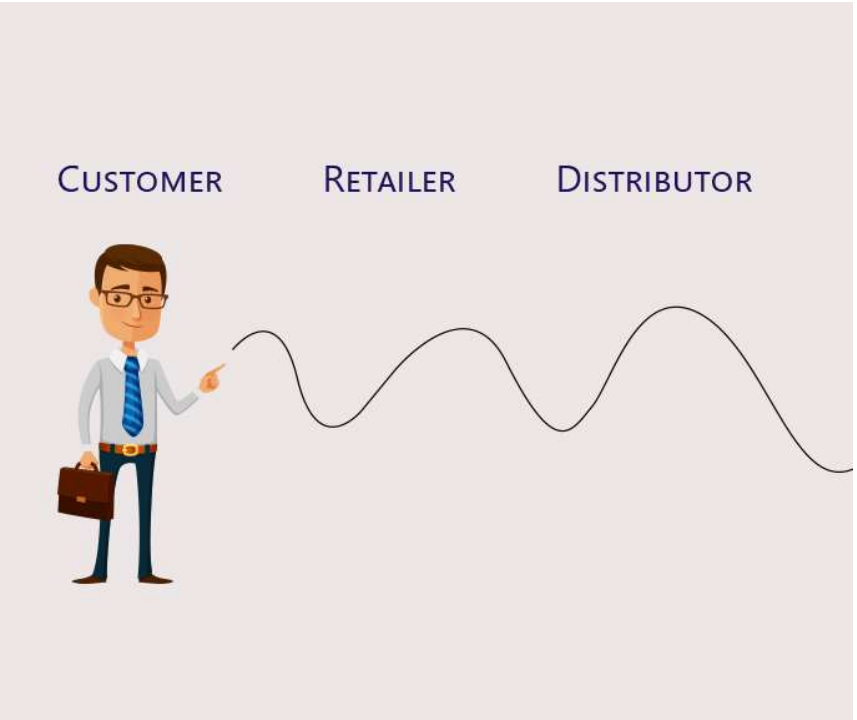
Physical Goods Receiving Process

- Create a clear quality check and assurance at product receiving warehouses.
- SOPs and KPIs must be shared with the suppliers and vendors.
- Construct a feedback loop to suppliers in case of damages and receiving inaccuracies.
- How long does it take cross-functional teams to find out about a possible delivery delay?
- Empower all teams with real time access to product status data to help assess potential commitment misses.





Point of Sale Data- Include Retail and eCommerce Data



- Use frontline data for demand planning- **stay ahead of the curve.**
- Identify changes in demand before these become visible in the order flow to the central warehouse and suppliers.
- Avoid the bullwhip effect by proactively interpreting consumer driven marketplace shifts.
- Utilizing POS data can help improve:
  - New product launches- improved demand feel.
  - Location inventory optimization.
  - Overall supply chain metrics.

Who is your customer- start by learning what keeps them coming back to your brand and online store!



Data Intelligence for Network Planning

- Focus on technology and connectivity-> real time visibility and decision making.
- Data can only provide value when accurately and comprehensively analyzed.
- Technology has been increasing visibility the downside is that data sets become too large and complicated for employees to possibly grasp.
- If data is the new currency -> quality over quantity is more important than ever.
- Avoid common barriers to change:
  - CAPEX
  - Failing to deliver on ROI

Collect information from the past to take control of the future.





Pivot to Demand Driven Forecasting and Planning



Demand Driven Planning

- Companies are used to forecasting supply **not demand.** **|**Supply chain processes are rigid and resistant to change.

CHANGE IS NECESSARY!

- Measure the impact of marketing programs and business strategies that influence downstream consumer demand (***demand sensing***).
- Analyze various scenarios to shape and predict future demand (***demand shaping***) using POS data.
- Use consumer demand history and the future-shaped consumer demand forecast as a leading indicator in a supply model to **optimize supply volumes**.
- Be proactive instead of reactive. Implement strong horizontal alignment processes, stronger collaboration with key suppliers and customers, and predictive analytics supported by scalable technology.

Diagnose consumer actions change internal culture of supply chain to better match those customer behaviors.





