

## **Everstream Analytics - Vice President of Material Strategy at Shaw Industries**

**Interview conducted on September 13, 2022**

Vice President of Material Strategy at Shaw Industries, a customer of Everstream Analytics. Expert's company does not make up 5% or more of the Everstream Analytics's annual revenue.

Vice President of Material Strategy at Shaw Industries. The expert is responsible for establishing a long-term material strategy for Shaw Industries working closely with sales, marketing, manufacturing, sourcing, innovation, and sustainability to ensure the organization is meeting the needs of customers and positioning the enterprise well for the future.

The expert has 15 years of experience at Shaw Industries as well as 30 years of progressive global experience in a Fortune 100 organization. The expert also has a demonstrated track record in driving change, developing people, improving safety and environmental performance, and increasing productivity in the manufacturing of fibers, electronic materials, and hazardous chemicals. Areas that the expert specializes in include strategic operations planning, global multi-site operations management, recruitment and training leadership, colleague development, supply inventory planning, operations planning, cross-functional team leadership, business process redesign and implementation, policy and procedures development, and business operations/systems integration and divestitures.

Q: Were you the decision maker in selecting a supply chain risk management platform for your company? Do you determine the budget for a supply chain risk management platform, and if not, who does?

A: Yes and yes.

Q: Which of the following supply chain risk management platforms have you evaluated: Everstream Analytics, Interos, Resilinc, others (please specify)? Which did you choose for your company? Can you speak to the reasons why you chose your current platform?

A: We have Everstream and have spoken with Sourcemap and Dataminr.

Q: Can you provide an opinion of how likely budgets for risk management platforms will change once supply chain risks begin to normalize?

A: Yes, I can.

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### **Tegus Client**

Hello, thanks for taking the time. I'm researching supply chain resiliency following the recent disruptions to the global supply chain. I'm hoping to just get a better understanding of your experience of the consumer and more broadly, the trends that you're seeing in this area. So do you mind just giving a brief background of your role and responsibilities?

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### **Vice President of Material Strategy at Shaw Industries**

Yes. So I just recently moved into a role as the Vice President of raw material strategy or material strategy in April. And our CEO, one of the role created, look longer range or supply chain navigate and some of the problems we've had over the last two years. Before this role, I was the Vice President of Soft Surface Manufacturing, which is all the carpet manufacturing and associated materials behind that, that we do for Shaw Industries. And we had a lot of force majeure, or raw material shortages in 2021 that are declared by our suppliers.

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**Tegus Client**

Okay. And so do you mind talking a little bit about what your role entails, your new role? What you'll be doing on a day-to-day basis?

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**Vice President of Material Strategy at Shaw Industries**

On a day-to-day basis is really looking at our major raw material suppliers, trying to look at their suppliers and ascertain in security supply and how we can navigate and get around that. And then also kind of sustainability, recycled content opportunities for us, be able to get that for both our hard surface manufacturing and soft surface manufacturing.

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**Tegus Client**

Okay. And so do you mind talking a little bit about the supply chain tools that you currently use today?

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**Vice President of Material Strategy at Shaw Industries**

Yes. So today, we buy a lot of material from what was IHS now S&P Global. We buy ChemData, which has been acquired by ICIS. And then Wood Mackenzie and use that to follow pricing as well as a little bit of the suppliers.

We have Panjiva that we track inbound shipments of materials and use that to look for other potential suppliers, specifically in our hard surface business. And we recently bought a subscription to Everstream and we're using that to try to get back to our Tier One, Tier Two and further back in the supply chain to see where we do have risk. And we've talked with Sourcemap and Dataminr.

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**Tegus Client**

Got it. So I think maybe we'll go ahead and dig into those last three, Everstream, Sourcemap and Dataminr. But before we do that, the need that Everstream is solving for you today, what were you using before you got an Everstream subscription to solve that need or to meet that need?

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**Vice President of Material Strategy at Shaw Industries**

We didn't really have anything. We're kind of in the market trying to find more things now. Some of our major suppliers are domestic on our carpet business. And we just follow on the news and stay close with them.

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**Tegus Client**

Okay. And I guess, with my limited understanding of what Everstream does, so are they automating that for you? Are they following those major suppliers in the news as well in Tier One, Tier Two and so on? Is that what you're using?

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**Vice President of Material Strategy at Shaw Industries**

Yes, that's what they're trying to develop. And our sourcing group got it and started development of it, probably two years ago. I recently talked with Sourcemap, and I think they dig deeper into it, and I feel like they do a little bit better.

