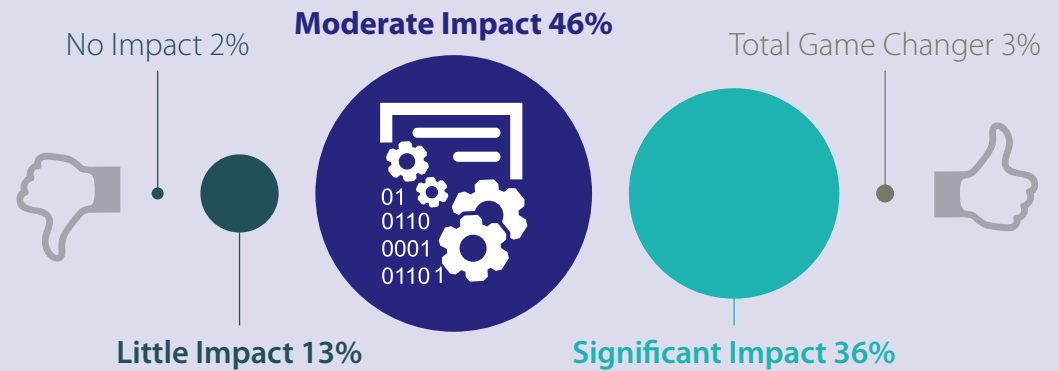


The 2015 CSCO Report

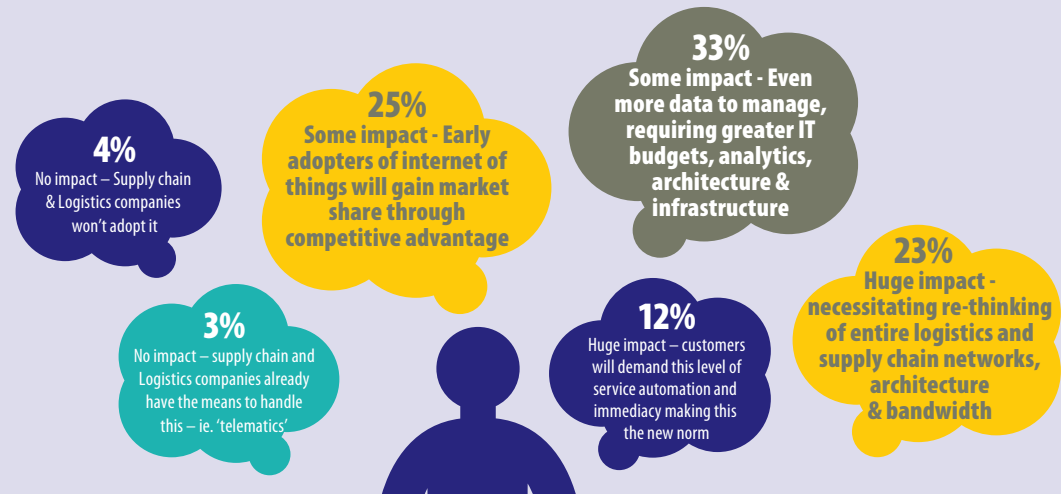
The Top 3 Business Challenges Driving the Supply Chain Agenda in 2015:



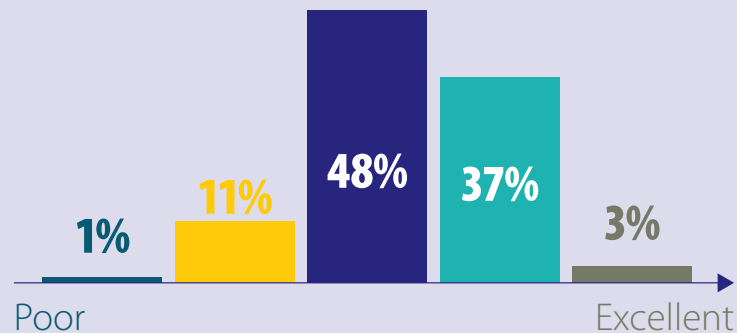
The Expected Impact of Big Data on Supply Chain?



Respondents' Views on the Impact of the Internet of Things on Supply Chain



How Respondents Rate their own Supply Chain



Introduction

When conducting research for the 2015 Chief Supply Chain Officer Forum (June 16-18 in Chicago), eft surveyed senior supply chain executives on their supply chain concerns, priorities and thoughts on future technologies that stand to affect their operational strategy.

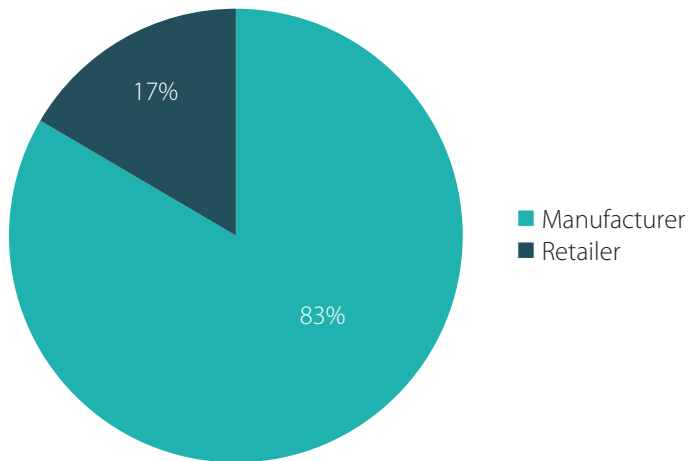
The resulting report is split into two sections – section one explores the Current State of Supply Chain, focusing on how respondents are tackling their current supply chain issues, successful cost cutting methods and how they rate their own supply chain. Section two focuses on the Future Supply Chain, with respondents being asked to think about the possible impact of big data, the internet of things, omni-channel developments and 3D printing.

Supply chain is in a state of flux as technology and economic challenges are changing the ways goods are produced and transported across the globe. It feels like a tremendously exciting time for the industry in terms of the huge untapped potential offered by technological advancements that will truly shape the future of supply chain.

This report aims to give senior supply chain executives some guidance in terms of what challenges their global peers are facing, and how they're positioning their companies for future growth.

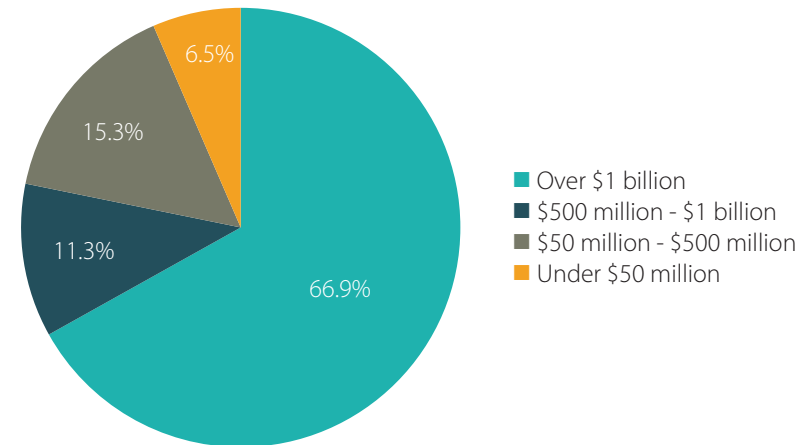
Respondent Demographic Information

Company Type



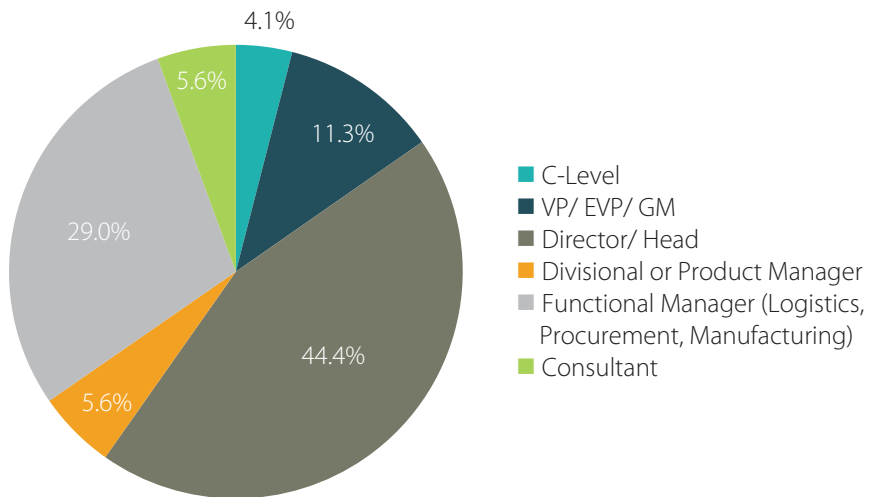
Only the responses of supply chain or logistics executives working for a retailer or a manufacturer were included in this report, with the majority of respondents coming from a manufacturer.

