27th June BHAG Review

1. Executive Summary

Since the last BHAG update LaaP aka **Valmo** has scaled from 8.3% OC to **10.3% (fwd + returns blended OC**). The planned OC% for June Wk-2 was 15.4% and here is the detailed breakdown of planned vs actual LaaP volumes and roadmap to achieving the target OC. In April to June, we opened 9 of the 12 new sort centers as per the Oct'23 plan. This has laid a foundation for future expansion in the coming months. As we deepen our coverage in the previously launched clusters, we plan a significant expansion in July and August.

Key Wins:

1. **MoM Improvement in CPS Delta**: We have reduced CPS delta between Valmo & 3PL logistics by **INR 2** between April & May (differential reducing from **INR 3 to INR 1 per delivered order**) and are on track to achieve **cost neutrality in June**. This has been achieved by improving CPS delta on mature lanes (**73%** lanes operating at **INR 2.4 lower cost**) and helping us offset the impact of investments being made during expansion. We have achieved this through two key structural levers to account for slower than planned expansion:
    - Keeping an agile design framework that allows us to pivot quickly based on changes in volumes and reduce underutilisation cost for National & Regional Line Haul vehicles in the network during expansion phase.
    - Reducing proportion of MGs being paid for newly launched Sort centers from **45%** of total expected cost at design utilization to **~25%** and hence moving towards creating a more variablized network with lower fixed costs.
2. **Launch of Sort Centers-** We have launched **3 new sort centers** since the last BHAG. Out of the 18 total sort centers planned for Oct'23, 15 have been successfully launched, establishing a strong foundation for expanding further in the Last Mile (LM) nodes. In the upcoming months of July and August, we have planned for a significant expansion as we deepen our coverage in the previously launched clusters.
    - 3 new sort centers launched: (i) **Bhubneshwar** LMSC in Orissa. (ii) **Ahmedabad** SC that connects to FM nodes in Ahmedabad and will also act as an LMSC for GJ LM. (iii) The NE region has now been split into two regions with the launch of **Dibrugarh**-Arunachal and upper parts of Assam are connected to Dibrugarh, while the rest of NE continues to process through Guwahati SC.
    - The older SCs launched last month- Jaipur SC, Bangalore, SC, Mumbai SC, Varanasi SC have ramped up to service 10k, 6k, 4k,25k daily shipments respectively.
3. **Improved Performance in Valmo Network**: We have become better in speed by ~0.4% and RTO by ~0.41pp better than Non-LaaP.
    - Improved performance in stable lanes: The performance of mature lanes (launched more than 8 weeks ago) has been better than that of non-LaaP lanes for quite some time. However, stable lanes (launched between 4 to 8 weeks ago) are now either at par with or better than non-LaaP. This has been achieved through operational rigor and node-level SOP adherence. We are better/at par by ~0.5pp in RTO than Non-LaaP on stable lanes.
    - Achieved compliance targets: Through persistent efforts from operations, control tower, tech, and product, we have achieved our R2R target of **~80% compliance** against the design. This has lead 0.4% speed improvement compared to Non-LaaP and further compliance improvement will enable us to reach our target of 10% improved speed.
4. **Scan misses reduced from 1.8% to ~0.08% on a weekly level -** Over the past few weeks, we have worked with the ops tech partners and on the orchestration layer to plug gaps in scans triggering and standardisation mechanisms. This along with the pre-validation layer built for Valmo has helped in reducing and maintaining the scan misses to ~0.08% in line with our June exit R2R target.

5. **Forward tech scalability increased from 10% to 20% -** We have been successful in building modules aiding OC% increment and overall scale stability. Below are a few of these modules -
    - Single pincode multiple FM hubs on same ops tech enabling 3% additional OC
    - ABA(LS-ER-LS) construct in LS ops tech configurations aiding in 1% OC and risk hedging in case of SC failure
    - ABC(FE-LS-ER) construct across LS,FE,ER ops techs enabling ~2% additional OC%
    - Released reverse manifestation which helped in reducing orders in post pickup limbo to 0.

Low Lights:

1. **Slower LM Expansion**- A major reason for the OC target being behind schedule is the slow expansion in LM. The factors affecting the delay are listed below:
    - *Slow Fareye stabilisation*- Within 2 weeks of launching Bangalore, we launched Mumbai on Fareye, but it took longer to stabilise than other techs. Currently both nodes are doing ~10k daily shipments. We took our time expanding the node due to the teething issues with Fareye tech. Fareye is now largely stabilised. We are making live the planned pincodes, and aiming to fill the gap by the next BHAG.
    - *Limitations in Partner Scouting and Onboarding*- Scouting for partners has been challenging in Bihar since the inception and it has also been a region wise issue to find reliable parters. We have now compiled a list of reliable partners collaborating with other logistics companies. As a result, we can streamline the initial background check and scrutiny process for these partners, given their existing partnerships. Negotiations with these partners are currently underway.
2. **Seller Experience**- Low pendency clearance rates and long delivery timelines for RTO shipments in the network impacted seller experience. This was primarily due to broken RTO delivery processes at origin (FM nodes), which are now being fixed by:
    - Structurally solving the problem by splitting large FM hubs into multiple small hubs serving limited geography through small partners, this approach will allow us to have better oversight of operations, ensure less concentration on a few big partners, thus de-risking the impact of subpar performance, and shorten the overall execution timeframe.
    - At FM centers, a sorting and staging process is being implemented. RTO shipments will be arranged in a structured manner that makes identification easier for timely re-attempt resulting in higher reattempt conversions.
    - We have also launched OTP-based RTO deliveries to avoid mismatch cases for partners, the E-PODs reflecting in seller panel has been taken as a fast follow up and to be released by July wk-3.

2. Performance Summary

The sections below include details on the north star metrics and performance update for live lanes and the future expansion plan.

