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LIDD INSIDER

News & Insights for Supply
Chain Leaders

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Business Insights

Digital Transformation

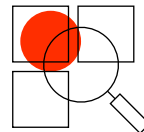
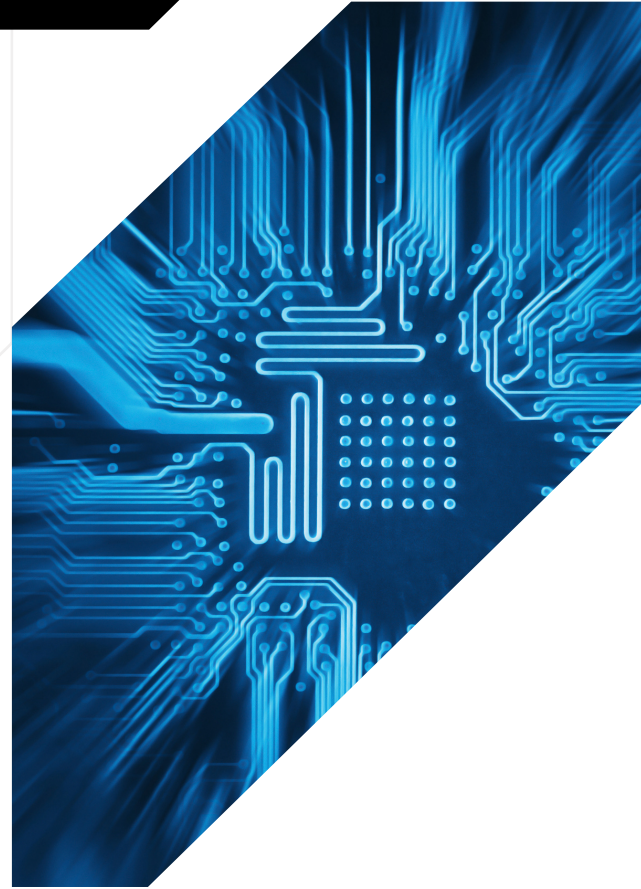
Technology is evolving rapidly, and there's no time to wait and get left behind. To keep up with changing consumer demands, growing competition, and supply chain disruptions, businesses are turning to technology solutions to drive operational performance. However, in the rush towards supply chain digitization, it's easy to lose sight of how technology should support your operations, not the other way around.

Maximizing your supply chain performance requires integrating the appropriate digital infrastructure to complement your operations' physical capabilities. This begins with clearly defining your digital transformation goals and establishing a foundation for easily adopting and iterating on the chosen architecture.

This edition of the LIDD newsletter delves into digital transformation, guiding you through the importance and process of building effective digital transformation roadmaps and mastering the basics with clean data practices. Learn how to build actionable digital strategies, manage effective data integrations, and more.



Cleo is an ecosystem integration software company focused on business outcomes, ensuring each customer's potential is realized by delivering solutions that make it easy to discover and create value through the movement and integration of B2B enterprise data.



Success Story Overview

How Digital Transformation Drives Growth for a Canadian Cosmetic Distributor

LIDD + CLEO Success Story Overview

Direct to Consumer Subscription Company Achieves Platform and Operational Scalability

Translating Digital Supply Chain Objectives into Actionable Roadmaps

Overview

Businesses are ramping up their digital capabilities to support new initiatives, enhance supply chain process efficiency and productivity, improve decision-making, and boost resilience in the face of ongoing supply chain disruptions. This surge in digital investment places supply chain leaders under tremendous pressure to transform their operations. However, many companies do not have a clear understanding of where they want to go with their technology or how it will meet their needs.

The risk of a non-defined roadmap:

Understanding what features are required to support your operations, as well as what application tier these typically reside in are part of building a robust and flexible system architecture that allows you to scale and adapt to new business initiatives. Failing to do so is part of what leads to a rigid system which lacks functionality in key areas, never-ending integrations, loss of motivation and buy-in from the team, and minimal system adoption.

Here is how LIDD approaches translating digital supply chain visions into actionable plans.

Diagnosis

Gather requirements and assess your current state to identify opportunities and pinpoint gaps in your current systems and desired future states.

Recommendation

Finally, you will have a detailed solutions integration plan, and deployment strategies defined for each step of your digital adoption roadmap.

Design

Evaluate the identified opportunities and craft the system architecture needed to enable future state processes and meet predefined business requirements.

Most business solutions claim they can do just about anything, until it's time to integrate them into your daily operations. Here is what the above process looks like in practice when it comes to Enterprise Resource Planning (ERP) tool. The ERP serves as a versatile tool in your software portfolio, often referred to as the master of data and the foundation of your system architecture. While it may not excel in every aspect, it remains a critical component, acting as the source of truth and empowering informed business decision-making.