Company's Annual Revenue



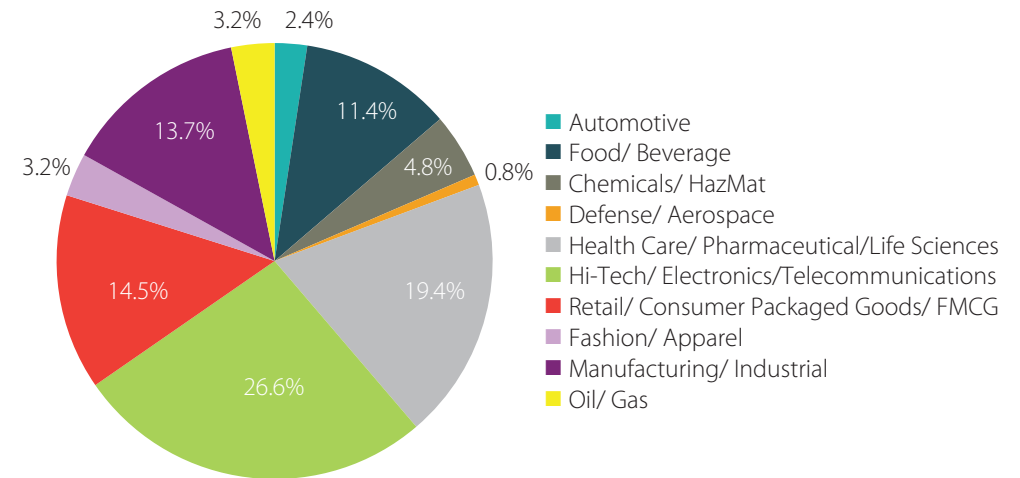
The majority of respondents represented a company with an annual revenue of over \$1 billion.

Job Role of Respondents



The largest proportion of respondents are at director level, with the next largest group being functional managers.

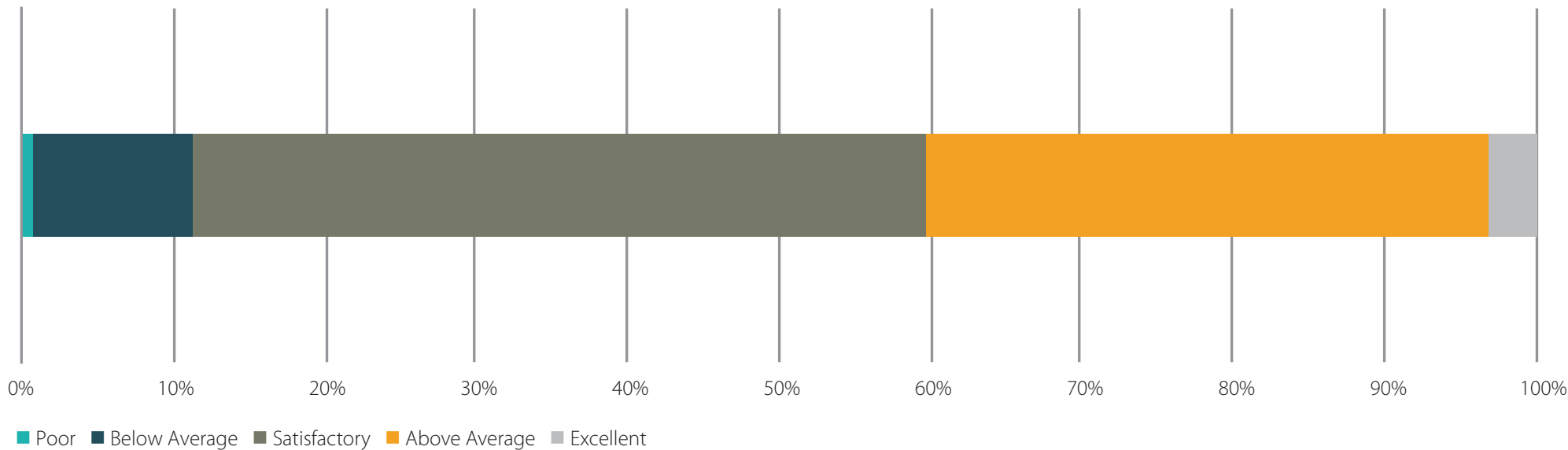
Main Industry of Business



The industry most represented by respondents is the Hi-Tech/ Electronics/ Telecommunications area, with the Healthcare and Manufacturing/Industrial industries also well represented.

Current State of Supply Chain

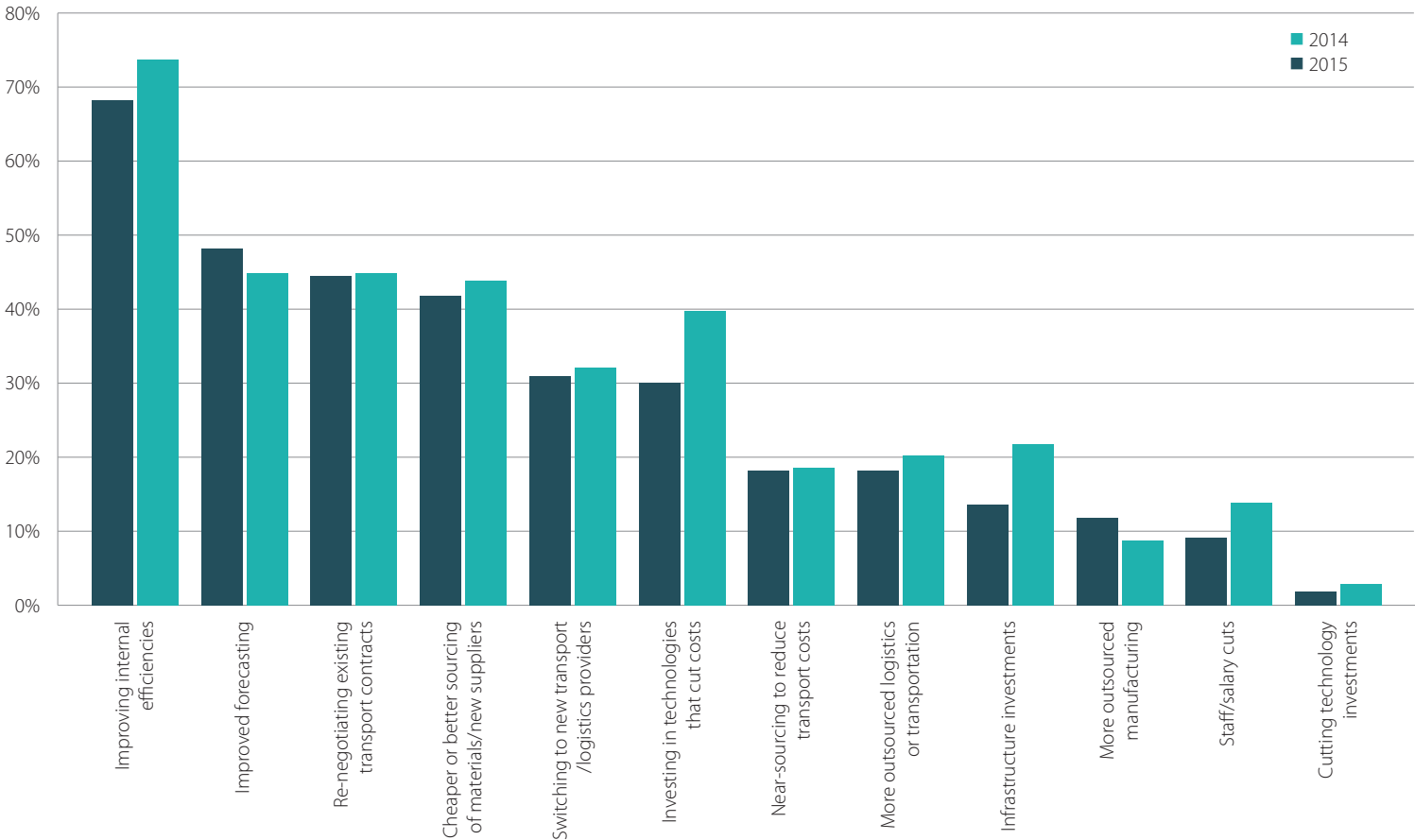
How Respondents Rate their own Supply Chain