2.1 LaaP OC% & Cost

We are currently at a scale of **~3 L shipments per day** and have seen an **increase of ~2 pp OC** since the last BHAG update. Updates on node expansion are listed below:

- *First Mile: Launched Meerut, Fatehabad, Sonipat, Mumbai, Ahmedabad and Rajkot since the last BHAG. Next up are Thane and Sagar to be launched in July 1st wk.*

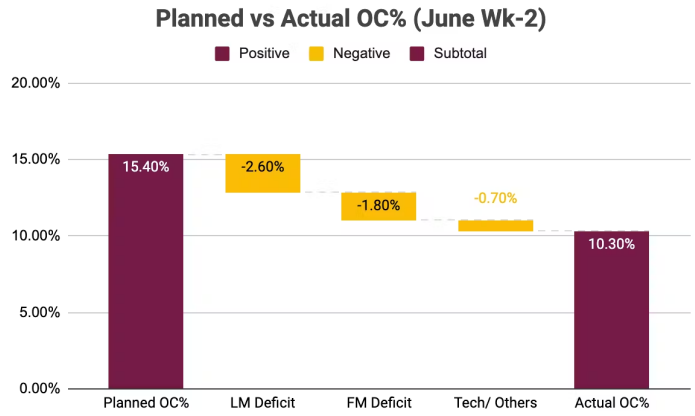
- *Mid Mile: We opened 3 new sort centers. Ahmedabad SC, which is currently acting as FMSC for Ahmedabad and Rajkot FM but will also act as LMSC for Gujarat LM. Bhubaneswar SC was launched on June 20th and the first load is scheduled to arrive on 24th June With the launch of Dibrugarh SC, the NE is now split into two regions, Arunachal Pradesh and upper Assam are now connected to Dibrugarh.*
- *Last Mile: Bhubaneswar LM launched on June 24th. Since the last BHAG, the team have done further expansion in MH, KA and RJ.*

OC% Expansion Overview 2

Name	R2R Target (Dec'23)	June'23 (MTD)	May'23 Review	Apr'23 Review	Mar'23 Review	Remarks/ Callouts
OC%	40%	10.3 %	8.3% (Fwd + return)	8.1 % (Fwd + return)	9% (Fwd)	Details for missing the pla presented below this tabl
CPS	8% lower than Non-LaaP	59.7	61.9	66.6	67.8	Details of CPS movement

A. OC% Planned Vs Actual RCA

Chart below shows the **planned vs actual analysis** for June Wk-2 followed by the explanation on the delta-



1. **FM Ops** - The major OC delta in FM is due to-
   a. *Delhi Partner Performance*- 0.8% is due to Delhi, where one of the partners had performance issue so we have reduce the load and block some pincodes. As mentioned in the last BHAG, we are **pivoting the FM model in Delhi to add small-scale logistics partners**, and not have more than 20% of the pincode volume concentrated with one partner. This feature is being developed on Loadshare (Delhi tech partner), and we plan to move the load to smaller partners by July Wk-1.
   b. *New FM node launch*- 0.8% gap is from Ahmedabad, Mumbai and Rajkot. These FM locations were recently launched in June Wk-2 with limited pincodes. Suppliers are made live slowly to provide a **stabilization period for FM partners**. By the end of June, this gap should be covered.
   c. The remaining 0.2% is from the rest of the live FM locations, this is the impact of not opening all planned FM pincodes / sellers in an already live lane due to lower partner presence in some pincodes. As we move to work with smaller FM partners, this gap will be filled.

2. **LM Ops-** The major OC delta in LM is due to-
    a. *Slow Fareye stabilisation*- 0.7% gap is from Bangalore and Maharashtra, this is due to the slow stabilisation of Fareye tech, the expansion planned for the node was taken slow due to **multiple adhoc issues in Fareye tech**. Now that Fareye tech has stabilized, we will be making live the planned pincodes, and aim to cover the gap by next BHAG.
    b. *Partner Scouting & Tardy Onboarding*- 1.1% gap is from Delhi, Bihar, and UP, mainly because partner scouting in these regions is taking longer than expected. Additionally, once partners are finalized, the onboarding process involves lengthy negotiations and system integration. We are currently reassessing our onboarding procedures to streamline and eliminate unnecessary delays in the unstructured onboarding process.
    c. The remaining 0.8% is due to not opening all planned LM pincodes in an already live LM states. This is caused mainly due to lower volume densities and other ground ops issues in select pincodes.
3. **Tech/Others**- This is the volume lost due to manual errors, changes in demand patterns, seller blocks, etc.
    a. 0.7% is due to DML config miss caused by manual error, where some sellers are live but the Origin X Destination pincode pair is not. However, this is within control and can be curbed by uploading the correct file and opening the serviceability.

B. Cost PVA

CPS for ValMo has been trending lower MoM (Delta v/s 3PL reduced from **INR 3 to INR 1 per order** from April to May) despite lower volumes than planned flowing through the network through strong adherence to our design principles of creating a variablized cost structure & creating low MGV sort centers so that investment during expansionary phase is limited. We are also ahead of MoM targets taken during the R2R cycle partially due to improvement in zonal mix with almost **3pp** higher contribution from zone A&B than planned & remaining with improvement of RTO% & sort center costs earlier than planned.

We have also taken multiple initiatives for reducing cost across the board like onboarding **smaller FM partners at ~15% lower cost** in Jaipur & NCR which will be scaled in the coming months, switching to centralized SMS vendor reducing per **SMS cost by 20%** through consolidation, onboarding new CMS partner at **25% lower commission** charges, reducing cost of **consumables by 18%** through decentralized procurement negotiation & improvement in their cycle usage. Details of monthly movement v/s R2R plan and 3PL cost is shared below:

B.1 CPS Target achievement v/s plan: Below are the MoM targets for LaaP CPS taken during R2R and achievement against them.

Table 1.1: CPS R2R Target v/s Actual Bridge

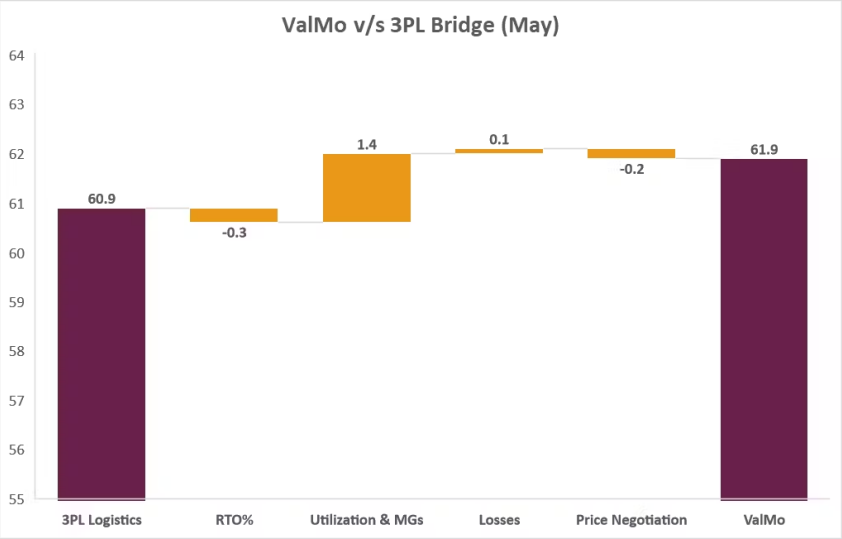
Particulars	April	May	June	July
Valmo Target (R2R phasing)	**68.4**	**66.3**	**63.2**	**61.1**
Valmo Actual/Expected(*)	**66.6**	**61.9**	**59.6(*)**	**58.3(*)**
Difference	**-1.8**	**-4.4**	**-3.6**	**-2.8**
Remarks	Better than R2R phasing due to delay in launch of 2 Sort centers & alignment on lower MGs with vendors than originally planned	Lower than target due to Mix change with zone A&B contribution higher by 3pp than planned having a CPS impact of ~INR 3. Also, lower MGs for newly opened Sort centers than originally planned & lower RTO basis current trend (INR 1.4)	Lower than target due to mix change with zone A&B contribution higher by 2.5pp than planned during R2R having a CPS impact of ~INR 2.4. Also, improvement in line haul cost due to design adherence & improvement in compliance% (INR 1.1) and lower sort center cost (INR 0.9). There is however a partial headwind due to incremental losses provisioned for clearing RTO pendency pending above 45 days at FM hubs (INR 0.8)	Lower than t mix change v contribution than planned having a CPS ~INR 1.7. Imp Sort center & (INR 0.8) and pickup cost v disaggregati smaller node help us achie target of CPS from Valmo.