Everstream has, basically, tools, I guess, through AI that track the names we give them and the locations we give them to alert us if there's problems. Sourcemap, it feels like their model is a little bit different and you buy a work stream. And if you're familiar with all this, I'll stop, but they buy a work stream and then they go down and they actually call it Tier One to Tier N, which is just meaning they keep going.

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And they actually take the names and contacts from you and they'll find and call people and get more information and drill back. And they actually, I think, had a 90% or 95% success rate with Tier one. And then like Tier Five, I think they had a 30% success rate of gathering information and getting that connected, but With Everstream it feels like, we're doing more of the work and we'll be responsible for maintaining that.

All three of them, Dataminr, Sourcemap and Everstream will send you e-mails on whatever frequency you want to many levels of the organization, but I used to subscribe to Google news, right, with different companies I wanted to follow. It feels like it's more in that vein. And if it's local and close to something you're doing or might have access to, they would know. And also warn you of weather events, flooding, hurricanes, a lot of our stuff is ocean down. So it helps us get some insight there.

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**Tegus Client**

Okay. That's helpful. So I think we'll go ahead and dig into each of those, maybe starting with Everstream. So you said you were introduced to it by your sourcing team about two years ago?

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**Vice President of Material Strategy at Shaw Industries**

Yes.

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**Tegus Client**

Okay. And so how long have you been using the platform now?

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**Vice President of Material Strategy at Shaw Industries**

We've been on it about a year.

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**Tegus Client**

Okay. Were you involved in the decision to use it?

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**Vice President of Material Strategy at Shaw Industries**

Not directly. We have had like a new hire development team, and our sourcing and supply chain group. And they generated this as an idea and then selected Everstream. And then I was in the approval stream of it.

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**Tegus Client**

Got it. And so as far as being in the approval stream, what made you ultimately decide that you wanted to move forward and use Everstream's platform?

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**Vice President of Material Strategy at Shaw Industries**

I'll say the visibility, transparency of the information, the access of it and being able to see it holistically. And spend a lot more work, though, I think, for us. We've assigned a person, and they're kind of running down all the information. I think Everstream's trying to grow and improve. But it doesn't feel like as finished a product as it felt like when we were looking at it.

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**Tegus Client**

Okay. And has it evolved over the last year as you've been using it? Have you seen much improvement in that time?

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## **Vice President of Material Strategy at Shaw Industries**

It's improved over the last quarter.

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### **Tegus Client**

Okay. And can you talk a little bit about the specific improvements that you've seen in the last quarter? What's made it better?

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## **Vice President of Material Strategy at Shaw Industries**

Part of it's to get more data into it. And I think they're improving their access to information themselves. So it's a combination of the data that we put in. And then I think they're gradually improving the product.

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### **Tegus Client**

Okay. So I guess at a high level, can you describe a little bit how you use Everstream's insights and data and the problems that it's solving for your organization? I know we went into this a little bit, but just maybe a couple of specific cases.

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## **Vice President of Material Strategy at Shaw Industries**

Well, there were hurricanes or typhoons in China that were coming ashore and we were able to see which of our suppliers were exposed very quickly in one screen rather than used to, we would do that almost manually. So that gave us insights to help improve on that. I think it helped us also see any influence that the war in Ukraine was bringing and where we could have potential disruptions.

No, we haven't had this experience yet, but if we had a rail disruption, hopefully, we won't have a strike this weekend, but that will help us understand, too, more, if anything. Because we'll probably move in, I don't know, over 600 million pounds a year of different materials, probably close to one billion pounds a year and then throw in finished goods. It probably doubles that. So there's a lot of traffic that we have on moving material.

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### **Tegus Client**

Okay. I think from the highest level, how far in advance are you getting notifications through Everstream about potential severe weather or potential disruptions from Ukraine or whatever it may be? Are you getting e-mails in your inbox to tell you to keep an eye out for it? You said it was kind of manual. So it would be helpful if you could elaborate on that a bit.

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## **Vice President of Material Strategy at Shaw Industries**

I think it's not manual after they got the information. There's been more manual putting our supply chain into their system. Once it's in there, it works fine. I think it becomes a challenge of filtering it down to the meaningful events. And I'm assuming their AI will gradually learn that. But a storm forming out in the Atlantic, we're two or three weeks ahead of that, if not more, because those are developing.

We got notifications. Here's a good example. When the President formed the commission to help settle down the union negotiations in the railroad, I actually saw it in the Wall Street Journal before I got a notification of it. So that was a little bit of a disappointment.