We first asked respondents to rate their company's supply chain on a scale from poor to excellent. Encouragingly, a very small percentage of respondents rated

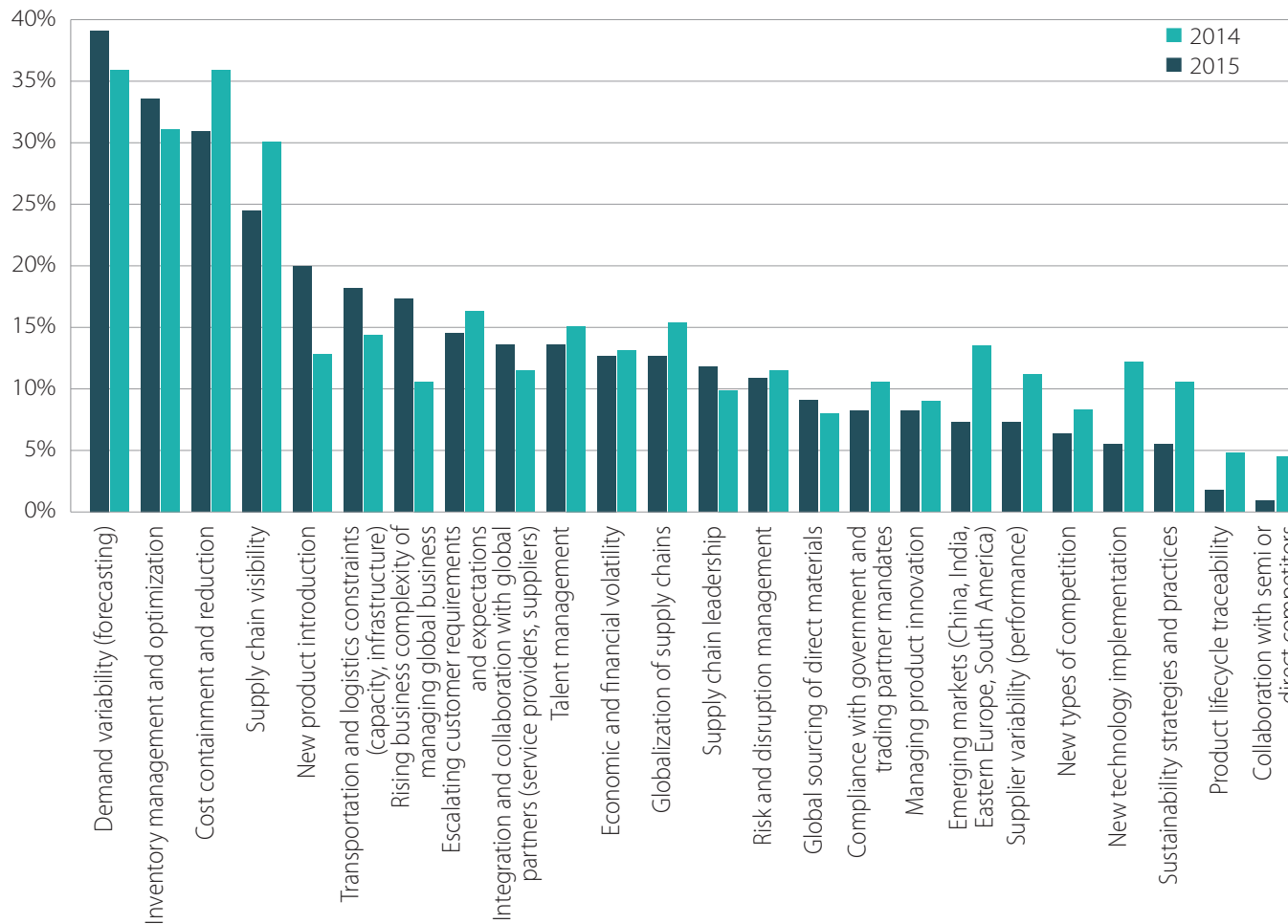
their supply chain as poor, but the number of those who rated their supply chain as excellent was also fairly small. The highest category selected was satisfactory.

The Most Effective Methods for Cutting Supply Chain Costs in the Past 12 Months



Respondents were asked to select all the areas that have been effective methods of cutting supply chain costs in the past 12 months. Improving internal efficiencies was in the top position, in line with 2014 results. Improved forecasting took the second spot, up from last year. In fact, this was the only area that increased in effectiveness for 2015. A key takeaway from the 2015 results is the marked drop in investment in technologies that cut costs, suggesting that companies are perhaps looking more towards internal methods in order to reduce costs.