B.2 CPS target achievement v/s 3PL logistic: Below are the MoM comparison of Actual/Expected CPS for Valmo v/s comparative 3PL CPS on like to like pincodes.

Table 1.2 CPS 3PL v/s Actual Bridge

Particulars	April	May	June
Valmo Actual/Expected(*) CPS	**66.6**	**61.9**	**59.6(*)**
Comparative 3PL CPS	**63.6**	**60.9**	**59.4**
Difference	**3.0**	**1.0**	**0.2**
Remarks	Higher delta primarily due to one time loss provision for RTO pendency in Jaipur & lower utilizations due to fall in absolute volumes	Detailed bridge shared below in the waterfall chart here	CPS to be flat v/s 3PL wi improvement in line haul strcit design adherence. headwind due to increm provisioned for clearing I pending above 45 days a

Valmo v/s 3PL Logistics: Based on input factors and cost drivers' target, we are trailing behind non-LaaP for the month of May with higher losses and utilization partially offset by lower RTO% and rate negotiation with partners. Bridge is as follows:



B.3 CPS based on Lane Maturity: In order to understand cost delta better, we have broken down our current cost into matured(>8 weeks), stable(4-8 weeks) & new(<4 weeks) lanes to understand differential among the various categories. Below is the comparison table for May actuals & June expected landing.

May	Valmo	3PL	Difference	Contribution	Remarks
Mature (>8 weeks)	61.9	64.3	-2.4	73%	Better cost than 3PL with design adherence & high utilization in Sort centers
Stable (4-8weeks)	52.5	52.5	0.0	19%	We have improved our target ETA to achieve cost neutrality in 8 weeks from lane activation through agile design framework
New (<4 weeks)	84.0	49.5	34.5	8%	Adverse cost driven by SC & line haul underutilization and higher RTOs.
Total	**61.9**	**60.9**	**1.0**	**100.0%**	

June	Valmo	3PL	Difference	Contribution	Remarks
Mature (>8 weeks)	60.4	63.0	-2.6	71%	Further First Mile Sort Center utilization improvement to improve cost
Stable (4-8weeks)	51.2	51.4	-0.2	22%	Improvement in line haul costs & RTO%
New (<4 weeks)	78.0	48.2	29.8	7%	Adverse cost driven by SC & line haul underutilization and higher RTOs.
Total	**59.6**	**59.4**	**0.2**	**100.0%**	

2.2 Performance Metrics

The sections below has the monthly and weekly performance summary for the live lanes based on output metric and targets defined during R2R.

Key to read the remarks below: Mature Lanes: Launch date > 8 weeks, Stable Lanes: 4 weeks < Launch date< 8 weeks, and New lane: Launch date< 4 weeks.

A. Monthly Overall LaaP Performance Summary

MoM Performance metrics overview 2

Metric	R2R Target	Type	May'23	April'23	Mar'23	Feb'23	Jan'23	Dec'22
O2D 3	10% better than Non-LaaP 3	LaaP	5.28	5.77	6.06	6.10	6.57	6.5

			Non LaaP	5.30	5.96	5.79	5.84	6.26	6.4
			Delta	0.02	0.19	-0.27	-0.26	-0.31	-0.1
Breach%	4	5% better than Non-LaaP	4	LaaP	2.28	1.45	3.35	3.40	2.55	2.0
				Non LaaP	2.05	1.38	1.26	1.75	1.12	1.29
				Delta	-0.30	-0.17	-2.09	-1.64	-1.43	-0.7
RTO%	3	2pp better than Non-LaaP	3	LaaP	19.96	20.64	20.04	20.36	22.37	23.4
				Non LaaP	20.37	21.11	19.64	19.08	20.48	22.0
				Delta	0.41	0.48	-0.40	-1.27	-1.88	-1.3
Delivery NPS	3	Same as Non-LaaP	3	LaaP	63.43	58.51	58.90	58.59	58.15	57.05

		Non LaaP	67.41	63.64	68.43	67.86	68.92	64.79
		Delta	-3.98	-5.13	-9.53	-9.27	-10.77	-7.74
0 day pick Up% 3	Same as Non-LaaP 3	LaaP	90.96	90.16	88.42	91.89	91.26	91.65
		Non LaaP	91.16	91.84	90.74	92.96	92.34	93.7
		Delta	-0.20	-1.69	-2.33	-1.07	-1.08	-2.12
I/O- Pick up 3	5% better than Non-LaaP 3	LaaP	1.56	2.88	3.84	2.30	2.29	4.61

			Non LaaP	0.73	1.33	1.68	1.75	1.93	1.82
			Delta	0.83	1.55	2.16	0.55	0.36	2.79
RTO Speed (D2D)	3	10% better than Non-LaaP	3	LaaP	15.82*	18.95	20.33	21.31	24.32	21.97
				Non LaaP	14.29*	16.55	15.17	15.69	15.78	16.15
				Delta	-1.54*	-2.40	-5.16	-5.62	-8.54	-5.8
CPS (Incl Net Loss)	3	INR 5 lower than Non-LaaP	3	LaaP	61.9	66.6	67.80	69.97	74.7	83.0
				Non LaaP	60.9	63.6	65.40	67.58	70.2	73.8
				Delta	1.0	3.0	2.40	2.39	4.5	9.2
RTO Claim%	3	Maintain current baseline	3	LaaP	0.02*	0.04	0.14	0.24	0.26	0.30
				Non LaaP	0.09*	0.08	0.22	0.31	0.29	0.48
				Delta	0.07*	0.04	0.07	0.07	0.03	0.17
Loss%	2	Gross Loss : 0.45 %	2	Gross Loss%	1.69*	1.61	2.09	2.15	1.34	0.76