But there's been other examples that they appeared to be ahead of it. We had some civil unrest in a community not too far from one of our locations. And they notified on that. So I don't know if it's a learning tool, and it's got to learn or if it's a deficiency in the product.

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And so when they are notifying you, is it just telling you what's happening? Or is it prescribing how you might adjust your supply chain to fix that? I guess I'm trying to understand how deep do they go?

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### **Vice President of Material Strategy at Shaw Industries**

Yes. I don't think it's matured yet. It feels like Sourcemap does that. And I think Everstream has that promise, but they've got to get a bigger data set. If we're buying acetone as a chemical, they've got to build out across other customers probably to get to other sources of that material, and in our instance, they know what we have.

So they know we're getting it from this company, and acetone's a bogus chemical because we don't acquire. It's a byproduct of some our process. But if we're trying to buy acetone, I don't know that they've built out enough yet to know that there's seven companies that provide that, that we could go to. I think that's coming, but it's not there yet.

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### **Tegus Client**

Okay. So the future you're referring to is like giving you the chance to dual source maybe or just relocate?

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### **Vice President of Material Strategy at Shaw Industries**

Yes. And I think that will be really beneficial, but part of the challenge to it, though, is we have to qualify material. So we almost need to have it qualified in our portfolio of choices before an event happens. Probably then, we can pull it in or at least to contact them and find out. Other companies, maybe commodity stuff that it doesn't matter, and they can just go to anybody. And we can once we qualify them, but we've got to qualify them.

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### **Tegus Client**

And so do Sourcemap or does any other platform that you know of kind of solve this today?

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### **Vice President of Material Strategy at Shaw Industries**

I think Sourcemap does as far as building it. Now again, I just went through two presentations of their information. We haven't practiced it, so to speak. So I believe it does. Dataminr felt like it's more headlines and news related than actually sourcing.

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### **Tegus Client**

Okay. Got it. And so are you a customer of either Dataminr or, I guess, Sourcemap? It sounds like you're not at this point.

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### **Vice President of Material Strategy at Shaw Industries**

We might be of Sourcemap. I don't think we will be of Dataminr.

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### **Tegus Client**

Okay. And we've talked a little bit about this so far, but the strength and weaknesses when comparing Sourcemap to Everstream? From what, I guess, from what you understand of Sourcemap today, I know that could change when you're actually using it day-to-day. It would be helpful to compare and contrast those two or any other platforms that you're familiar with?

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### **Vice President of Material Strategy at Shaw Industries**

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Sourcemap, like they would take our major Tier One suppliers and they would go through a process of calling them and then finding out their Tier One suppliers and so on. And they would run all that down, you would select a stream that you were doing it on and how you would do that. Whereas with Everstream, we're loading that data in, and we're not necessarily getting an ability to go understand more suppliers that we don't already know.

And then Sourcemap also builds out their capacity. I think they begin to track where else they're selling material. So we might get some insight on our competitors if that applies. And that was pretty informative to me. And they charge. Everstream basically has a per seat fee, I believe, and a set-up fee. Sourcemap felt like a set fee for work stream and then everybody could access it. And then they kept it up on an annual basis. Both companies keep stop up on an annual basis as part of that fee.

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**Tegus Client**

Okay. So they're both annual subscriptions?

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**Vice President of Material Strategy at Shaw Industries**

Yes, with a front-end loaded setup.

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**Tegus Client**

Okay. And so thinking just a little bit about what you said. So Sourcemap is kind of drilling down into each of your suppliers and digging deeper. Are they also giving you notifications about those suppliers? Or would it be, you take the supplier you find from Sourcemap, plug that into Everstream and that's how you get your insight?

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**Vice President of Material Strategy at Shaw Industries**

No. Sourcemap would provide equivalent, if not better, information. I mean, I think they're both performing once they have it. And that stream, they have it, you know what I mean? I would get a selection of material that could have sent to me, the notifications and so on. Sourcemap, it looks like does that as good or better than Everstream.

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**Tegus Client**

Okay. So they're both effectively sending you similar information, some may be better than the other, but it sounds like the key difference is you are uploading all of the supplier information into Everstream and Sourcemap does that for you?

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**Vice President of Material Strategy at Shaw Industries**

Yes. That's the right way of saying it.

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**Tegus Client**

That makes sense. I know we talked about a few so far. Are you familiar with Interos or Resilinc? Those are two other names that we've heard in the space that sounded like they do some more things, but curious if you've heard of either of those.

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**Vice President of Material Strategy at Shaw Industries**

No. I think I've seen Interos. But Resilinc, I haven't seen.