The Top 3 Business Challenges Driving the Supply Chain Agenda in 2015

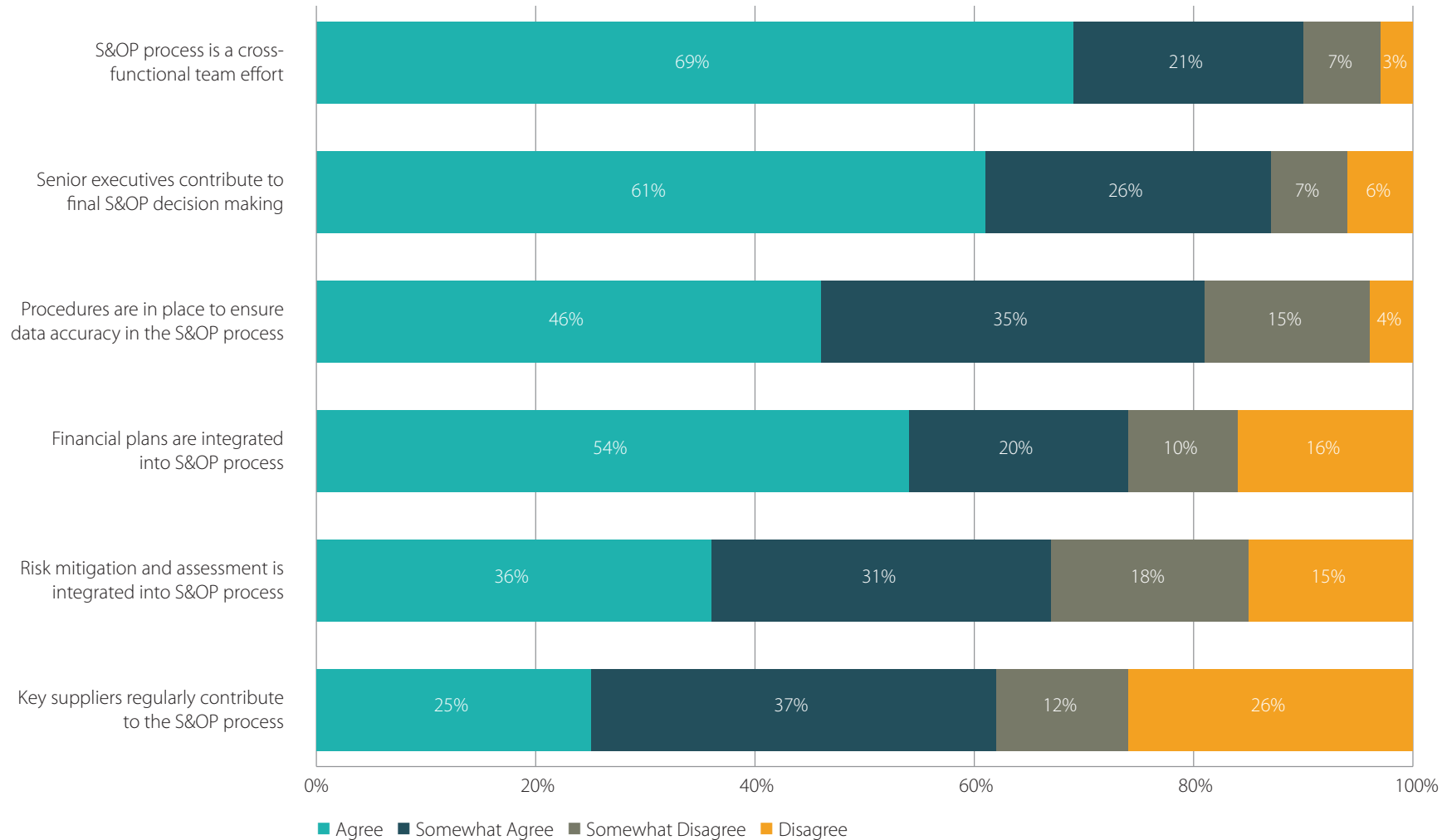


When compared to the previous graph, this chart proves interesting – forecasting comes out as the primary concern for executives, indicating that this is their main focus in terms of both being a challenge and being a prime area in which to cut costs. Inventory management and optimization also ranks highly, perhaps related to the increased importance of ecommerce to both manufacturers and retailers.

Another trend to note is the correlation of the decreasing importance of new technology implementation-is now less of a business challenge and a less effective method of cutting costs than in 2014.

After deep-diving into these results, we analyzed the top challenges by revenue. Companies in the \$500 million to over \$1 billion region selected demand variability as their primary challenge, in line with overall results. Companies with revenue of under \$50 million and between \$50-500 million however, chose cost containment and reduction as their biggest challenge.

S&OP Processes

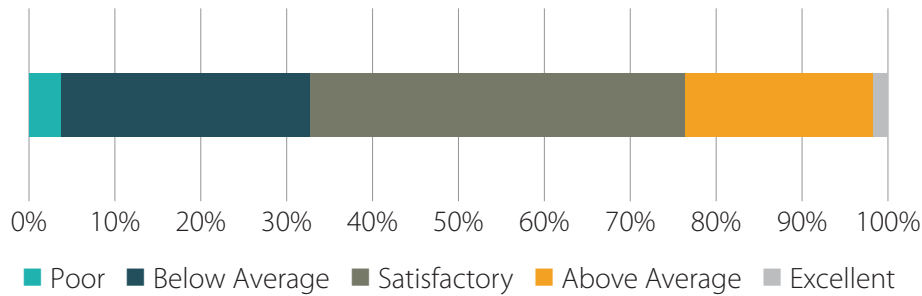


When asked to rate various areas of S&OP planning statements in relation to their company, we found that over two thirds of respondents agreed with the sentiments that ‘the S&OP process is a cross-functional team effort’ and that

‘senior executives contribute to final S&OP decision making’ within their organization. However, it appears that key suppliers do not regularly contribute to the S&OP process, nor is risk mitigation often integrated into the S&OP process.

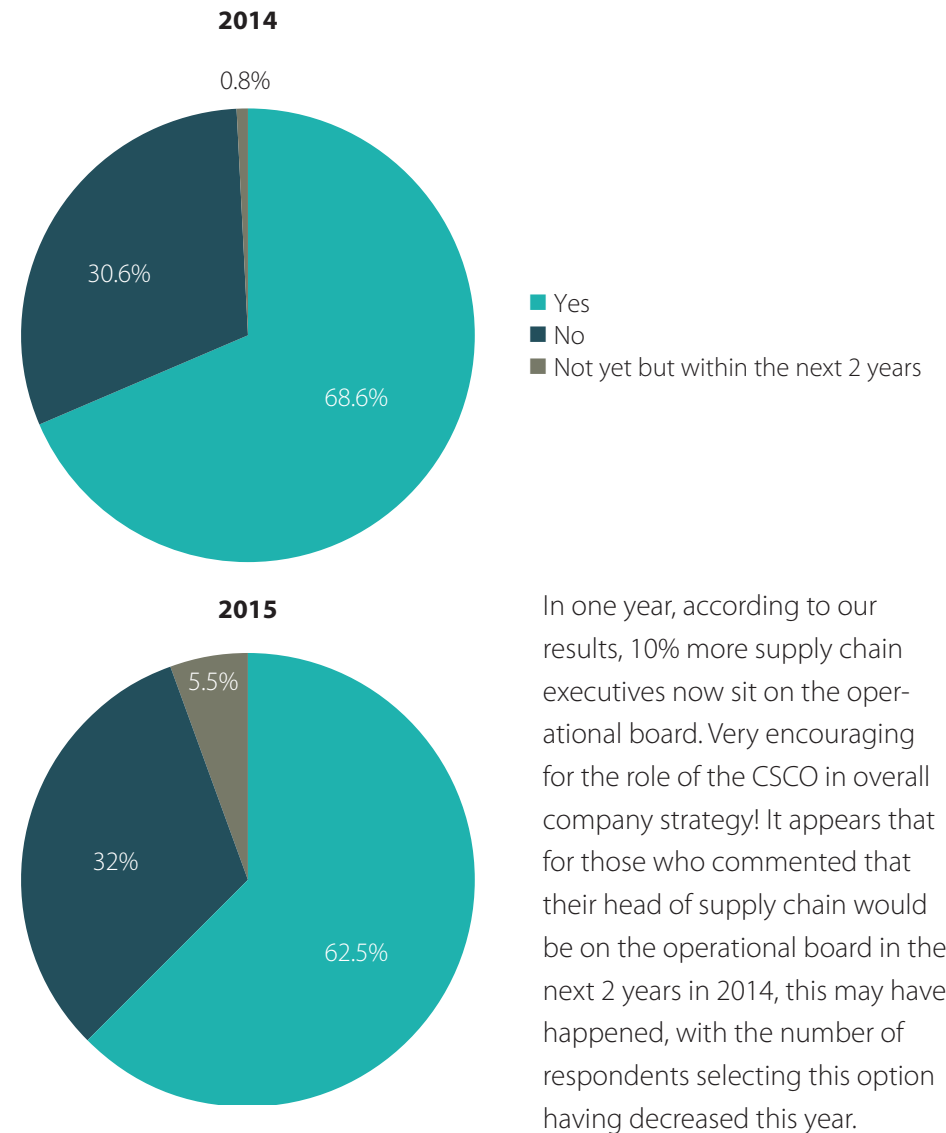
How Respondents Rate their Supply Chain Contingency Planning

The weighted average score of respondents = 2.89



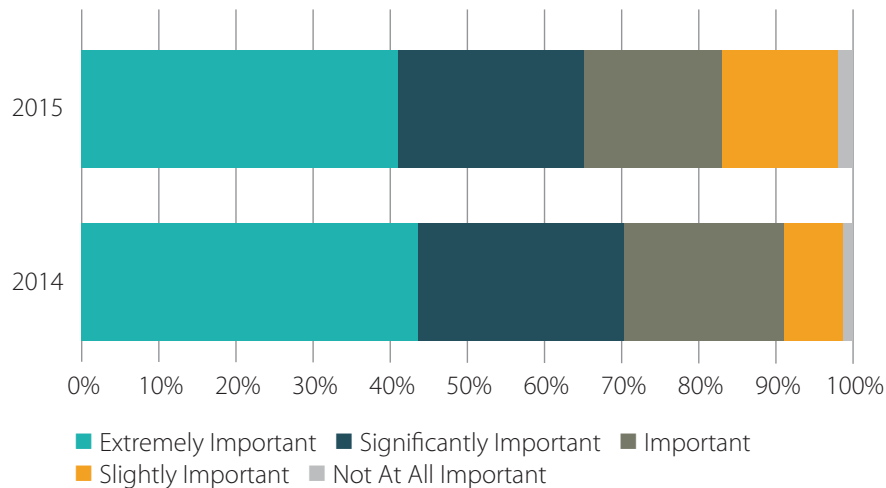
'Satisfactory' was the most common answer when we asked respondents to report on their supply chain contingency planning. The most interesting thing to note here is the difference in the rating between companies of over \$1 billion of revenue vs. those under that. Further analysis of the data found that around 35% of companies with revenue of over \$1 billion rated their supply chain contingency planning as above average, compared to the 14-15% rating by companies with revenue below that figure.

