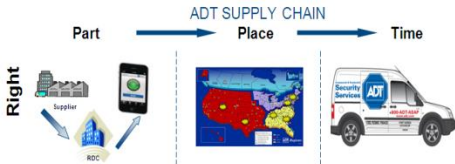

Service RDC Rollout

Limited Launch

Friday March 15th 2013



RIGHT PART, RIGHT PLACE, RIGHT TIME



Agenda

- Supply Chain Initiatives
- SVC RDC Project Goals
- Current State
- Future State
- Program Schedule
- Roles & Responsibilities
- Q&A Session





Supply Chain Initiatives

Initiative	2011				2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
HVRDC																
Service RDC Pilot Branches																
Pulse into HVRDC Program																
Video - manual Process																
Service RDC(limited rollout)																
ADT DC in Operation																
Service RDC(full Rollout)																
Video - Auto replenishment to branches																

Supply Chain Replenishment Optimization complete Q1 2014!





Participating Branches

ORG CODE	ORGANIZATION NAME	Region	State
4	004 - Norcross GA	Southeast	GA
13	013 - Charlotte NC	Mid-Atlantic	NC
20	020 - Broadview Heights OH	Northeast	OH
90	090 - San Antonio - Heimer Rd TX	Central	TX
110	110 - Springfield VA	Mid-Atlantic	VA
129	129 - Edison NJ	Northeast	NJ
143	143 - Richmond VA	Mid-Atlantic	VA
152	152 - Sacramento CA	West	CA
160	160 - Reno NV	West	NV
181	181 - Macon GA	Southeast	GA
182	182 - Columbus GA	Southeast	GA
408	408 - Atlanta GA	Southeast	GA
610	610 - Marietta GA	Southeast	GA





Project Goals

Problem Statement

- Today, our branches individually own and maintain inventory in to support the Service business. Each Branch is tasked with Inventory Management, Planning and Material Handling.
- Small, irregular shipments from multiple suppliers result in excessive freight costs. .
- Less than optimal inventory accuracy rates makes it difficult to implement systematic solutions to improve operating performance.

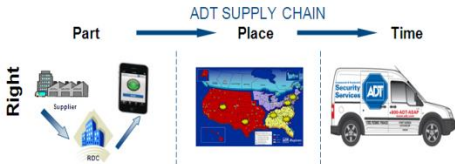
Goals

- Eliminate the need for branch inventory and associated management
- Deliver centralized demand and inventory planning competency and an automated service truck replenishment process
- Establish a platform for growth that will be scalable across all ADT branches

Benefits

- Reduced branch material handling functions
- Lower Operating Costs by reducing freight spend
- Inventory reduction by reducing branch safety stock and right-sizing truck inventory
- Properly plan Service truck inventory