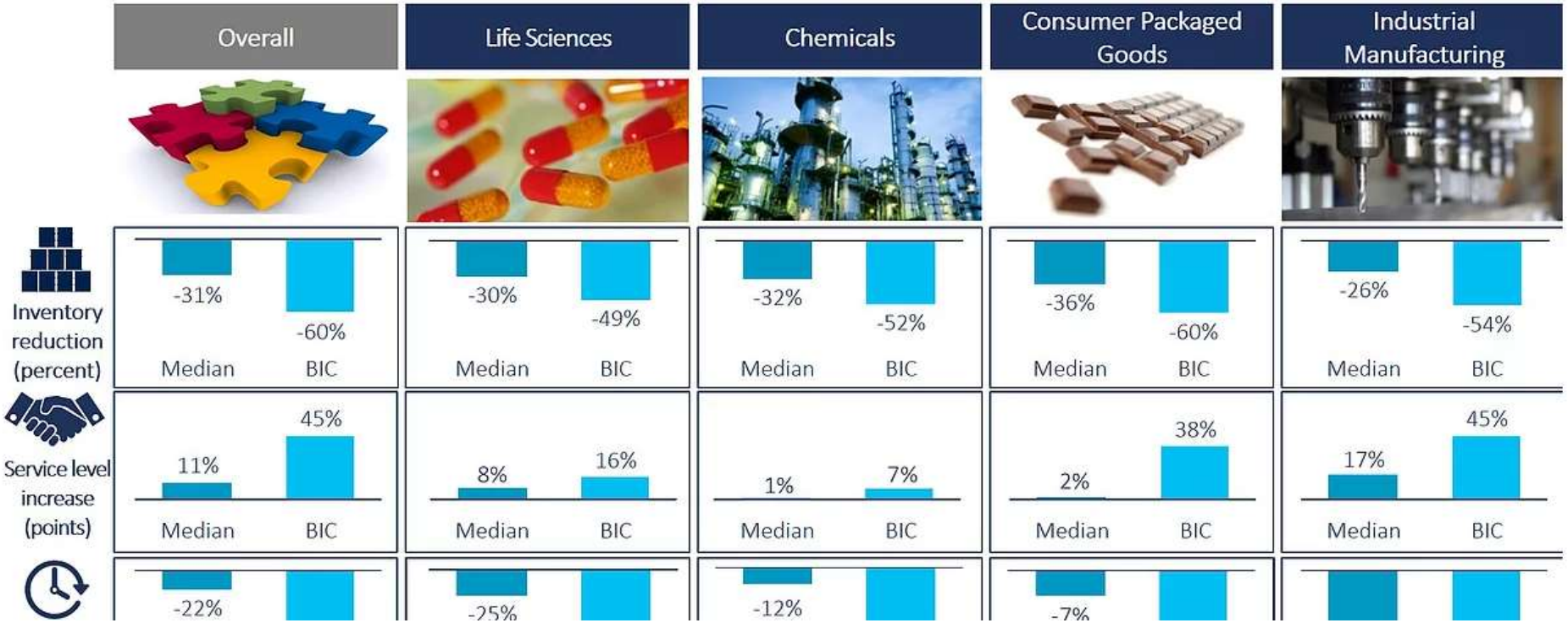
Use Demand Data to Predict which Product Might be Flying off the Shelves, and Where?



- Building a demand driven supply chain requires an enterprise wide adjustment.
- Decisions are based on data and predictive analytics rather than subjective judgment.
- Take advantage of innovations:
  - Retail automation yields more data than ever- are you analyzing this?
  - Search engine optimization data is readily available for consumer sentiment towards brand- access it!
  - All data can be turned into supply chain intelligence- *is your organization ready for this shift?*



Demand Driven Planning- Proven to Work



Quality Business Data that Drives Optimal Network Design

- Focus on predictive analytics!
- Demand Sensing
  - Bring in geographical and sales data points to see how many orders customers are making and from where.
  - Learn when and where products will be most in demand before that demand actually hits, thus ensuring there is no shortage in supplies and thereby maximizing profits.
- Route Mapping
  - Analyze real-time location data: road closures and traffic updates.
  - Utilize delivery optimization algorithms for the quickest and most efficient delivery schedules.
  - Faster transit times gets the product to the customer at the lowest cost possible.
- Facilities Selection
  - Forecast possible outcomes in facilities selection, ensuring the highest possible profit margin
  - Strategically-placed distribution centers that can meet demand once it is recognized
  - Warehouse metrics such as rent and labor costs, and factor in geographical and sales data to forecast the most profitable locations available.