Whether the Head of Supply Chain Sits on the Operational Board



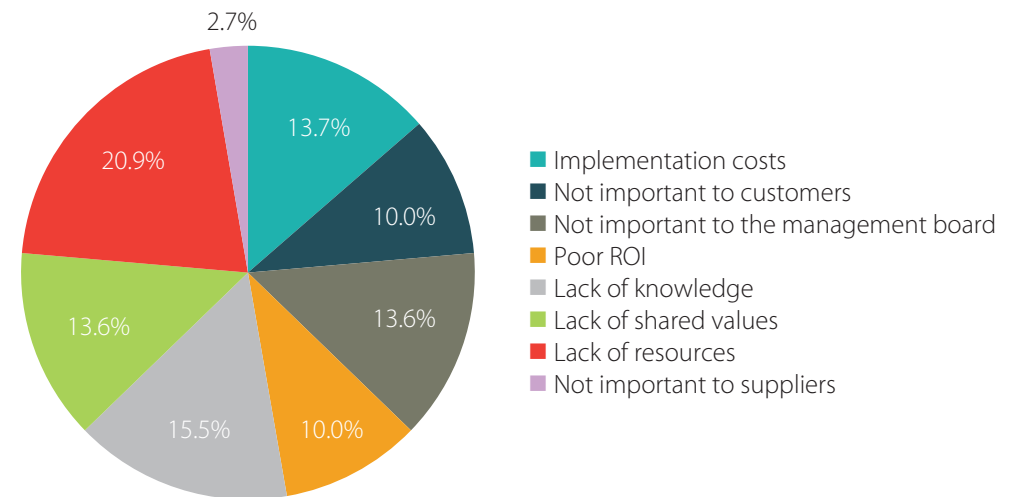
Future Supply Chain Opportunities – Sustainability

The Importance of Supply Chain Sustainability



During eft's in-person and phone conversations with global supply chain executives, sustainability has proved to be a prominent area of the future agenda. It's surprising then, that according to respondents surveyed, the importance of sustainability has decreased since 2014. However, results are still fairly similar to last year and over one third of respondents did rate sustainability as extremely important to their business. If we had posed this question a few years ago, it's likely that this percentage would have been much lower.

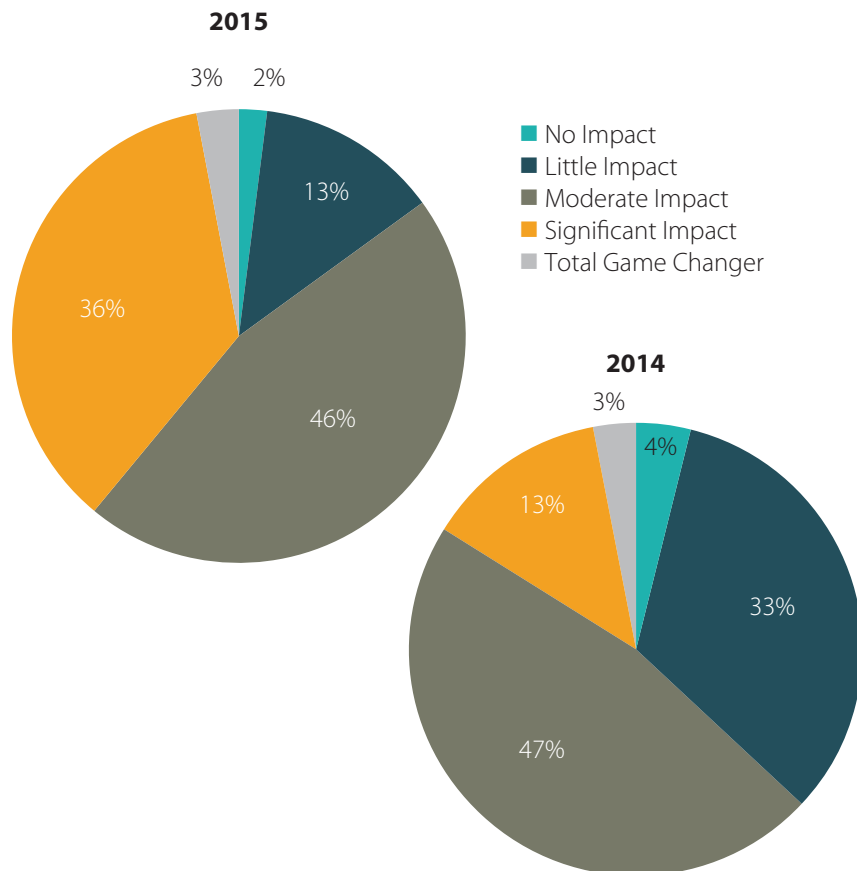
The Biggest Obstacle to Achieving Greater Supply Chain Sustainability



When asked to choose the greatest obstacle to achieving supply chain sustainability, the most popular response was lack of resources. Somewhat surprisingly, it was the companies with revenue of over \$1 billion who drove up this average – around 27% of respondents from these companies selected this response.

Future Supply Chain Opportunities – Big Data

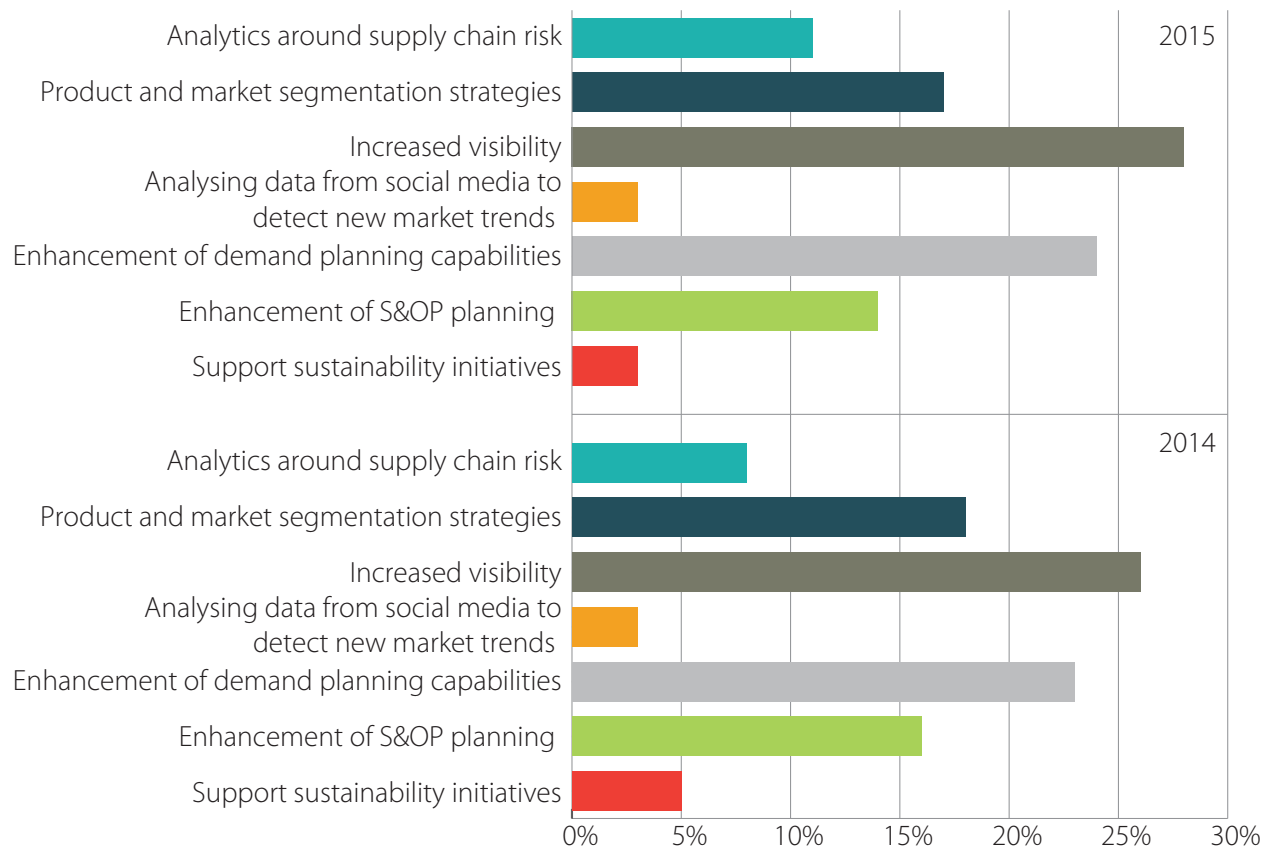
The Expected Impact of Big Data on Supply Chain