It's crucial for a business to understand where the ERP functionalities meet business requirements, and where it falls short.

1

The first and most important step is diagnosis.

Companies often assess system feature sets to understand how their teams could benefit from them, rather than solving operational challenges through technology.

It's important to start by assessing how technology can support operations from the operational requirements and then identifying the associated feature sets. Good process definition starts from process maps: who is completing the task, what are they trying to accomplish, and what subsequent step in the process does this impact.

This groundwork provides a deeper understanding of the technology stack needed to effectively support your goals.

2

Once the requirements are established, we can look at designing the solution.

It involves creating a governance framework for data, processes, and decision-making, ensuring strong collaboration across the business and preventing a bottom-up technology approach that fails to support future business capabilities and needs.

To do so, we must first look at how these features and data integration points fit into the puzzle. This starts with establishing the level of complexity related to each feature set. For example, receiving a purchase order. Can this purchase order be received on multiple receipts, are we expecting to use mobile data capture, can we expect to have an Advanced Shipment Notice (ASN), should we complete quality assessment based on complex criteria, are we completing directed putaway by zone temperature, etc.

Depending on these answers, we'll identify this feature as belonging in the ERP, requiring an addon to the ERP, or being a standalone WMS functionality. We then circle through all features evaluating these elements.

Once completed, we gain a comprehensive understanding of our software portfolio's diverse business solutions. We then align system integrations to ensure each solution receives the necessary information at the right time.



3

Finally, we define the roadmap.

Establishing a future state system architecture and associated iterative development approach considers immediate opportunities, process and data ownership, and critical feature deployment dependencies.

Implementing a "Big Bang" method isn't always the best approach. A well-planned deployment roadmap reduces initial implementation timeline and risk and addresses key challenges for easier adoption and change management. This isn't to be confused with an agile product development methodology; it's about breaking down the desired system architecture into smaller deployments.

A clear roadmap ensures building a robust and scalable system while quickly addressing critical elements and bringing value to your business, unlike a poorly defined roadmap that can lead to the horror stories everyone fears.

Digital Transformation for a Leading Canadian Cosmetics Distributor

A leading Canadian distributor of Asian beauty products, aimed to boost its warehouse operations to keep up with growing product demand. The Ontario-based cosmetics and perfumes supplier had adopted Microsoft Business Central Cloud and added a new distribution center to its network as part of expansion plans. To optimize operations and support growth, they looked for a supply chain partner to implement a Warehouse Management System (WMS) and improve operational efficiencies.

Context & Challenges:

- Rapid growth and expansion into new markets necessitated improvements in sales, marketing, warehousing strategies, and back-office operations.
- The organization faced challenges in its warehousing operations, incomplete master data, suboptimal item slotting, and a lack of advanced warehousing capabilities.
- Desired outcomes included enhancing customer service, consolidating company data, improving warehouse efficiency, and streamlining back-office tasks.

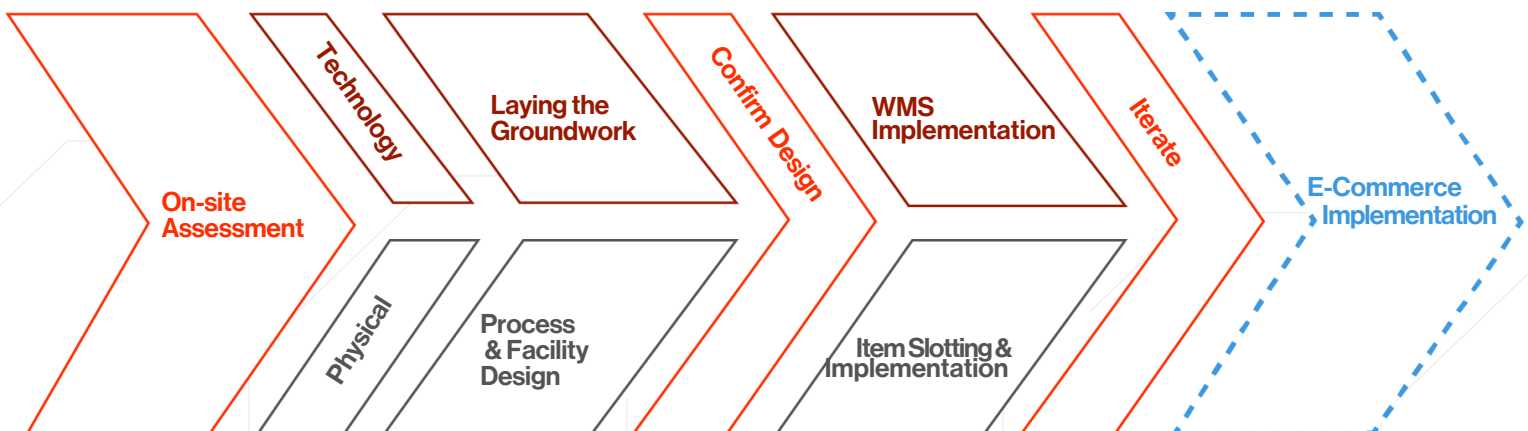
Response:

Recognizing that the current Business Central Cloud setup may not have perfectly suited the organization's requirements, LIDD focused on refining the platform's features and data governance for seamless integration with the upcoming WMS.