				Net loss%	-	0.2*	0.28	0.22	0.20
Compliance%	1	85%	1	Laap	79	67.1	59.3	61.1	-	-

B. Monthly Network Design Metrics Summary

To track the expansion of LaaP and align it with the vision, we are tracking network design metrics as per below. These metrics have an indirect bearing on the lowest cost supply chain vision of LaaP. **Targets for the metrics have been taken basis a) cost targets for Dec'23 and b) Current node sizes and expansion plan till Dec'23**

Network design metrics (MoM) 2

Design principle		Name	Dec-23 target	June-23	Apr-23
Disaggregated network: Open smaller nodes to limit dependence and reduce distances (**Target**: CPS targets / rate targets with vendors to match the distance covered for pickup/drop; Open nodes such that new nodes are always smaller than existing	6	Max shipments per partner - FM	15%	~69K (23%)	~72k (30% OC)
		Max shipments per partner - Sort Centres	25%	158K (53%)	~140k (60%) [D FMSCs and LM both are counte

always smaller than existing ones)	Max shipments per partner - LM	5%	26k (9%)	~32k (14%)
	Max shipments per node - FM	30k (~3%)	41k (14%)	~54k (23%)
	Max shipments per node - Sort Centres	100k (~10%)	100k (33%)	~83k (36%)
	Max shipments per node - LM	1k (~0.1%)	1.5k (0.5%)	~1.6k (0.7%)
Variabalized cost: No fixed costs in network (**Target:** Limit MGs in the network to variabalize all cost) 1	MGs proportion as a % of total costs - All SCs in the network combined	5%	7.65%	8.7%
Cost over speed: Ensure asset utilizations (**Target:** Maintain asset utilizations at optimal levels to absorb variability as well) 6	Utilization of vehicles: National Line Haul	80%	Overall - 71.37% Mature - 80.3% Stable - 72.0% New - 44.5%	68.4%
	Utilization of vehicles: Regional Line Haul	80%	Overall - 53.01% Mature - 55.4% Stable - 53.8% New - 45.6%	52.2%
	Utilization of vehicles: FM carting	80%	Overall - 74.7% Mature - 78.2% Stable - 74.9% New - 59.5%	73.5%
	Utilization of FMSC	70%	Overall - 68.5% Mature - 71% Stable - NA New - 12%	53%
	Utilization of LMSC	70%	Overall - 45.2% Mature - 63.2% Stable - 39% New - 22%	54.5%
	% of coloading vs DV - RLH	NA (Will depend on utilization levels of DV)	By DC count: 3% By DC Volume: 2%	By DC count: 3 By DC Volume:
Ops cross utilization: Become open to all ops techs (**Target**: Integrate with all major ops techs in the country) 1	Ecommerce logistics market share of ops techs that LaaP has onboarded	40%	27%	27%

Corporate OH: Create lowest overheads network (**Target**: Ensure that the org has lowest overheads (~2pp better than 3PLs)	1	Cost of corporate employees + other OH costs per shipment	INR 3.7 (6% of Design CPS)	INR 4.72 (7.8% of CPS)	INR 5 (7.6% of C
Competitive network: Maintain redundancy and competition among partners (**Target**: Build redundancy in all pincodes above threshold densities)	2	OC which has the optionality to move to a different ops partner (with limited time lag) in last mile	5%	0	0%
		OC which has the optionality to move to a different ops partner (with limited time lag) in first mile	20%	15k (5%)	0%
Operational excellence: Ensuring that partners are setup for success through operational guardrails (**Target:** Monitoring partner ops through input metrics to limit operations/partner breakages)	4	Average FE to pickup points - FM hub	25	Overall - 33 seller TP/ FE/ day Mature - 34 seller TP/ FE/ day Stable -31 seller TP/ FE/ day New - 21 seller TP/ FE/ day	NA
		Average FE to volume - FM hub	300	Overall - 536 shipments /FE/day Mature - 558 shipments /FE/day Stable - 476 shipments /FE/day New - 463 shipments /FE/day	NA
		Average FE to volume - LM hub	40	Overall: 33 attempts /FE/ day Mature - 34 attempts /FE/ day Stable - 33 attempts /FE/ day New - 26 attempts /FE/ day	NA
		% OC getting delivered to LMDCs before 9am (by design)	85% (by volume)	80% by DC volume	NA
Others	2	% of cost attributable to partners that are not GST eligible	20%	11.5%	11%
		Average number of sorts per shipment	1.85	1.91	NA

Note: We will keep adding newer operational excellence metrics as per CPDs and their priority

3. R2R KRs Summary

A. Summary of top KRs

4.1 To reduce LaaP CPS by 8% vs non-LaaP by increasing network utilization, reducing losses & RTOs and enabling returns

KR.1 Key Metric Trend 2

KR # 2	Key Metrics	Type	12th June	5th June	29th May	1
1.1	7+ day pendency	LaaP	1.59	1.60	1.95	

KR #	Key Metric		Type	29th May	22nd May	15th May	8th may	1st May	24th Ap
3.1	S2A	2	LaaP	4.14	4.13	4.17	4.09	4.12	4.23
			Non-Laap	4.11	4	4.06	4.13	4.28	4.39
	Zero Attempt RTO	2	Laap	1.24	1.74	2.04	2.40	2.47	2.93
			Non-Laap	1.10	1.29	1.21	1.19	2.47	2.59
1.4	Utilisation	3	SC	53.4%	51%	47.3%	47.9%	46.1%	43.6%
			NLH	71%	70.8%	69.5%	73%	70.5%	69.1%
			RLH	52.7%	53.5%	50.2%	53.2%	47%	47.4%

KR.1 Progress Summary 2

Key Initiatives	Status	Confidence to Achieve	Input Achievement %	Remarks/ Call outs
KR 1: Reducing **gross loss from 1.4% to 0.45%**	🟡 Slight Delay	High	NA	**Latest Progress:** 1. We have setup instrumentation to clearance rate at FM centers for l corrective actions. This has been no center is allowed to cross penc 2. We solved for minimizing Scan mi tech and Metabase to create one granular visibility to enable Opera 3. Driving and tracking Exceptions h tail in network and timely closures refreshers are planned in form of to improve adherence on ground. 4. We have set up instrumentation fc focus on RTO leg and minimize lea Compliance and are targeting ~80 creation is system.