The thing to note here is that respondents' views seem to be shifting towards the positive in terms of the expected impact of big data on SCM. Although fewer think that it will be a total game changer, those who think that big data will have a moderate to significant impact on supply chain has increased - now up to 82%.

Future Supply Chain Opportunities – Big Data

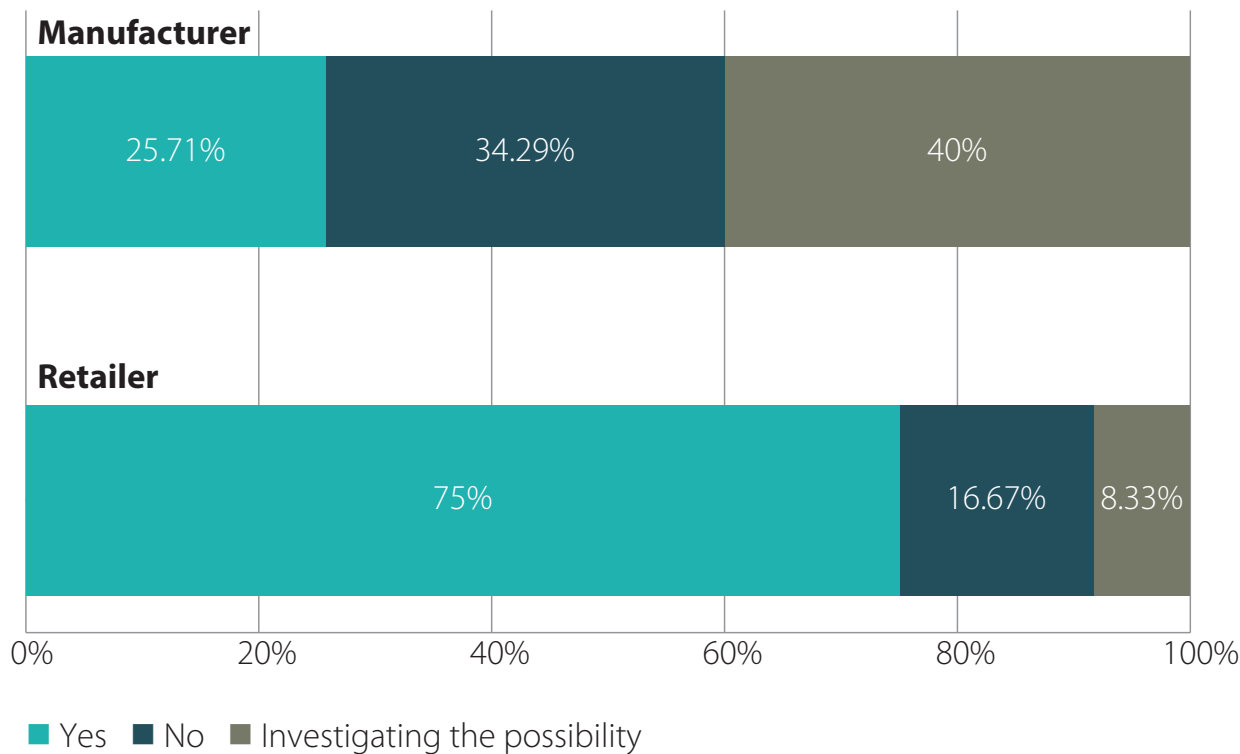
The Areas of Best ROI for Big Data



Respondents were asked to choose the one area in which they think big data will have the best impact on ROI. Results were overall very similar to 2014, with visibility once again the most valuable area of big data application. One significant change to note is the slight increase in those who think it will prove most ROI on supporting sustainability initiatives – correlating, as noted previously, with eft’s in-depth research with supply chain individuals.

Future Supply Chain Opportunities – Omni-Channel

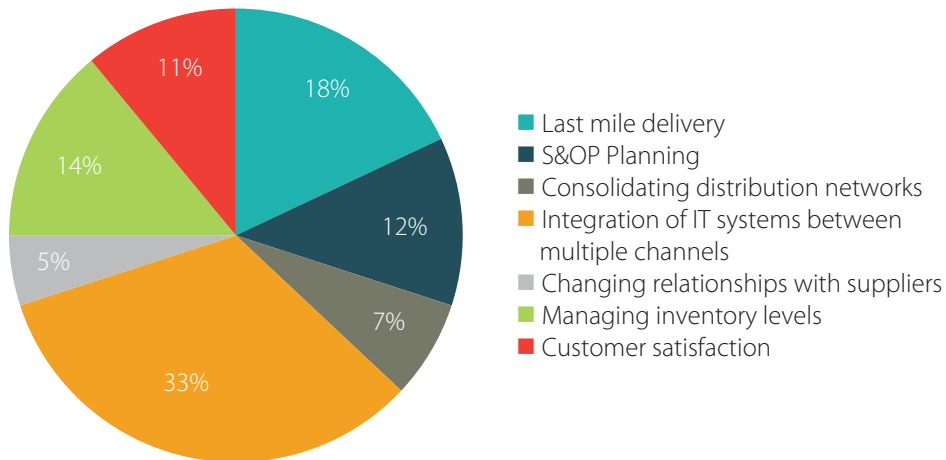
On Whether Respondents have Plans to Expand Omni-Channel Capabilities in the Next 12 Months



This question split out retailers from manufacturers on whether they have plans to expand omni-channel capabilities. Unsurprisingly, three quarters of retailers do have plans to expand. The most interesting takeaway from this is the proportion of manufacturers (40%) who are investigating the possibility. It will be interesting to see how these results compare when the survey is conducted next year.