However, before jumping into new technology investments a strategic plan needed to be put in place. Prior to the WMS implementation, LIDD analyzed optimal ways to utilize the new infrastructure and technologies with a Digital Transformation Roadmap (DTR) for a successful transition.

Our Approach:

LIDD adopted a structured approach to build a roadmap to address the warehousing challenges. The team conducted a thorough assessment of the current operations, gathered requirements from stakeholders, identified weaknesses and gaps, and developed best practice operating methods. The outcome of this was a detailed roadmap that effectively communicated their technology goals into an actionable plan.

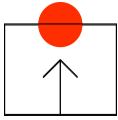


Our Approach (continued):



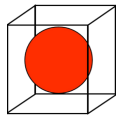
1. On-site Assessment

LIDD conducted an operations audit and analysis of the client's processes, infrastructure, and operational challenges to identify gaps and opportunities.



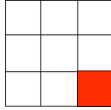
2. Laying the Groundwork

LIDD readied the technology setup for WMS integration by training the team on current system features, auditing financial processes, and refining reporting structures. We also defined rules in the client's master data to guide warehouse operations like unit handling, case picking, and pallet storage management.



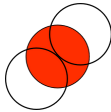
3. Warehouse Design

LIDD provided a detailed recommendation outline, along with an implementation roadmap for proposed design solutions to support the WMS implementation, catering to current and future operations. This involved exploring alternatives for the warehouse layout and design, focusing on material handling equipment (MHE), and creating multiple inventory positioning layouts.



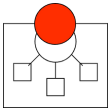
4. Warehouse Slotting

LIDD audited their warehouse slotting to enable correct WMS configuration to support operations. This involved determining item slotting, pick quantities, and replenishment quantities. With this information confirmed, the WMS solution could be properly set-up to optimize positioning and picking paths.



5. WMS Implementation

With the solution strategy and design in place, it was time to implement. The WMS solution incorporated features to improve warehouse operations, such as integrating handheld data capture and packing stations. LIDD also utilized Insight Works distribution extensions for enhanced functionalities such as integrated packing and shipping. Customizations involved optimizing label printing processes and setting up a dedicated shipping station for outbound goods.



6. eCommerce Implementation

With the correct technology infrastructure, LIDD suggested the implementation of a new B2B portal. This included supporting the selection process to meet the client's needs, as well as leading the implementation of the portal into their operation.

Results:

With this approach, LIDD was able to:

- Prioritize fundamental elements before the WMS implementation to optimize digital warehouse activities.
- Develop a strategic game plan to achieve better order entry, visibility, and overall operational efficiency.
- Emphasize the importance of proper ERP set-up before integrating a WMS to ensure effective problem-solving and successful implementation.





Direct to Consumer Subscription Company Achieves Platform and Operational Scalability

Context

A West Coast based, \$300M health / lifestyle organization with over 1 million members recently turned to LIDD Consulting and its ecosystem integration partner Cleo, provider of the Cleo Integration Cloud (CIC) platform, for help establishing seamless connections between 3PL partners and the existing WMS for streamlined operations.

Customer Challenge

- The company was new to B2B integration and needed a way to connect to their 10+ trading partners to build a world-class 3PL fulfillment program.
- They had been relying on manual processes, limiting their ability to quickly scale, onboard, and establish key revenue-driving connections.
- Having grown to where the company was experiencing more than 1 million transactions per year, they recognized they needed B2B automation to help improve their Warehouse Order & Inventory Management process.

Cleo + LIDD Solution

To address these challenges, Cleo was able to implement self-service API and -

EDI solutions, which allowed the customer to quickly establish connections between their customers and their Warehouse Management System (WMS). Additionally, Cleo enabled the customer to manage various customer integration requirements, providing end-to-end process visibility with simplified exception management.

To ensure successful solution adoption and integration with existing systems, LIDD assisted in integrating the Cleo Integration Cloud with the client's existing ERP (NetSuite). This initiative enabled the company to take full advantage of Cleo solutions, delivering -

newfound value across multiple dimensions, such as:

- Expand to 3PL
- Onboard partners rapidly
- Resolve errors quickly
- Enable end-to-end process visibility
- Ensure compliance with trading partner requirements

Looking Ahead

Cleo and LIDD continue to provide value to this customer by continually enabling it to uphold its supply chain business commitments through CIC Cockpit with RADAR™ adoption, and both companies look forward to assisting the customer's rapid growth and remaining a critical part of their business success.