				5. Tech features launched: Shipmen on node level damage and multi-c reconciliation and faster closure. 6. COD exposure reduced by implen a DC has outstanding COD pende partners has also come down fror through direct deposits & multiple **Way Forward:** 1. Ideal SC Creation to be source of losses and facility losses (ETA - Ju 2. Data analytics to identify fraud nc on Vendor/FE and creating a playb thresholds. (Started taking actior 3. Developing vendor scorecard with implementation of SOPs and bette 4. Experimenting to setup a separate for RTO deliveries to supplier to s wise sorting and shipment staging focus on RTO clearance (ETA - Au
KR 2: Enable returns to achieve **LaaP CPS** goodness of **INR 0.5**	🟢 On Track	High	NA (Currently, MVP is being planned with tentative launch on 25th Jul)	Updated in KR3 details
KR3: Improve **RTO%** by 2pp through operational levers	🟢 On Track	High	20%	**Latest Progress:** 1. Speed based RTO deduction by in through-out the network (**Current** from ~67.1% to ~79%) 2. Attempt quality improvement thro improvement. (Current Progress : 39 per FE in May due to expansio ~74.9% in April to 76.2% in May. 3. Zero attempt RTO reduction throu Current update - There is an incre coverage in new expanded cities scaled up for full pincode coverag April) **Way Forward:** 1. Driving OTP based refusal adhere re-attempt conversions. (ETA Jul 2. Solving pre-LM zero attempt RTO which is executed now.
KR4: To improve line haul and SC **utilizations** to 80% and 70 % respectively	🟢 On Track	High	60%	**Latest Progress:** 1. For mature & stable lanes, NLH & combined ***71% in April to 73% in M*** at 71% and RLH at 53% against de expansion into new states(RJ/MH multiple Sort centers. 2. Mature & stable Sort center utiliza ***in May*** with higher absolute volun FMSC due to higher density with reduced for LMSC due to opening & Bangalore. 3. We have pivoted to multi-point to ensure our NLH utilization is optim

Way Forward:

1. Creating an agile design framewo basis incremental volumes in exis months in advance and running a hedging for any risk of slow expar
2. Revamping the Hub to SC Mappin new Delhi split plan (ETA July Wk1

4.2 Reduce ops partner churn% from 20% to 10% by enabling NPS tracking for partners, making timely payments and reducing variance in projections

KR.2 Key Metric Trend 2

KR#	Key Metric	June (mid)	May'23	Remarks
2.1	Partner NPS	80.45%	70%	The NPS survey has been sent weekly to 3 homogenous partne operating at our LM/FM and MM nodes. The key promoters are- Growth opportunity through Valmo ii) Support from Meesho tear Through LODs and feedback received in the surveys we have be identify initiatives for quick and immediate impact. Here is the d
2.2	Variance in projections	20%	19%	Variance increased by 1% due to delay in expansion
2.3	Payout cycle Compliance	78.6%	75%	Improvement in payout cycle compliance driven by stricter adhe internal process timelines. Also, there was improvement in COD outstanding from **1.95 to 1.55** days helping us to reduce invoices due to COD risk.

KR.2 Progress Summary 2

Key Initiatives	Status	Confidence to Achieve	Input Achievement%	Remarks/ Call outs
KR1: Setting up **Partner NPS** instrumentation	🟢 On Track	High	20%	**Latest Progress:** 1. We sent out weekly NPS survey to partı feedback and with variations in each su L1s and L2s. 2. Identified some key initiatives to work o understand the major L2s- i) No visibilit delayed payments to partners. Working Fin to reduce the gap identified. **Way Forward:** 1. In V-1, feedback was collected from the would be to **send feedback surveys to** through ops tech ERP and FE app, ETA- 2. While we have sent surveys to partners not been getting enough responses fro so need to **explore other ways to get th and MM partners**, ETA- July 2nd wk.

				3. Develop partner onboarding and journe are currently working on ways to get thi for send these surveys via Me-com. ET/
KR2: Reduce the node level **projections vs actuals variance** from ~20% to <10%	🟢 On Track	High	20%	**Latest Progress:** 1. WoW scale up plan has been created til Tech mapping also done for the nodes 2. Semi-automated process for fortnightly share timely projections with the partne **Way Forward:** 1. Identifying nodes leading to high varian and working with the relevant team for 2. Build day level projections and landing p trends, Sunday / Monday fluctuations - further [ETA: Aug week 1] 3. Driving expansion plan adherence by in the ops team and driving insights from 4. Apart from volumes, manpower plannin measured to drive performance
KR3: Ensure timely payments to **partners**	🟢 On Track	High	65%	**Latest Progress:** 1. Internal process & timelines streamlinec Revenue Assurance, Finance Operation teams to ensure payout credit to partne agreed timeline. Process compliance wa internally that ensured payout was relea undisputed cases. 2. Existing process blockers like delay in re attribution of losses to partners and del vendors identified and action items for s aligned. We have started rolling out ship partners every 10 days so that open iter hence payout is not impacted. 3. Risk control mechanism has been set up around D+3 COD pendency & vendors a deposits/ CMS partners are being switc cleared and payout happen on time. **Way Forward:** 1. Pay On Delivery feature to be activated remittance from customers directly to a ETA: July Wk2 2. Vendor mapping to added into respecti attribution of shipment losses and timel ETA: July Wk3 3. Functionality being built on Oracle to ge vendor onboarding status. We are also billing tool for end to end processing of including onboarding, invoicing & payou solution at scale.ETA: Mid July

4.3 Ensuring systems are able to support 40% Fwd + return OC

KR.3 Key Metric Trend

Key Metric	Target	29th May	22nd May	15th May	8th May	1st May	24th
Manifestation error %	0%	0%	0%	0.01%	0%	0.16%	0
Scan mismatch %	0.8%	0.195 % Happened due to LS webhook issue from June 3rd onwards	2.95% 0.084% if we remove the dates on which shipsy issue happened	0.08%	0.08%	0.09%	0
Tech scalability	40%	20%		20%	20%	20%	