Future Supply Chain Opportunities – Omni-Channel

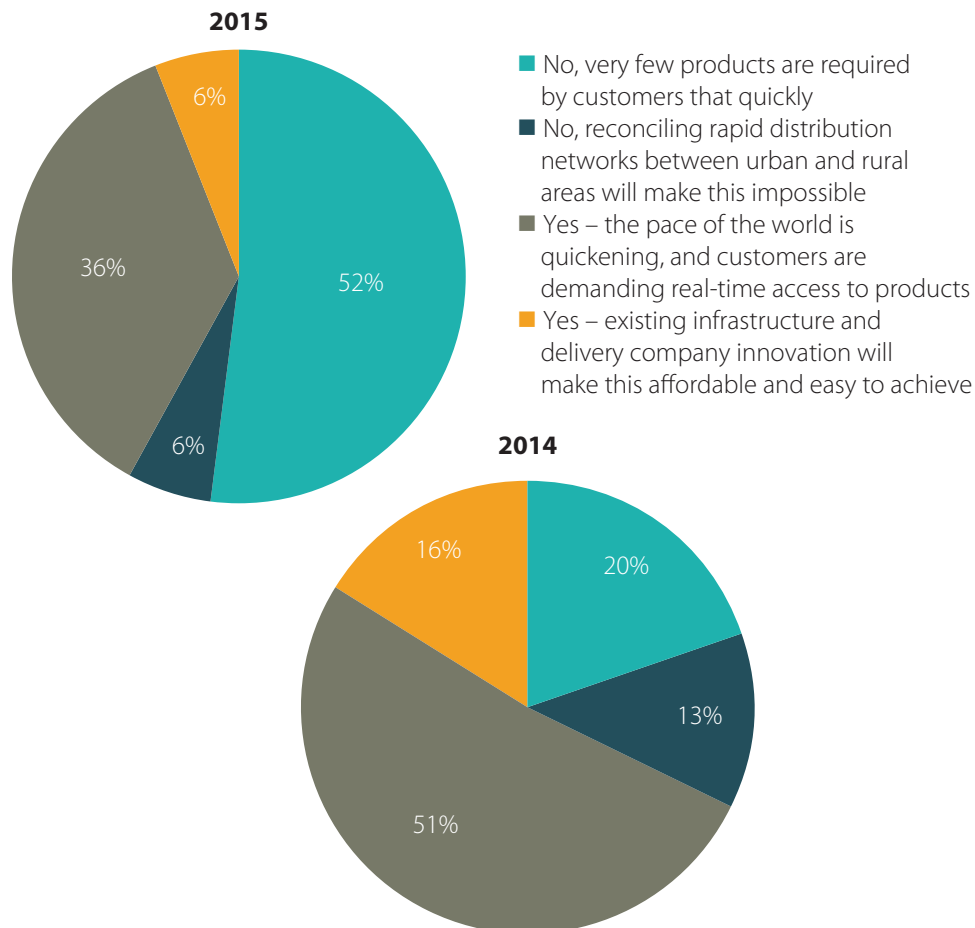
The Biggest Concern when Expanding Omni-Channel Operations



When asked to pick just one biggest concern when expanding omni-channel operations, the integration of IT systems between multiple channels was the most popular response, with a third choosing that answer. Last mile delivery was also a prominent concern for respondents. The impact of Uber's foray into the last mile delivery arena could change the landscape – next year, we could be looking at an entirely different set of concerns! Uber's GM of Chicago will be speaking on this very topic at the 3PL Summit and CSCO Forum in Chicago this June 16-18. If you're interested in how their move into logistics might affect last mile delivery and your operations, I encourage you to join the event! You can head to www.cscoforum.com for more information.

Future Supply Chain Opportunities – Omni-Channel

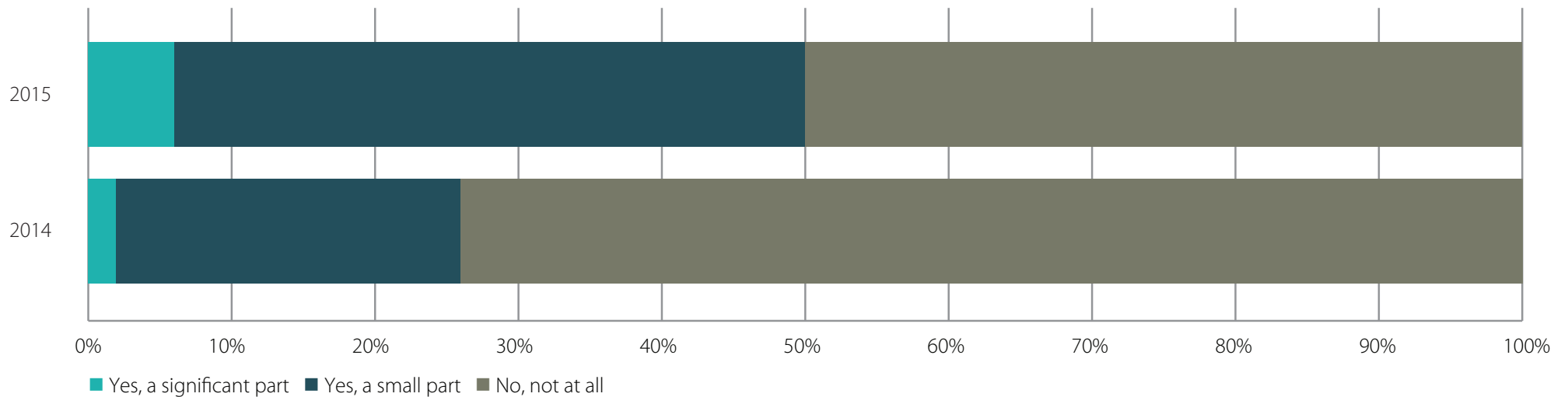
On Whether Same Day Delivery is Inevitable



These results, when compared to 2014 are very interesting. Whereas last year, 20% of respondents cited that 'very few products are required by customers that quickly', a huge 52% of respondents chose that answer this year. This could be that more retailers answered the survey in 2014. Again, when talking individually to senior supply chain executives, the increasing demands of the customer have been brought up as a primary concern and of course, same-day delivery comes into that. Still, despite the marked difference between 2014 and 2015's results, 42% of respondents this year do still think that it is inevitable.

Future Supply Chain Opportunities – 3D Printing

Whether 3D Printing will Become Part of the Manufacturing Process in the Next 3 Years

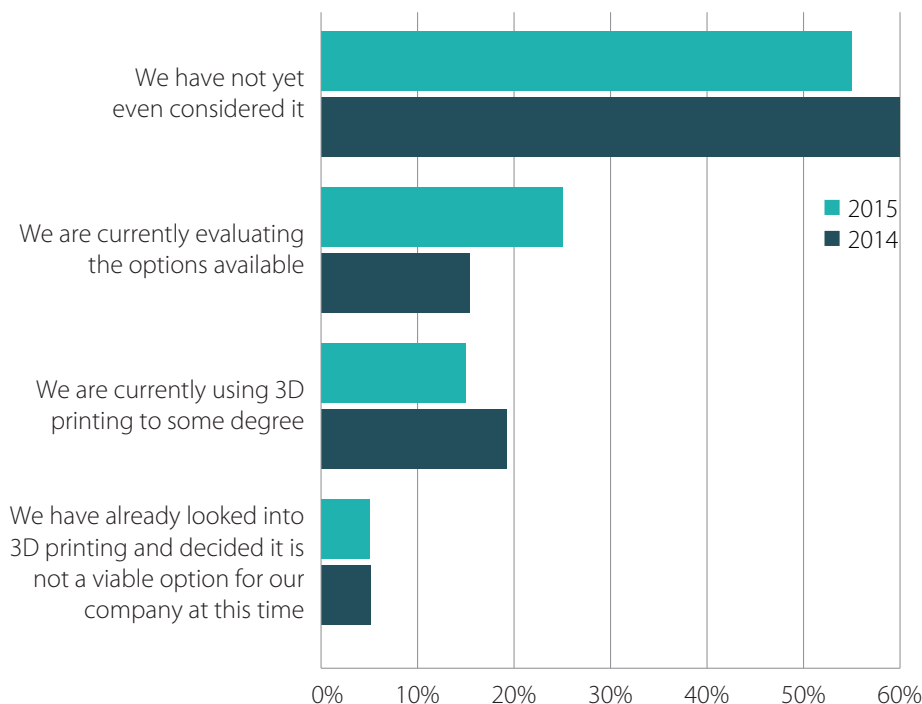


It's clear that 3D printing has increased in importance for supply chain executives when compared to 2014, with more respondents choosing that it will have a significant or small impact on manufacturing processes. This does correlate to a trend that eft has seen over the last few years. In 2012, when eft's CEO Chris Saynor asked a 400 person strong audience of supply & logistics executives

whether they think the impact will be large, only a few raised their hands. Fast forward to June 2014 at the [3PL Summit](#), and the reaction was quite the opposite. Most agreed that there would be a significant impact on operations. Given that this audience was made up of CEOs of many of North America's leading 3PLs as well as heads of supply chain of leading retailers, this is quite significant.