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**Tegus Client**

Okay. And then thinking about pricing a little bit. And we can talk a little bit about Dataminr as well. Does it make more sense just to focus on Sourcemap and Everstream? Are those the ones that you have the most data points on that we can talk through?

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**Vice President of Material Strategy at Shaw Industries**

Yes.

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**Tegus Client**

Okay. So can you talk a little bit about how the pricing compares? I know the structure, we just discussed. But from a price point, is one more expensive than the other? Or do you view them as fairly comparable?

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**Vice President of Material Strategy at Shaw Industries**

I think they're probably fairly comparable on what you pay. I think Everstream though were probably going to need, I mean, one or two people equivalent to keep it up. So in that sense, Everstream would be more expensive. They do price. Their models are different, though, because Everstream takes your whole supply chain that you put in, whatever it is and follow that.

Whereas, Sourcemap, I'm going to tell them I want this material and they'll track that, and I think they both started out at like \$150,000, but you're only getting one stream with Sourcemap, but you're getting a lot of depth. Whereas Everstream you're getting a broad group, depending on what you put in.

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**Tegus Client**

Okay. And so is there some, I guess, tipping point where it makes more sense to use Everstream, I guess, if they're starting at the same price point and Everstream gives you that holistic view, but is a little bit more work on your end and requires some head count? But Sourcemap, the more streams that you add it becomes more expensive, is there some tipping point where you would use one and not the other?

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**Vice President of Material Strategy at Shaw Industries**

I think you said it earlier. I might consider, again, I'm early in this, but I might consider buying a couple of streams from Sourcemap, upon major purchasing streams. And then maybe at some point, pivot it to Everstream if I had all that information. It's almost like Everstream would be a better general program where Sourcemap would be a very specific program, both could play a role.

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**Tegus Client**

Okay. You're saying that if you have a stream set up through Sourcemap and you have all the data and supplier, down to the nth supplier, you would take that over to Everstream and have them plug that in?

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**Vice President of Material Strategy at Shaw Industries**

We're not planning on doing that, but you potentially could do that. I think it would depend on the stream and its value to the company though. Sourcemap felt more knowledgeable, would give you better information, especially if they can get to supplier capacity, and I mean all of them get to locations if you tell them, but Sourcemap would do that on their own and be able to roll up, I think, some summarizations.

I mean if I was a major company, and I had four major streams, I might go with them versus a broader, diversified company that had 1,500 people that they bought stuff from, Everstream might be a better product. I think you've got to have the labor to put it in.

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## **Tegus Client**

Yes. And to put some context around that, you gave the example of a major company with four streams. For Shaw, how many streams do you have?

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## **Vice President of Material Strategy at Shaw Industries**

Yes. Probably, major streams, we have, in our carpet business, we probably have six. And our hard surface business, we're more sourcing the finished product. We probably got three major streams on a raw material basis on that, that we make. And we probably got 20 sourced companies on finished goods.

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## **Tegus Client**

That's helpful. So taking it back a step, thinking more broadly about the market itself. Was your research into a tech platform to help meet this need, Everstream, Sourcemap, all of these, was that a reaction to all the disruptions in the last 18 months? What caused you to start digging in or have your sourcing team to make you start thinking about bringing a tech platform onboard?

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## **Vice President of Material Strategy at Shaw Industries**

So I'll say five years ago, I was the Vice President of Supply Chain. And one of the guys that worked for me, we were talking through, wouldn't it be good if we could get a good visualization tool that can help us see that? We really couldn't find one back then, and we were building simplistic things like Google Maps and putting pin drops on things before we could then visualize it. But it didn't do what these products are doing.

So then roll it forward, I leave the supply chain role. The guy that followed me had a similar vision and they end up finding Everstream. I'm not sure, to be candid, how much research they did other than Everstream sounded and looked pretty good, and it is. But I'm not sure that they went through, and it also feels like a space that a lot of people are coming into with better choices.

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## **Tegus Client**

Got it. So you brought on Everstream and that was a year ago. And so was that a result of disruptions recently? It sounded like you thought about it a long time ago, but did the disruptions recently kind of forced you in to making a decision?

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## **Vice President of Material Strategy at Shaw Industries**

No. It was already happening. It was happening before COVID. It actually got delayed because of COVID. So we were engaged with Everstream, but it kind of got messy with everything. But certainly, I think what happened reinforced that we need it. It gave us even more confidence that we should do it, but it didn't provoke us, you know what I mean? It reinforced.

