

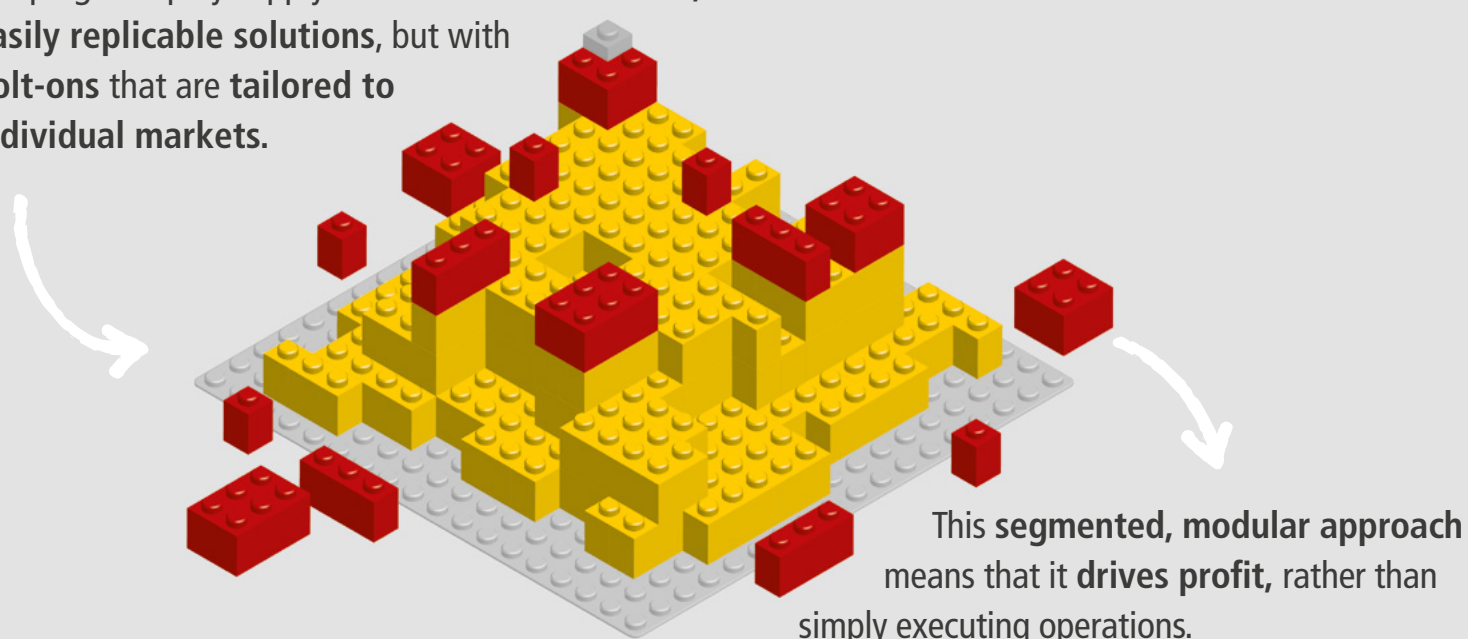
PLUG-AND-PLAY:

IMPLEMENTING THE NEXT-GENERATION SUPPLY CHAIN

A plug-and-play supply chain strategy can reduce costs and improve efficiency – while enabling growth, creating agility and building a competitive advantage. So how is it implemented...?

IT'S A SIMPLE CONCEPT

The plug-and-play supply chain uses **standardized, easily replicable solutions**, but with **bolt-ons** that are **tailored to individual markets**.



STEP ONE: IMPLEMENT SMART SEGMENTATION...

Smart segmentation means running a supply chain based on the performance characteristics of a company's **channels, customers, products, and regions**.



Channels



Customers



Products



Regions

Start by **analyzing averaged and aggregated data**, followed by a measurement of **actual cost and profitability data**, to segment supply chain operations.



...AND PUT IT TO WORK

Secure **senior executive buy-in**, collect data from **all functions** within the company, and keep working with the information to **continuously fine-tune the analysis**.

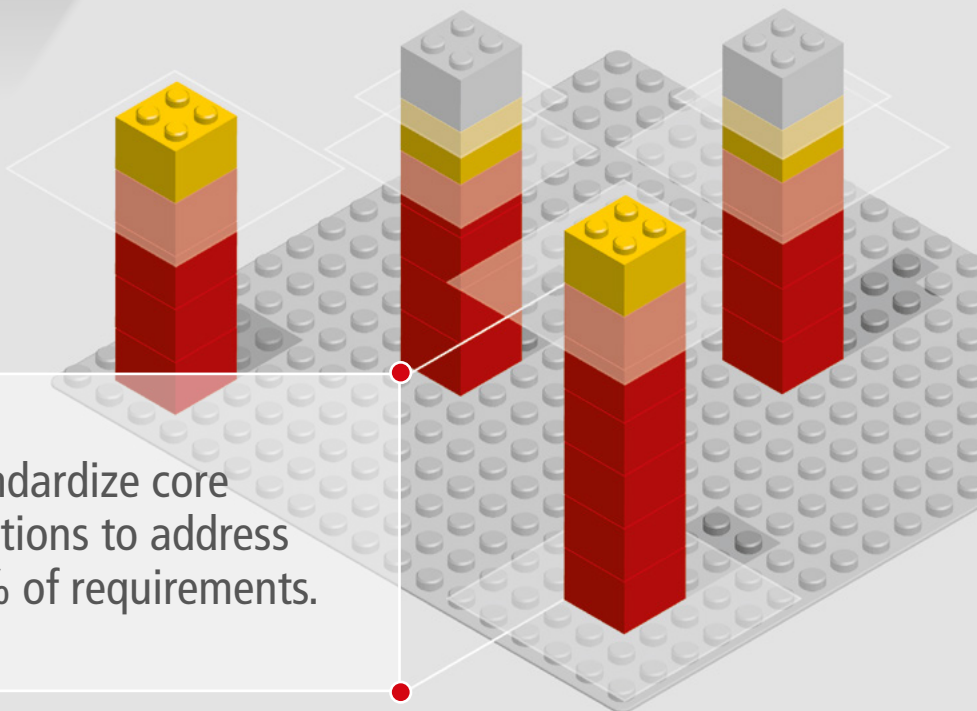
STEP TWO: STANDARDIZE SUPPLY CHAIN OPERATIONS

Once the supply chain is segmented, procedures need to be **standardized and simplified** where possible. Use data analysis to establish which supply chain elements are most **effective** and generate the **highest contribution**.

Standardize those to form the core solution, addressing 80% of requirements. The remaining 20% will be bolt-ons, **tailored to address specific markets**.

up to **80%**

Standardize core solutions to address 80% of requirements.



STEP THREE: MEASURE AND IMPROVE, CONTINUOUSLY

Keep **measuring and improving** by assessing networks every 3-6 months, and calculating actual costs and profitability, based on cost-to-serve and profit contribution.



THE PAY-OFF

Plug-and-play is about **making more informed decisions based on better information**. The ability to get ahead of opportunity, becoming **predictive and prescriptive**, drives **profit and growth**.

Dell's adoption of the plug-and-play supply chain has resulted in numerous improvements.

37%

Improvement in product availability

30%

Reduction in freight costs for notebooks

33%

Shorter order-to-delivery times

30%

Reduction in manufacturing costs