Achieving White-Glove Service in Luxury Apparel

Apparel companies tend to stay away from business software for as long as possible. They build complex spreadsheets to track their inventory and designs, manually fulfill their orders one-by-one and rely on rules of thumb for quality control. Over time, this makeshift system becomes unsustainable. Tech packs are disorganized, emails accumulate, and invoice reconciliation becomes a daunting task.

Recently, LIDD crafted a digital transformation roadmap for a luxury apparel client grappling with these issues.

Context & Challenges:

This company designs, produces, and distributes high-end apparel goods through retail locations, wholesalers, and an e-commerce website. Using specialized co-manufacturers, they manage the whole CMT (cut-make-trim) processes and manufacture almost everything in Los Angeles. They own a small distribution center where they fulfill most DTC orders, and utilize a 3PL for bigger, wholesale orders.

Here's what we noticed:

- Their current apparel-specific ERP was implemented without adequate training or documentation, leading users to question its full utilization.
- A fragmented software lineup complicated the accounting department's reconciliation efforts in QuickBooks, requiring extensive data manipulations.
- The design team lacked organizational tools for efficient product development, leaving the production team with challenging issues and tight deadlines.
- Without clear tasks and real-time inventory updates, warehouse operations suffered delays, errors, and increased customer service inquiries.
- High-end apparel customers means higher standards when it comes to white-glove service. The company's reliance on workarounds to enhance customer experience without investing in supporting technology resulted in increasingly complex back-end processes.



Response & Recommendations

- Transition to a new ERP with robust partner support for training and ongoing improvement.
- Integrate operations into the ERP, automating financial transaction mapping to respective G/L accounts with minimal reconciliation efforts.
- Deploy a user-friendly PLM system to enhance collaboration between design and production teams.
- Implement basic warehouse management functions to streamline tasks and simplify inventory tracking across bin locations.
- Prioritize customer-centric strategies, assessing their impact and technological requirements before implementation.

Since leading this customer through requirements definition and a software selection process, they are now well on their way to a better technology ecosystem.



Cleo is an ecosystem integration software company focused on business outcomes, ensuring each customer's potential is realized by delivering solutions that make it easy to discover and create value through the movement and integration of B2B enterprise data. Cleo gives customers strategic, "outside-in" visibility into the critical end-to-end business flows happening across their ecosystems of partners and customers, marketplaces, and internal cloud and on-premise applications. Cleo's solutions empower teams to drive business agility, accelerate onboarding, facilitate the modernization of key business processes, and capture new revenue streams by reimagining and remastering their digital ecosystem through robust application, B2B, and data integration technologies.

Company

2012

Acquired

25

Partners

4,200+

Customers

6

Global Locations

Performance

87

Net Promotor Score (NPR)

30%+

CAGR

95%

Renewal Rate

99.95%

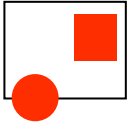
SLA Up-Time

For more information, visit www.cleo.com or call [+1.815.282.7695](tel:+18152827695)



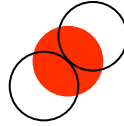
LIDD Supply Chain Consulting

LIDD is a full service, global operations and supply-chain consulting firm. Our industry leading team of design, strategy, and technology experts optimize operations, enhance productivity, and build intelligent infrastructure for sustainable business growth.



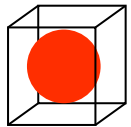
Supply Chain Strategy Consulting

We carefully consider your entire organizational structure. Our data-driven solutions are tailored to your specific business challenges, change management requirements, and future needs.



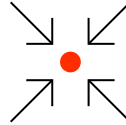
Supply Chain Technology

We select, implement, integrate, and support business management and supply chain execution software.



Distribution Center Design

Whether you're running out of space, operating inefficiently, or struggling with labour costs, we can help you reconfigure or automate your location to drive efficiencies.



Facility Implementation

Build ready-to-use facilities on time and on budget. We handle the entire transition process from RFP to equipment selection and implementation.



LIDD & Cleo

LIDD's Toronto office serves as a hub of supply chain expertise, delivering innovative solutions to businesses in the Ontario and Western Canada region. The making of this quarter's newsletter involved the concerted efforts of the LIDD Toronto team, in collaboration with our strategic partner, Cleo who provided the case study on effective data integration.



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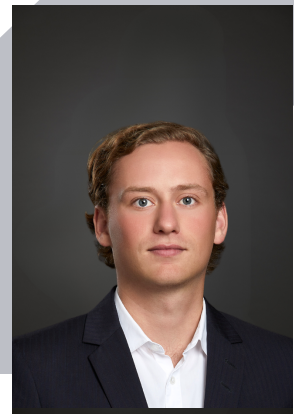
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