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## **Tegus Client**

Yes. So you mentioned, as we've seen as well, it feels like a space, a lot of tech platforms are coming into today. Do you feel like this is a temporary reaction to what COVID showed as far as the supply chain goes? Or is it a pull forward of digitization that was bound to happen anyway, just what you guys were seeing before COVID even happened? This kind of a more broad market question of which way the space is heading?

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## **Vice President of Material Strategy at Shaw Industries**

Yes. I think it's more pull forward. Our CEO just retired and was replaced, but one of his statements I thought was so accurate was it probably made digitization efforts accelerate by a period of 5 to 10 years. I think that's what's happening here. You didn't work from home 10 years ago, right?

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**Tegus Client**

Right.

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**Vice President of Material Strategy at Shaw Industries**

And now, who won't? It's great in its own right, but had the events not happened, it wouldn't have happened this fast.

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**Tegus Client**

Definitely. And I know you said that you used Google at one point with pins, but would it ever make sense for Shaw to build this out internally? Or do you think you'll always outsource a tech platform to meet this need for you?

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**Vice President of Material Strategy at Shaw Industries**

I can't see us in-sourcing it. I don't think we can stay current enough. It definitely has to be a good partnership though. But I can't see that would graduate. We wouldn't have the resource tools nor probably the staffing. If you've got a group of people focused on specific materials and industries and spaces, coupled with however they search and get the information, I think you're going to be better having a specialized company who knows what they're doing versus venturing out.

Because we'd be doing Google searches, and I don't see that we've got the expertise to develop the science or the tools that would help you. We maybe have the knowledge of the supply chain, but to build it out into something that's usable and useful and impactful, I don't think so.

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**Tegus Client**

Makes sense. And so it sounds like if you do bring Sourcemap on, do you see a world in the future where you're only using one platform? Or would you plan to just use several platforms if they're all providing value in their own way? Or what do you see in the next five years looking like as far as what platforms you'll be using? You don't have to give specific names, but would the goal be to get into one platform?

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**Vice President of Material Strategy at Shaw Industries**

I mean, I think we've got to get a little bit more experience with it. And I think we always want to use one platform and get familiar with it and grow. But I think the capabilities are going to change so much that we're going to have to be open to looking at and keeping maybe one in reserve or something. But it also depends on where a company goes from a material standpoint.

Now I don't know that the space has matured enough yet for just trying to be really good with chemicals, and this wouldn't be really good with imports from China or I think all of that's kind of work its way through things. The whole concept of tariffs that came about, I think, also influence things.

And if a tool had the ability to know what we made and what we need and can go look the world over for it, that could be a pretty powerful tool. I don't know how you would build that from a pricing model or how you'd make that, monetize that, so to speak. But that could be extremely powerful, especially in a company that doesn't have manufacturing, if they're really just sourcing-driven.

We generally try to make it and we're back in our raw materials. I mean we make carpet. We had a stain-resist chemical. I remember the earthquake that hit the Fukushima, part of Japan shut down the nuclear power plants, had the meltdown. We had a chemical, the only source that we had was 100 kilometers from that plant, and we lost it.

And fortunately, we had three months of inventory. But we were able to, in that time reference, find one, but we were uncovered. Our rear flank was uncovered. If we had something like this, what this shows is

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potential, I think you'd have better protection.

The other part it can start having too is if it starts building into your inventory and has visibility. If we had an inventory system that could stream to this and you knew the capacity of the plant that you're sourcing from, it could build some signs around that, that could help you in the future. Nobody that I've heard is talking about that.

But if you could really have an integrated supply chain of your suppliers too, we could see that. Because if like a Tier Two or Tier Three or Tier Four supplier was having an issue, you could plan and anticipate and pivot possibly or at least warn customers well in advance before you had a problem.

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**Tegus Client**

Got it. So it's a great segue to another question I was going to ask. Are there any APIs or integrations that you use with Sourcemap or Everstream as far as inventory planning or whatever it may be? Are there any integrations that you're using?

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**Vice President of Material Strategy at Shaw Industries**

No. We're still pretty behind on getting those kinds of things done. We don't run an ERP system. I would talk to a company that's running an Oracle or an SAP environment to really understand that. We don't have that level of sophistication yet. I worked at Honeywell 25 years before I came to Shaw. I've been at Shaw 15 years. Honeywell had all kinds of stuff that we could do. We measure some tank levels here, but we're not integrated into our supplier like I saw Honeywell do.

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**Tegus Client**

Okay. And so maybe we'll go back to Everstream a little bit just because that's the platform that you're currently using. Are there specific products at Everstream that you're using? I think that they may have several different options that obviously are different pricing tiers, but are there specific products that you're using today that you're aware of?