KR3. Progress summary

POD	KR	Summary	Column
Auto DML	Create the Auto DML layer to increase scalability from 10% to 100%	• Goal for Auto DML is to solve for increase in OC% while reducing manual inputs for supply chain configurations, build capacity and TAT level checks at a node level to reduce capacity exhaustion errors and give correct PDD to reduce breach. • Development has begun with ETA mid August for v1 release.	On
Orchestration layer	Build in-house orch layer to de-risk dependence on single orch layer	• Currently product solutioning - core engine development, supporting modules, and platform dashboards to ensure efficient order creation, updates, tracking and order lifecycle analysis. • Since this will be a long term build to do the expanse of the platform level feature, it will be broken across multiple small releases focusing on one core module each. *Tentative ETA for WS: August (ETA for V1 will be shared in the next update)*	On
Stability and scalability	Maintain optimum stability of all tech layers by maintaining uptime of 99.96%, P0 scan adherence 99.5% and Manifestation error <0.05%.	• Pre-validation layers deployed for bringing down scan mismatches from 8% to 0.2%. Reverse manifestations released helping in reducing downstream manifestation issues by 95%. • Currently working on building crucial system level alerts to pro-actively detect drops in scan adherence, pendency and compliance. • First level view for terminal scan misses and scan delay already built: Will keep on adding more metrics to measure health of the system https://metabase-presto.meesho.com/dashboard/4327-stability-laap	On
Returns	Build returns capability across ops tech, orch layer and DML to help reduce returns pricing on LaaP orders by INR 0.5 (basis 10% Return OC Target)[CPO goodness of INR 25/per return order]	• In the v1, we intend on delivering features which are the most critical to reverse logistics priorities for users, sellers and 3PLs - ensuring we are building systems for handling enough scale and driving reliability. • The build has been categorised into repurposing existing infra and new feature developments across Meesho, Shipsy and Ops Tech layers. • Tech Dev started (Launch ETA: 25th July) *WS on Returns v1 planned in Jul 10 Wk*	On
Fraud and safety	Reduce security vulnerability in LAAP tools to 0.	• Working on building end-to-end encryption across all LaaP layers, PII frontend level masking with user level view logging (Shipsy) and throttling API hits at user level. • A pipeline for passing additional FE, vehicle and hub level details is being built to feed into the DS fraud model. • ER COD fraud cases choked to ~0 using user level view access logging which helped in blocking of accounts.	On

Update on H2 Initiatives [Optional]

H2 KRs Summary_ 2

Name	Stage	Status	Brief Summary/ Details
Build in-house orch layer	🧠 PFS/WS	🟢 On Track	The end state vision of the in-house Orch layer is to build govern the transfer of information like order creation, sca LaaP layers and even amongst the multiple ops tech layer data creation on an order level but rather standardisation the supply chain. This layer hence will also serve not just and Ops tech but also as a user facing platform for multip actions governing an order. This will help us de-risk depe In the current stage, we are focusing on building the prob categorizing the tasks across 3 main buckets to be furthe development - 1. **Core engine** : *Governs order creation, update, cance and ops tech partners* 2. **Supporting modules** : *Covers hub master data creat it's management* 3. **Platform dashboards and controls** : *Liability manage access controls and logging* *Tentative ETA for WS: August (ETA for V1 will be shared ir*
Enable hub and pickup/delivery billing separation	🪛Solutioning	🟢 On Track	Context **Progress Update:** 1. Since last update, we have pivoted this initiative from two components to directly onboarding the delivery e contractor and making payouts directly to them as th 2. Internal SOP is being prepared for COD/shipment rec managing delivery executives.(ETA July Wk1) 3. Discussions with LM vendor partners is also being ta FEs into our network directly and enable us to make will be initiated in Delhi & the initiative will be scaled learnings.(ETA July Wk2) 4. The Legal team is conducting due diligence to ensure codes, considering the potential establishment of a fi relationship when engaging directly with delivery exe
Establish the brand for LaaP among all stakeholders	🛠️Execution	🟡 Slight Delay	New branding team has been assigned for this project las them to close on actionables for GTM of Valmo this week node naming exercise. Tentative ETA to GTM: Mid-august (Final go-live will be sh

B. Trust & Safety KRs

Trust & Safety KRs progress summary 2

Sub KRs of Top 3 KRs only	Status	Confidence to achieve	Current metric	Key takeaways on metrics and KR

Ensure fundamental system stability by keeping PII exposure to external agents to 0	🟢 On Track	High	PII led fraud cases= 0	**Latest Progress:** • Storage of logs of customer P already done) • E2E PII encryption for data se under solutioning. **(ETA: TBD;** • TnS learnings from data secu implemented on each Ops tec **Way Forward:** • Enablement of off-boarding/lc • SOPs creation for 3PLs for ide
Reduce P0 LAAP 3PL attributable fraud count to 0	🟢 On Track	High	PII led fraud cases= 0	Account Takeover : **Latest Progress:** • OTP based verification for up login is launched • 3P follow-up for FE identifier i • Device finger printing PoC for **Way Forward:** • Identify edge cases which are logic accordingly. • Device finger printing PoC for Payment Before Delivery: **Latest Progress:** • Blocked the identified 2 user a from ER portal • The daily escalation count has • T&S LaaP palybook is prepare across 3Ps while onboarding/ **Way Forward:** • FIR on identified fraudster hub • Regular track of PII View cour emerging data leak source **(O** 3PL FE Marking RTO: **Latest Progress:** • SOP is made to highlight esca • Operational alignment done w changed from RTO to 'Deliver **Way Forward:** • Follow-up with 3Ps on actions • Automating the manual proce mails) with 3Ps for effective tı • Product update to keep manu is (currently it is getting chang shipment) (**ETA: 30th Jun**) Lottery Fraud: **Latest Progress:**

				• A list of Must-Have security c internal Security team) has be **Way Forward:** • RCA on recently escalated tic • Conduct external/ internal auc
Build proactive detection and control mechanism to best attribute and mitigate 3PL fraud MOs	🟢 On Track	High		**Latest Progress:** • The 3P risk model based on L rich data of LaaP will be lever frauds identification. **(ETA: TE** • Flow of data points from the L their identifiers, location data **June)** **Way Forward:** • With the data dump of transa reactive measures on the sam • Will work with DS team to buil LaaP ecosystem walkthrough

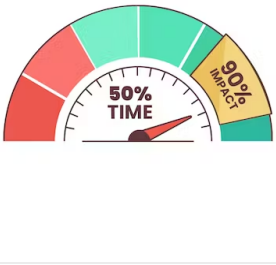
C. IPO Readiness KRs

IPO Readiness KRs progress summary 2

Sub KRs of Top 3 KRs only	Stage	Status	Current metric	Key takeaways on metrics and KF
Governance framework for onboarding/on-going assessment of LaaP vendors	🧪Solutioning	🟢 On Track	NA	1. v1 of partner onboarding frar review. Once finalized, it will standardized. Tentative ETA: 2. Parallely, work will also start communications when partn standardization, etc.