Predict where your product needs to be and when based on the voice of your customer!

Keep Your Eye on the Market!

- Always work with best in class providers but do your own homework!
- When searching for the right partner you must present your data clearly and also know the market opportunities and constraints before negotiating.

LOGISTICS AT A GLANCE					
Index	**January 2019 Index**	**January 2019 Index**	**Month-Over-Month Change**	**Projected Direction**	**Rate of Change**
LMI®	61.95	63.33	-1.38	Growing	Decreasing
Inventory Levels	67.62	66.25	+1.37	Growing	Increasing
Inventory Costs	74.51	75.65	-1.14	Growing	Decreasing
Warehousing Capacity	48.58	49.16	-0.57	Contracting	Increasing
Warehousing Utilization	67.93	65.96	+1.96	Growing	Increasing
Warehousing Prices	72.33	76.96	-4.63	Growing	Decreasing
Transportation Capacity	63.14	58.33	+4.80	Growing	Increasing
Transportation Utilization	57.69	59.92	-2.23	Growing	Decreasing
Transportation Prices	67.23	69.38	-2.15	Growing	Decreasing



Ok- Why is This Important to Me?



Stay Ahead of Market Disruptions

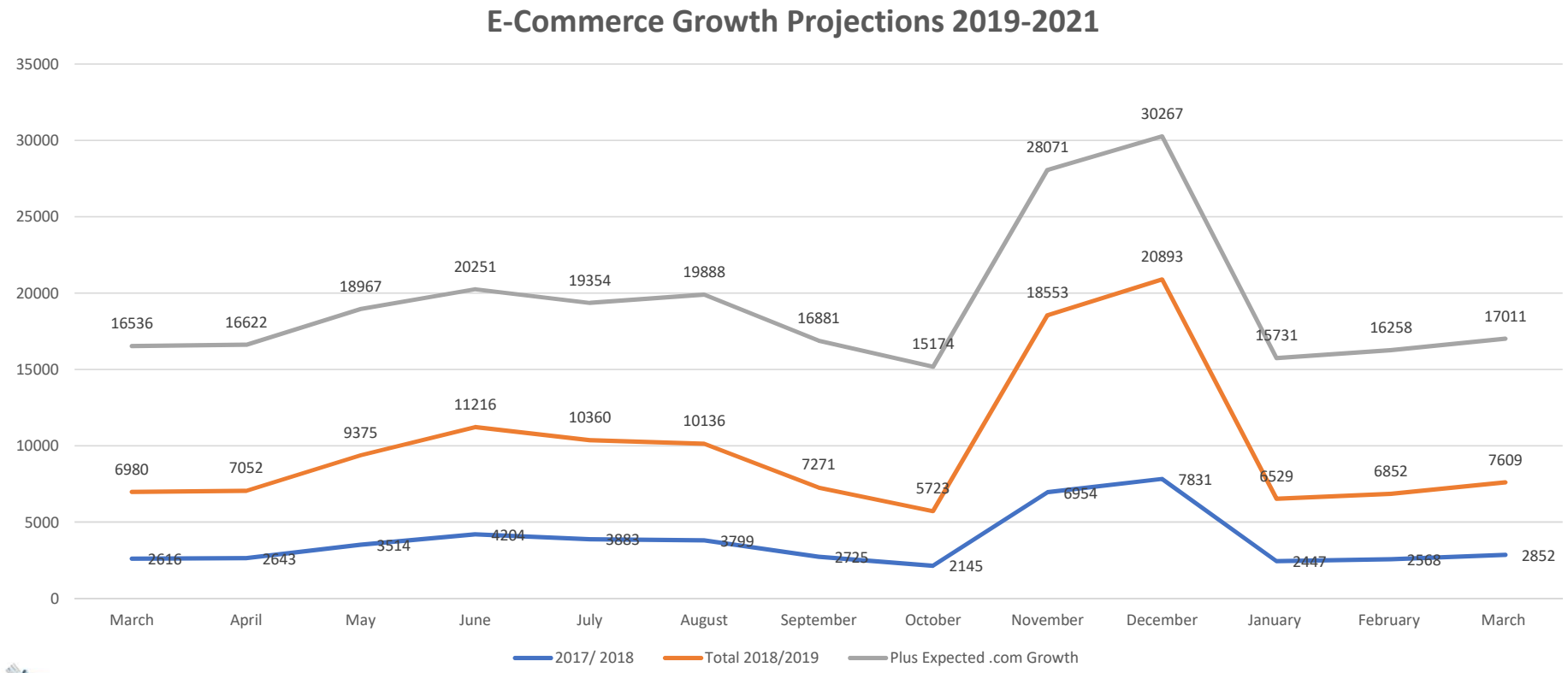
- US “retail apocalypse” -> brick and mortar retailers reducing footprint.
- Cost of doing business with retailers will continue to increase – shelf space is limited.
- Take control of your distribution and stay ahead of disruptions.
- Make sure your supply chain is nimble to shift demand from retail to consumer seamlessly- capture all revenue $$$.