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**Vice President of Material Strategy at Shaw Industries**

Like their traffic routing and rail routing, we use. I know there's other modules, but I'm not familiar with them. But there are a couple of times we've been in a situation with our team and asked about things and I said, well, that's an add-on. But I apologize, I can't remember that specific instance, but there were like two or three add-ons that as I asked and drilled down on questions that we didn't have.

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**Tegus Client**

Okay. You had to add those on or did you not do that?

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**Vice President of Material Strategy at Shaw Industries**

They weren't in a position to add them on yet. They being us, not the group I was talking to. That may be in the future.

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**Tegus Client**

Okay. And so what members of your team, or I guess, the organization overall are using Everstream the most? Is it a handful of people? Maybe a certain number of people would be helpful. And then maybe what groups those folks are in?

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**Vice President of Material Strategy at Shaw Industries**

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So the primary engine behind driving it at this point is our sourcing team. And they're following it domestically on our raw material feedstock and internationally on our finished goods that we source. And it's probably a population of 20, 25 people, I think.

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**Tegus Client**

Okay. And do you actually use the platform? Or do you just receive insights from it? Are you actually kind of working on it day to day?

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**Vice President of Material Strategy at Shaw Industries**

I'm not in it day to day, but I do have a log in, and I probably log in every couple of weeks. But with the change in my role, I'm not even getting the e-mails anymore, unless I go ask for them. I'm trying to stay more 5 to 10 years out. So knowing what happened yesterday is not as important to me. It was in my previous role.

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**Tegus Client**

Okay. So would the sourcing team be using it day to day?

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**Vice President of Material Strategy at Shaw Industries**

Oh, yes. And they're using, I'll call it, the cloud instance as well as the notifications.

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**Tegus Client**

Okay. And so do you use an outsourced logistics provider like UPS or DHL or FedEx or anything like that as part of your supply chain?

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**Vice President of Material Strategy at Shaw Industries**

Yes. So we've got a major FedEx contract. It's more outbound samples to our customers. And then as far as suppliers, we're in a lot of pretty big quantities in bulk. So we'll use Atlanta bulk carriers. I mean we use a trucking firm with some specific suppliers, and then we rail a good bit of raw material too. And then we use a freight forwarder. It's probably one of our major kind of spends that we do. Axiom is another company.

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**Tegus Client**

Okay. Whether it's FedEx or Axiom or any of these folks, do they give you any type of supplier level insights?

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**Vice President of Material Strategy at Shaw Industries**

Axiom does. I don't think FedEx does. I've never seen it.

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**Tegus Client**

Okay. And so is this similar to the insights that you would be getting from someone like Everstream? I guess timing is another factor here, would you be getting feedback from them on specific suppliers before or after Everstream would give you a heads up on it?

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**Vice President of Material Strategy at Shaw Industries**

Yes, but I'm not sure about the timing of both. I'm not sure if one beats the other.

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**Tegus Client**

Okay. You mentioned at the beginning that the first nine months, the tool wasn't that useful. In the last three months, it has. And it seemed like the reason for that was because it just didn't have the data loaded in it yet. Is that accurate? Or was the Everstream product a substandard 12 months ago, whereas it's better today?

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**Vice President of Material Strategy at Shaw Industries**

I think it was more us loading in our data.

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**Tegus Client**

So they give you the tool, but then you someone on your team or teams, they have to do the work for all the projects and the routing and the suppliers and you've got to kind of build your map inside the tool. Is that how it works?

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**Vice President of Material Strategy at Shaw Industries**

That's how it worked when we put it in. I don't think that's changed, which was extremely frustrating because I was part of the group that our internal team sold us for that, but there wasn't any comment about we've got to load it in. In fact, I got in the tool and went and looked, and we used to source material from Honeywell. They spun off a division, now it's called AdvanSix.

You go in and that had both with the same address. So it wasn't very smart. And that's what scares me too is that we've got to be at that granularity. And I'm sure they'll fix that in time, but in the moment, when I got in the tool and went and looked, that was just really frustrating for me because it just wasn't great.

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**Tegus Client**

Yes, they should have that built in. They should know that, that spun out, and it's the same entity.

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**Vice President of Material Strategy at Shaw Industries**

Correct. And if I got the same address for two companies, there ought to be some understanding of why and correcting it or maintaining it. That's true. But my fear is that they change names again. And if their search engines are based on the wrong name or the name we provide them, then we might miss something. But I would expect they're fixing that. I'm just not interacting with it enough to know.