4. Mantra Updates & Continuous Problem Discovery

4.1 Key Wins of Team [Optional]

Mantra	Criteria	Key Wins & Takeaways	Contribut
	Compliance target achieved	**Compliance target of R2R of 80% achieved** Several measures were implemented to establish compliance instrumentation, including ensuring key scans like vehicle arrival and dispatch scans are passed to Meesho from ops tech. Additionally, dashboards were developed to provide operational visibility and facilitate continuous monitoring. Through rigorous operations and network-wide efforts, we have attained an 80% compliance rate, which has positively impacted speed, surpassing the performance of Non-LaaP by 0.4 days.	Arih Aditi Shai Kous Vish aksh Phar Shre
	Improved Capital Efficient, Trust, Safety or Compliance within the org	**Data leak in ElasticRun portal that led to increase in payment before delivery and lottery fraud cases has been resolved** The team has come together and shown extreme ownership in identifying the leakage point by performing multiple end to end audits on the ER tech portal, conducting on-ground visits to DCs to understand the process and calling multiple customers to validate the use case. As a result of the efforts we were able to implement multiple security measures in the tech portal and eventually bring down the count of frauds to 0.	Shre Cha Ashu Chai Nikit
	RTO claim process unblocked	**Sellers weren't able to scan multi leg AWBs on the label leading to RTO claim misses** In less than 15 days, the tech and product team were able to figure out a quick and long term fix for this problem statement. Sellers will now be able to raise RTO claims and branded packaging to AWB mapping will now be possible. This will help to reduce seller blocking by ~50/day. The team worked at war footing, taking extreme ownership and solving this issue in record breaking time, solving the overall experience for our sellers.	Roha Aksh Navi Aaka
	Returns Product Solutioning	**Returns Product Solutioning was done in record time while keeping biz, ops, tech and product aligned on the MVP build** The team successfully delivered a lean, optimised, and highly focused product solutioning within an unprecedented timeline, while aligning effectively with stakeholders' long-term scalability goals and maintaining unwavering focus on the MVP. The remarkable speed of execution, strategic decision-making, and seamless collaboration throughout the process ensured the timely completion of the product solutioning, surpassing expectations and making a significant contribution to the overall success of the R2R goal.	Sidd Anul Rake

4.2 Continuous Problem Discovery

Problem discovered	Explanation	Projected impact	Current sta
Valmo RTO claims on seller Panel	RTO claim for branded seller - Branded packaging sellers were not able to raise RTO claims for LaaP due to master vs child AWB mismatch. Issue is now resolved as sellers can raise claims with both master and child AWBs in LaaP	Reduction in sellers blocking LaaP by ~40 per day	Achieved

Cross docking in multi tech lane	As the network design becomes increasingly complex and with Valmo's presence across all zones, there are several lanes that utilize three different tech. For a given shipment, the tech was designed for three nodes: First Mile (FM), First Mile Sort Center (FMSC), and Last Mile Sort Center (LMSC). However, now an additional Sort Center (SC) node has been introduced for cross-docking purposes, particularly in cases where there is insufficient volume for a direct connection. In such scenarios, the load is connected to a nearby SC to facilitate transportation to the intended destination. Currently, we are working with the ops tech players on the solution, with an aim of having a resolution by July wk-3.	~0.3 OC% from the R2R target	In Progres
Partner details unavailable in Meesho database	Our primary stakeholders are logistic entrepreneurs, who are the backbone of this disaggregated network. However, the current process of onboarding partners is managed by our ops tech partners, and Meesho does not have this data in our database. As we continue to scale, it is imperative that we have this information in our database to be able to: 1. Send NPS surveys to our partners and also have their responses stored in our DB. 2. Build models around potential fraud and other issues related to 3PLs.		In Progres
No Unified Data Source for monthly billing Visibility	A FM partner is billed for the number of pick ups made, a SC partner for the number of shipments processed (sorted) by them, and a LM partner for the number of deliveries. Currently, this data is provided by our respective ops tech players through support tickets on an adhoc basis. Since there is no unified way for partners to download this data from the ERP directly, invoice generation is delayed, as there are multiple touch points to even get the base file. This has been added to the roadmap, will be solutioned with respective ops tech partners, timeline July end	Reduction of Billing Payout by ~3 days	In Progres
Valmo delivered RTO visibility	The RTO OTP delivery feature on opstech has the following gaps : 1. The OTP delivered flag does not reflect in the seller panel. 2. The E-POD in the form of a PDF is neither sent to the seller as a confirmation nor reflected in the seller panel. Development is underway on the identified gap, with the release scheduled for July wk-4. The visibility of OTP delivered shipments is currently provided to operations and SX team through a dashboard.	<5% seller blocking	In Progres

5. Bold Experimentation

There have been multiple experiments which have been undertaken in LaaP. Summary of some key experiments below:

LaaP experiments

Experiment	Problem statement	Experiment being undertaken
Breaking Delhi FM into smaller ops nodes	Delhi is currently being covered by 8 FM hubs, These are leading to two major challenges; 1. High distance coverage per partner due to Delhi being a wide geography 2. Non Disaggregated network due to over dependency on a few partner	The experiment that was proposed was breaking down the Delhi into multiple smaller hubs (38) from the current 8, This would tack both the problems FM is facing head-on. Strategically Identifying the Seller hotspots and proposing FM hul there reduced the hub span to <2kms compared to 8-10kms in current construct, This enables faster pickups and faster arrivals SC to prevent SC from being choked. Also a single partner would responsible for <5% of Delhi's FM Volume.
Reseller outreach for partner scouting	Ops partners are generally scouted via existing networks of LaaP's Cluster Heads and AMs. However, in Bihar LM, we are having difficulty finding enough ops partners - impacting our scale up speed	Given the entrepreneurial nature of our resellers, we want to evalı if they would be interested in an opportunity to open a LM DC for LaaP. We have reached out to ~250 of the top male resellers in Bihar pincodes where we need ops partners. ~30 people showed first l interest in opening a DC. We will now initiate more detailed conversations with them and evaluate them as potential ops partı If we don't see high conversion here, we will look for other scoutir channels like referral programs, performance marketing, etc.
Manpower sourcing in LM for metro cities	Theres an acute shortage of FE supply in the major metro cities	We are building a FE network in the major metros which will be managed and trained by our AMs. The AMs will also be responsib hiring and onboarding new FEs on to this network.
Misroute reduction due to incorrect address inputs from customer	Users input incorrect pincode for their address while ordering. Eventually, shipments end up in an incorrect LM DCs and have to be sent back to the Sort Centre and connected to the right node. Happens for 3-5% OC.	Correct address to pincode mapping has to be figured out before order manifestation as shipment journey is finalized at manifestat We are working on a POC with 'Locus' - where we can send them address of user and they can provide us with the correct pincode case the user entered pincode is incorrect). We are also discussing this with the DS team to understand if we build a in-house solution for this.
Combining LaaP ops with Superstore	Superstore wants to expand operations outside of Nagpur (into Mumbai, Pune and peripheral cities of Nagpur). Lower utilization of these new nodes could lead to significant supply chain costs for superstore	LaaP and superstore are planning to cross utilize existing and nev facilities to increase utilization. This will be done for all nodes pos sort centre - giving utilization goodness for warehouse, regional li haul and LMDC. For POC, we will enable operations on existing techs for LaaP anc Superstore. Once ops utilization is completed, we will move towar standardizing the tech also - which will give additional goodness.