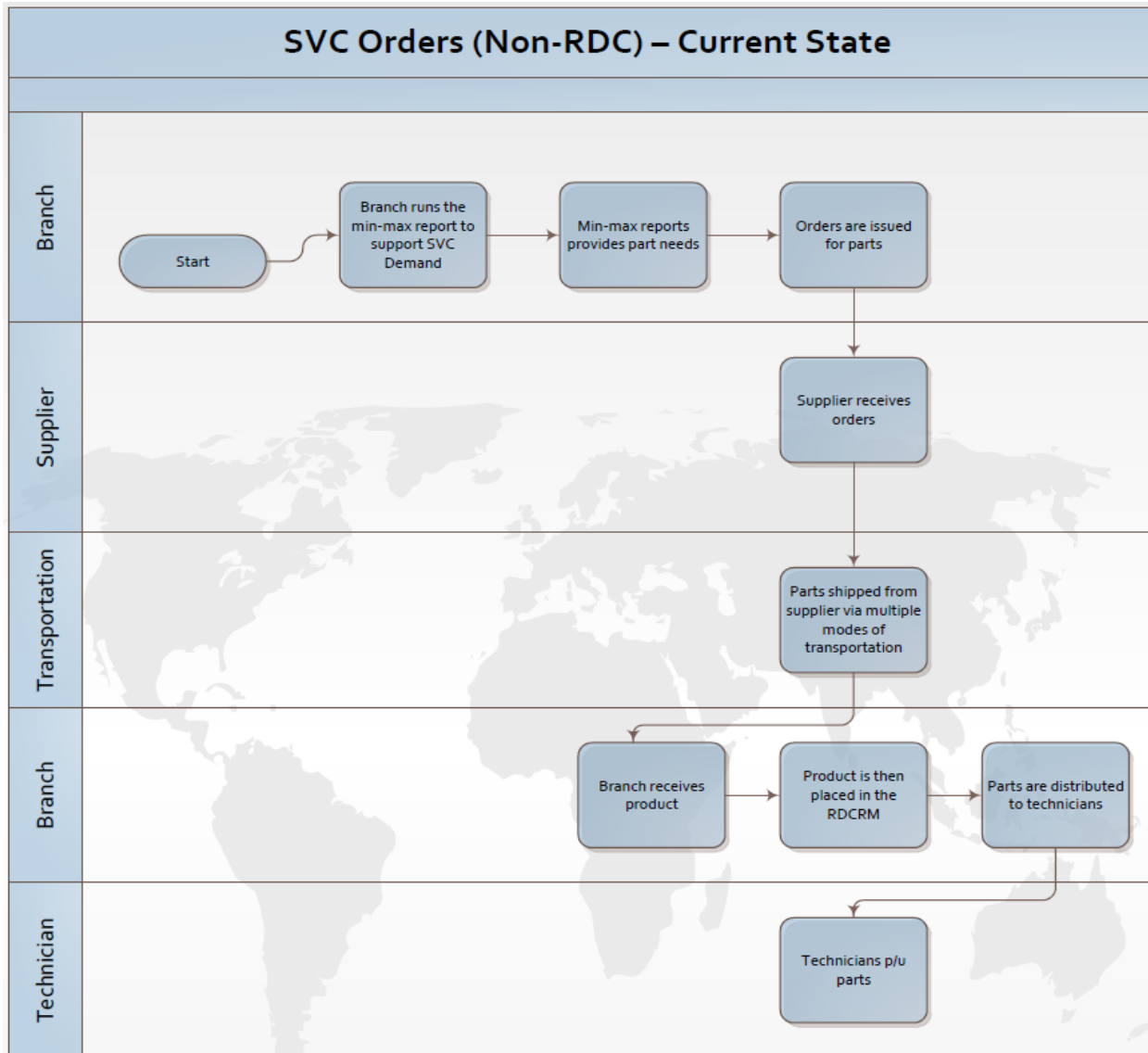
Current State

- Branches order product using the min-max process for the RDCRM location
- Multiple Shipments from Multiple Suppliers into Branches with no delivery consistency
- Small opportunities for shipment consolidation
- Unknown deliveries at branch from supplier base
- Material Handlers/Supply Chain Coordinators distribute parts to Service Technicians as needed or via the Oracle Truck replenishment report.