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**Tegus Client**

Okay. The other question I wanted to ask related to sort of the cost of the economic value. You mentioned you had a lot of force majeure in, whatever, the last year or something like that. And then you also talked about how many months of inventory. How do you think about the economic benefit or cost?

Like you pay whatever you pay for this. And maybe you don't know, \$150,000 a year or something, how do you see that pay off? Is it in less inventory or that your plant doesn't shut down for some period of time? How do you quantify what it's worth to you economically?

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**Vice President of Material Strategy at Shaw Industries**

I think the economic value of it would be either avoiding a shutdown or notifying a customer in appropriate time to give them a choice to be able to get it and not be dissatisfied. But I don't know that you can drive this up. \$150,000 in a \$6 billion, \$7 billion company isn't big money. If I were a smaller company, that gets to be pretty material.

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And I think it may be one of those things. Let's say a hurricane is going to hit the Gulf, if I don't have alternate materials that I can source outside of the Gulf area, I'd just have my heart attack earlier. That don't really change anything. I think that's what we've got to learn.

And if it can build out where we can get other sources. We make nylon, caprolactam's a feedstock for it. When a caprolactam plant goes down, I know within an hour probably or two. And I don't have alternate sources I can get. I can import it from Europe. But I mean, it's faster than probably the slow folks from China, right?

But in some aspects they probably are. I'm just not dealing in that level where you could really pivot. If you've got a fully interchangeable product and you've got 40 suppliers, you could do more. We don't have that liberty. Does that make sense?

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**Tegus Client**

It does. But I guess what it allows you to do is if you know you're going to have a problem, you can warn everybody up and down the line. And including your customers, is that the real benefit there?

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**Vice President of Material Strategy at Shaw Industries**

Yes, that would be a benefit. Monetize it up to a big number, I'm not sure. I think where that these products can go that can help as they get fully integrated into your inventories, I mean picture a world where they were integrated in and were selling to Home Depot, and they've got point-of-sale data from them. And we could cascade it through our supply chain and now going up and down the supply chain, what an event could mean and then where we can get alternate material or where you could be a first mover in a problem.

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**Tegus Client**

Yes. Do you feel like that, that you're taking the first step along that path, meaning once you have this visibility, then you can plan for alternate sources? Or you already know there aren't alternate sources? The data just helps you on the warning front or the early warning front, I should say.

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**Vice President of Material Strategy at Shaw Industries**

I think it's going to depend on the exact product that it is, that we're using. And there's going to be situations where there's a lot of sources, and there's going to be somewhere there aren't any. But I think over time, it could help you start planning your inventory levels better because you know that a two-day interruption is going to cascade through for 15 days.

And now you know that maybe this build in the science to know that your experience in that space is only one time every three years. So you don't need to be as defined if it's happening every month. You could start putting into your sourcing strategy your valuation of your sources and build out into your inventories.

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**Tegus Client**

Yes. So have you had much interaction with Everstream's customer support? I guess, it sounds like you spoke to them about add-ons at one point, but have you had much interaction with them outside of that?

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**Vice President of Material Strategy at Shaw Industries**

No. I haven't, but there's plenty of people here have.

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**Tegus Client**

Okay. And so next question would be, can you describe, I guess, the other technologies, maybe just list the technologies that also fall within your supply chain tech stack, and then maybe stack rank them as you do

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that as the most important to the least important?

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**Vice President of Material Strategy at Shaw Industries**

The other technologies like suppliers of these kinds of services?

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**Tegus Client**

Yes. Anything that you use like similar to Everstream to help keep your supply chain running smoothly, maybe the only one?

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**Vice President of Material Strategy at Shaw Industries**

At this point, it's the only one I think. What we really use, it's probably more on the pricing front and services from S&P Global, now what was IHS and ChemData and Wood Mackenzie where we know you do find out about events in that space. They're not as instant, that may be something happened yesterday, I'll read about tomorrow. But we're really trying to get an edge on pricing and when and how we need to increase our prices to our customers.

I don't know if any of these companies have a vision of building out to stuff like that because S&P Global, which was IHS, had a maritime or has a maritime system and they follow the material and travel times and all of that. So they do get disruptions in it. I mentioned it earlier, the name is escaping me right now, but they also bought that company, and I don't know how they'll merge those two systems.

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**Tegus Client**

Got it. So are you in charge of the budget for Everstream?

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**Vice President of Material Strategy at Shaw Industries**

No.

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**Tegus Client**

Do you have any idea of how much your budget for something like Everstream is or how that changed over the recent years?