Appendix

A. Weekly Overall LaaP Performance Summary

This is a granular view of the monthly trend mentioned above. Please note that for RTO Claim and Loss, we have taken an older timeline since it takes 45 days for this data to mature and its trend to emerge.

Weekly Performance metrics 2

Metric		Type	May 29th	May 22nd	May 15th	May 8th	May 1st	April 24th	April 1
O2D	2	LaaP	5.26	5.26	5.31	5.26	5.28	5.37	5.63
		Non-LaaP	5.32	5.22	5.28	5.25	5.48	5.85	5.9
Breach%	2	LaaP	3.07	3.12	2.93	1.4	1.04	1.04	0.88
		Non-LaaP	2.61	2.36	2.61	1.85	1.45	1.14	0.84
RTO%	2	LaaP	19.14	20.01	20.27	21.58	19.86	21.27	20.52
		Non-LaaP	19.32	20.44	20.13	21.97	21.02	21.99	21.28
Delivery NPS	2	LaaP	62.57	63.65	61.24	60.12	64.33	61.29	53.53
		Non-LaaP	60.16	65.25	66.77	65.71	65.67	62.84	58.86
0 day pick Up%	2	LaaP	92.83	92.03	91.39	91.11	91.56	92.01	88.17
		Non-LaaP	93.28	93.85	93.64	92.82	92.02	93.03	92.4
I/O- Pick up	2	LaaP	1.13	1.41	1.46	1.30	2.05	2.52	2.83
		Non-LaaP	0.40	0.61	0.58	0.95	0.78	0.72	1.11
RTO Speed (D2D)	2	LaaP	17.58	16.67	16.14	18.60	19.70	18.47	17.41
		Non-LaaP	15.57	15.19	15.44	15.72	15.87	15.37	14.23

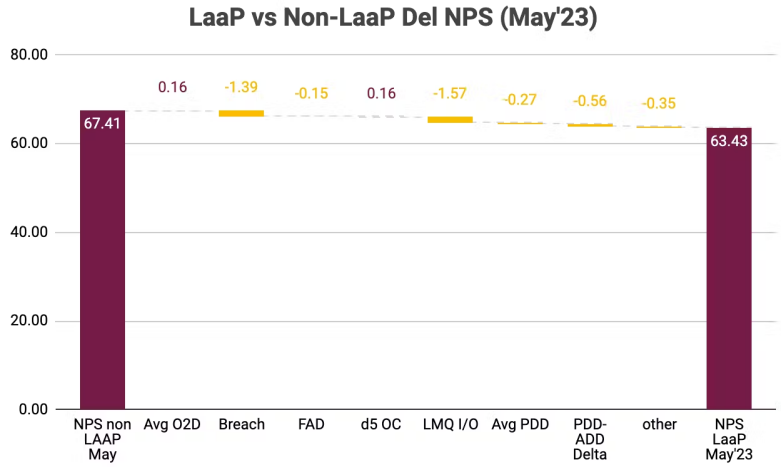
Cost Metrics Weekly Overview 2

Metric		Type	24th April	17th April	10th April	3rd Apri	27th Mar	20th Mar
RTO Claim%	2	LaaP	0.03	0.03	0.04	0.05	0.08	0.09
		Non-LaaP	0.09	0.09	0.08	0.07	0.10	0.08
Gross Loss%	1	LaaP	2.42	1.68	1.42	1.36	1.34	1.64

B. Del NPS LaaP vs Non-LaaP

In May LaaP O2D speed was 5.28 days vs Non-LaaP speed was of 5.30 days which resulted in 0.6 pp higher delivery NPS, LaaP breach was 2.28% and Non LaaP was 2.05 % which resulted in 1.39 pp lower delivery NPS, LaaP LMQ I/O was

0.2 and non-laap was 0.16 which resulted in 1.57 pp lower NPS same trend for other input metrics like FAD and D5 OC as as shown in the chart below.



C. Partner NPS Deep-Dive

We have so far done four variations of partner NPS and below are the responses to the various surveys and insights from feedback and LODs.

Weekly Partner Survey NPS

Wk	May Wk-3	May Wk-4	June Wk-1	Remarks
Partner NPS	70.27%	75%	80.95%	The key promoters are- i) Business/ Growth opportunity through Valmo ii) Support from Meesho team

L1s of weekly Partner NPS Survey

L1s	May Wk-3	May Wk-4	June Wk-1	Remarks
Business/ Growth	21%	33%	57%	One of the key promoters for Valmo is the business growth experienced by the partners through Valmo, which is validated from the survey and also from the LODs.
Support	34%	27%	0%	The hands on support that partners are getting from our AMs and CHs is one of the key promoters.
Payment	20%	23%	26%	From LODs and surveys i) **payment delays** and ii) **unclear debits on invoices** are the major callouts by the ops partners. If there are debits, partners reach out to AMs for clarification, conversions drop after a few emails without any clarity. This has been picked by the POD team and solutioning on ways to reduce the gap.
Tech (ERP)	13%	14%	9%	
Others	13%	3%	9%	**Frauds** is one of the biggest dissatisfaction/improvement buckets; customers who receive wrong products contact the hub manager or field executive to get their money back. In 25% of responses, fraud was cited as an area for improvement.

D. Loss Deep-Dive

1.1 Loss Deep-Dive : Types of Losses

Types of loss	Jan	Feb	Mar	April	May* (1st-15th)
Facility loss	92.1%	88.7%	85.7%	84.4%	92.1%
Handover loss	7.9%	11.3%	14.3%	15.6%	7.9%
Grand Total	100%	100%	100%	100%	100%

1.2 Leg wise Losses

Leg wise loss	Jan	Feb	Mar	April	May* (1st-15th)	Remarks
FM	67.3%	69.5%	66.7%	51.2%	70.6%	FM Losses have overall reduced but still are above tar RTO Re-attempt process is broken which is getting fix
LM	19.4%	10.6%	13.1%	23.9%	8.9%	Major contribution are from NE, UP and DL.
MM	5.4%	8.6%	6%	9.3%	12.6%	MM losses are increased due to Guwahati SC and Gha FMSC.
Handover loss	7.9%	11.3%	14.3%	15.6%	7.9%	Handover Losses are in the same trend.
Grand Total	100%	100%	100%	100%	100%	