Current State





Future State

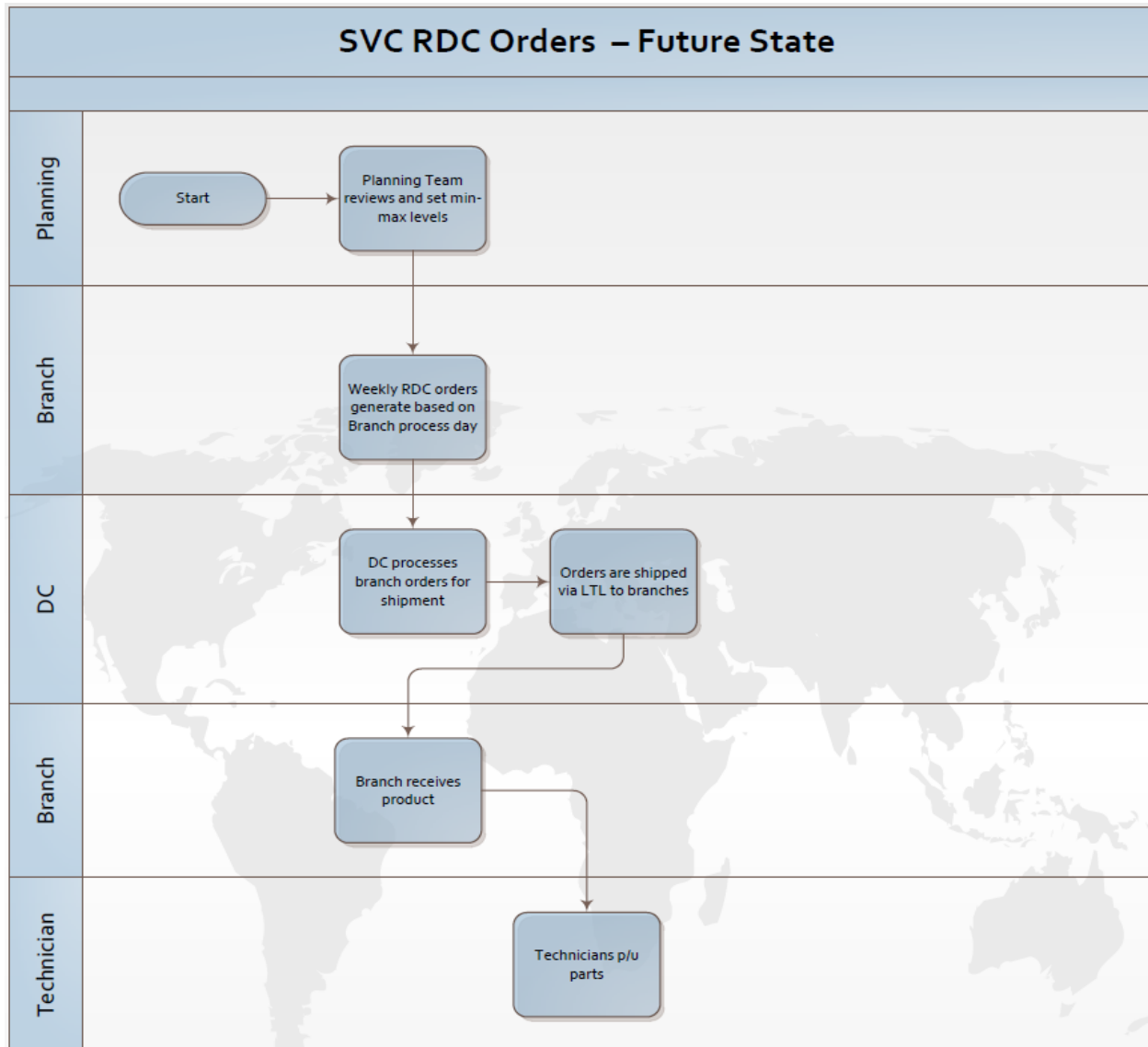
- Technician Pick up replenishment kits once a week
- Branches delivered Critical & Slow moving parts once a week
- Weekly shipments of Tech Replenishment Kit from closest proximity DC lowers transportation costs and improves service levels
- Consolidation of Tech Kits into a branch allows for freight mode shift to lower cost LTL shipments
- Predictable delivery schedules with consistent service and supply levels executed to support customer base

Branch Sub level Changes

- RDCRM – Automated
- SO001 – Manual
- ☐ Why?
 - ☐ The purpose of these changes are to align all branches with a uniform replenishment process
 - ☐ RDCRM will function as the primary location for Automated RDC parts
 - ☐ SO location will support one-off needs & Video support



Future State





Program Schedule

ID	Task Name	Start	Finish	Duration	Mar 2013					Apr 2013				May 2013			
					2/24	3/3	3/10	3/17	3/24	3/31	4/7	4/14	4/21	4/28	5/5	5/12	5/19
1	Analyze Demand	3/1/2013	3/6/2013	✓													
2	Load ROP's	3/6/2013	3/6/2013	✓													
3	Roll Out Call	3/15/2013	3/15/2013	1d													
4	DC receives parts	3/25/2013	3/29/2013	5d													
5	DC Ship	4/1/2013	4/5/2013	5d													
6	Branch Receive	4/8/2013	4/12/2013	5d													
7	Travel	4/8/2013	4/12/2013	5d													
8	Call #1	4/19/2013	4/19/2013	1d													
9	Call #2	4/26/2013	4/26/2013	1d													





Next Steps: Roles & Responsibility

Branches

- **Material Handler** — Receive, sort & distribute orders. Process weekly Min-Max report.
- **Service Team Manager** — Provide information downstream to technicians (i.e. Process, status updates etc..)
- **Operations Support Team Manager** — Support program (Process overview)
- **Area Operations Manager** — Escalation of any issues

Supply Chain

- **Ryan Mark** — Demand planning ownership (min-max levels; stocking availability/support)
- **Ryan Mark** — Monitor Pilot progress; capture data; Coordinate weekly team meetings
- **Dave Lund** — Operations Support; Feedback on challenges & process improvements
- **Eric Blue** — Pilot feedback ; Opportunities & improvements; Escalation of issues
- **RDC Planning Team** – Provide support on any Branch request / Changes

Distribution Center

- **DC Operations** — Order support; Picking & packing of Pilot orders





Questions