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**Vice President of Material Strategy at Shaw Industries**

I believe it's a \$145,000 year, and I think it was \$200,000 to set it up. And I think it's a three-year contract.

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**Tegus Client**

It does. So you said it was \$145,000 a year and then you said something about \$200,000, but I think I missed the context about that.

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**Vice President of Material Strategy at Shaw Industries**

On the setup, on the front end.

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**Tegus Client**

Okay. Do you think that you would still use Everstream if price increased by 50%?

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**Vice President of Material Strategy at Shaw Industries**

That's a good question. I think it would depend on when it happened and where we were. Let's just say the contract ended and they went up 50%, I imagine they would get a cancellation notice. Maybe after we contacted some of these other companies that you've mentioned and I've mentioned, and you see what else we can do. If we were in it 10 years, that might change. I think it depends on what we've gotten out of it by then, how integral it had become to us.

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**Tegus Client**

Makes sense. So in three to five years, when your contract ends, if it's fully integrated and doing what you needed to do, your opinion on that could change.

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**Vice President of Material Strategy at Shaw Industries**

And I mean we just went from being Google 100% to pivoting to Microsoft. When we went Google seven years ago, everybody was cringing. When we went Microsoft, everybody was crying. And we're still crying on some of it. I think it would depend on the experience and then what the successor was and how quickly they could integrate.

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**Tegus Client**

Okay. Is there anything specific that would cause you to switch away from Everstream?

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**Vice President of Material Strategy at Shaw Industries**

I think if these other people had a little bit better approach and can go deeper, unless we saw a vision that Everstream was developing it and was going to get there in a timely fashion.

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**Tegus Client**

And then how difficult or easy would it be to switch away, given all of the kind of labor that you put into getting it all up and running?

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**Vice President of Material Strategy at Shaw Industries**

I'm not sure it'd be that hard because I think they built a lot of it in spreadsheets and transferred it to them. So if we've got them, the spreadsheets, then we've got it. I don't know that it's matured beyond that. I think it depends on if we've generated reports and gotten into a cadence of reviews. I don't know that we're that mature yet. And that might be something on the second contract, if we do a year four through six.

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**Tegus Client**

Okay. I think I know the answer to this question, but it's one that we just typically ask, so what would you do if you could no longer use Everstream?

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**Vice President of Material Strategy at Shaw Industries**

We'd probably go back to spreadsheets and tracking and probably begin a better search for a successor. I guess it depends on if they bankrupt it or if we just got fed up with them, the situation.

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**Tegus Client**

Okay. And then we have just a couple more questions left. These are multiple choice kind of quantitative

questions. So the first one is, how likely would you be to recommend Everstream to a peer or a colleague on a scale of 1 to 10? So one, as in you would not recommend it.

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**Vice President of Material Strategy at Shaw Industries**

Okay. Yes, I would say it's three or four.

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**Tegus Client**

Okay. So on the lower end of the scale, recommending it to somebody?

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**Vice President of Material Strategy at Shaw Industries**

Yes.

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**Tegus Client**

Okay. And so what would make that a 10? What would they have to do?

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**Vice President of Material Strategy at Shaw Industries**

I think the onboarding of the information, making that a little bit less separate. And then like we talked about, cleaning up the data and getting it consistent and then maintaining it effortlessly.

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**Tegus Client**

Okay. And do you have enough familiarity with Sourcemap to rank that? Or since you're not a customer today, it's not really the best thing you could do?

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**Vice President of Material Strategy at Shaw Industries**

I mean based on the sales pitch, I mean without me telling them that I worry about on Everstream. So again, that's a little bit of a novice, but maybe an eight.

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**Tegus Client**

Okay. If you can no longer use Everstream, how disappointed would you be? Very disappointed, somewhat disappointed or not disappointed?

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**Vice President of Material Strategy at Shaw Industries**

Probably somewhat disappointed.

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**Tegus Client**

Okay. Is there anything that we didn't ask you about that you think we should be thinking about when we're looking at products or platforms in this space?

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**Vice President of Material Strategy at Shaw Industries**

I would just understand what data sets they already have, what data sets I need to create to work in your instance. Now is there a strength in their data set that they really know, I don't know, refrigerators, but they don't know electric pumps. Or is there a strength in their data set where they either don't have to create it or



you don't have to create it, but they've got a good network of it. And then understand how they share data across systems and how you protect your data, but leverage everything.

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## **Tegus Client**

Okay. That's helpful. Well, thanks so much for your time and insights, I appreciate it. Have a good one.

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