Retailers at Risk 2019	Number of Stores to Close
Target	6
Macy’s	8
JC Penny	3
Lowes	20
Kmart	37

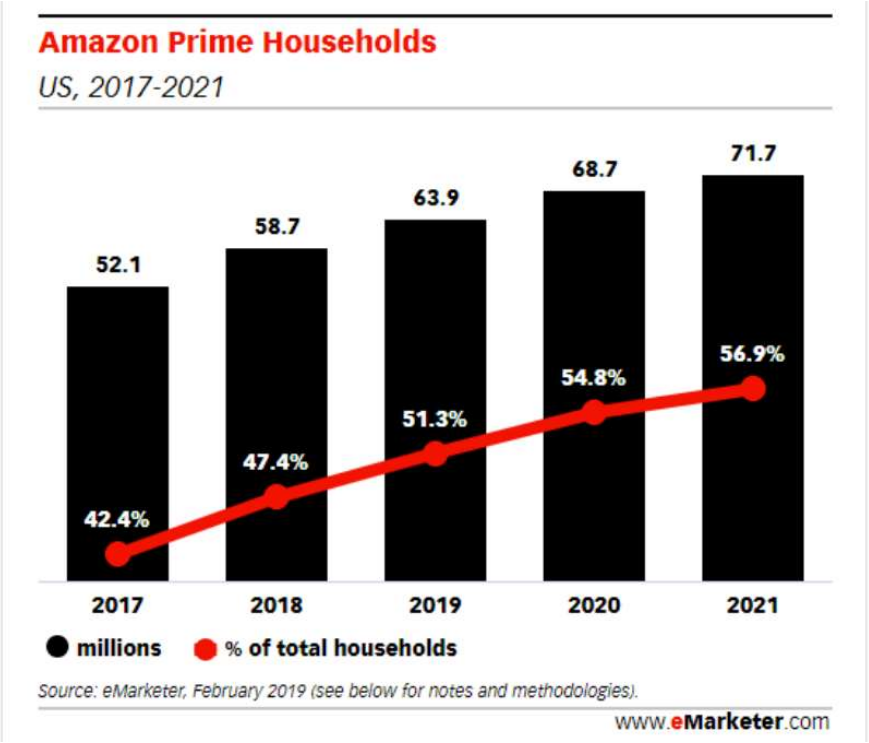


eCommerce is Not Going Anywhere- Own It!





Strategic Opportunities for Continuous Growth



- eCommerce Evolution
- Price Control
- Drop Ship Opportunities- Retail Strategic Partner
- Own the Amazon Marketplace- Seller Fulfilled Prime
- International Growth
- Forecast & Revenue Security
- Robust Reverse Logistics
- Best Customer Service
- Offer Innovative Solutions

When a customer has opted into the brand, there's no mystery about what they want- retention is key!



Open Discussion