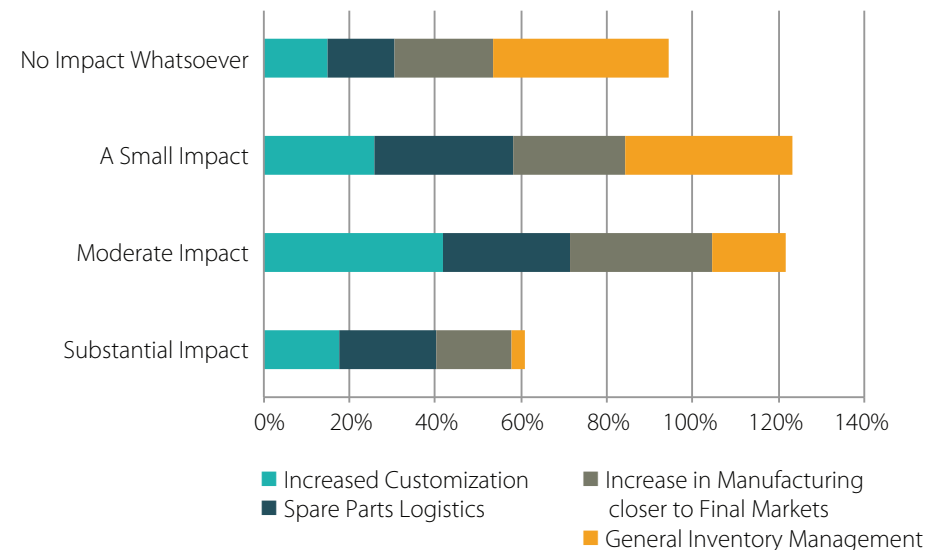
Future Supply Chain Opportunities – 3D Printing

The Stage that Companies are at in the Use of 3D Printing



Respondents were then asked to indicate the level that their company is at with regards to the use of 3D printing. The interesting thing to note here is that more companies are now evaluating the options available – this is definitely one trend to make sure you look at.

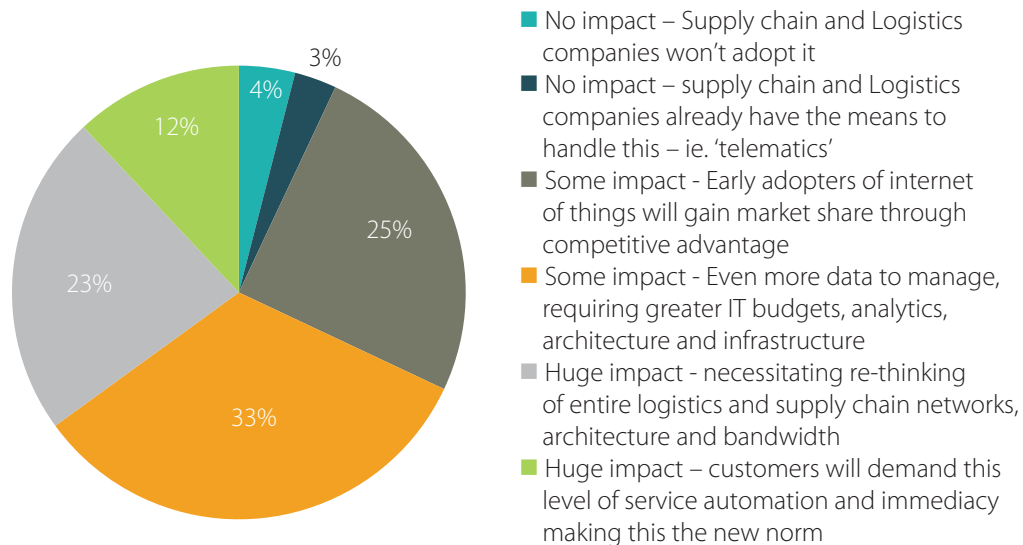
The Areas in which 3D Printing will have the Most Impact in the Next 3 Years



The final question on 3D printing asked where respondents see most impact happening in the next 3 years. The greatest expected impact taking into account weighted average is in increased customization, although spare parts logistics took the greatest proportion of 'significant impact' responses. Respondents generally see very little impact on general inventory optimization.

Future Supply Chain Opportunities – The Internet of Things

The Expected Impact of the 'Internet of Things' on Supply Chain



One of the most frequently mentioned topic areas during eft's discussions with executives in both the supply chain and logistics industries is the internet of things and the potential opportunities that could be found there. Given this, we asked respondents to indicate the level of expected impact of IOT on SCM. The most significant findings to take away from this are that only 7% of supply chain executives see no impact whatsoever, and over a third see a significant impact. I expect that when we survey our live audiences at events on this topic, the results over the next few years will be much like those on 3D printing – a very tangible increase in importance for supply chain.

The Companies with the Best-in-Class Supply Chains?

Executives were asked to indicate which supply chains they think are currently best-in-class. The companies below were those with the most mentions. These are, according to the industry, the supply chains to admire!



ZARA



Conclusion

Supply chain is at an exciting juncture, as shown by this report. While companies attempt to control their costs and get the core of their operations right, they also must look to the future to be able to advance their strategy in line with the technologies and opportunities available to them. The tools and technologies used to make the supply chain work are changing and this is something for the companies to grasp to remain competitive.

At its core, the potential for fundamental change in the way business is conducted is higher than ever. But supply chain won't be reinvented overnight, highlighted by the fact that forecasting is still a primary concern for supply chains now, and also by the middle rating that most respondents in this report gave their own supply chain.

The combination of asking respondents to think about the 'now' and the 'new' in this report ties into the themes for this year's Chief Supply Chain Officer Forum in which sessions focus on how executives are setting up the core capabilities of their supply chain in order to capitalize on the technological opportunities of the future. Whether you're a first adopter or looking to implement incremental changes, consider joining the event to hear the case studies and discussions at the event that will undoubtedly leave you with a clearer strategic view than you had previously.

Want to learn more?

The North American Chief Supply Chain Officer Forum is the most elite gathering of C-level logistics and supply chain executives in North America.

The unique nature of the event is that it also brings together CEOs of North America's leading 3PLs, allowing the industry's most prominent leaders from both the customer and provider side, to debate their concerns and thoughts on the industry's future.

The topics discussed in this report – looking at cost cutting, eCommerce, big data, sustainability, S&OP etc. will all be live discussions taking place at the event

The Chief Supply Chain Officer Forum, June 16-18 at The Radisson Blu Aqua, Chicago

Join this year's event to explore the 'now' and the 'new' of supply chain strategy – pinpointing the core capabilities that you need to have in place before capitalizing on the opportunities present in the form of Intelligent Analytics, the 'new' eCommerce, M2M and the Internet of Things.

Want to learn more?

These Supply Chain Speakers Will Guide you Through the Next Generation of SCM:

- Don Hnatyshin, SVP Chief Procurement Officer, **Jabil**
- Reuben Slone, SVP Supply Chain, **Walgreens**
- Scott Spata, VP Direct Fulfillment, **Home Depot**
- Gautam Grover, VP, Logistics Services, **US Foods**
- Neil Swartz, VP and GM Parts Operations, **Toyota North America**
- Jim Tompkins, CEO, **Tompkins International**
- David Wilkins, VP of Contracts and Supply Chain, **Raytheon Company**
- Mike Buseman, Chief Global Logistics & Operations Officer, **Avnet**
- Jim Hourigan, COO, **BuildDirect**
- Kurt Doelling, VP SC, **Oracle**
- Larry Hartley, SVP Supply Chain, **Office Depot**
- Kehat Shahr, VP of Supply Chain Planning, **SanDisk Corporation**
- Mike Fleming, VP Global Integrated SC, **Johnson Controls**

Senior supply chain executives working at a retailer or a manufacturer can attend the event with a complimentary pass. To apply for a guest pass, head to: <http://events.eft.com/csco/register.php>

These Leading 3PL Speakers will Share Insight on the Future of Logistics

- John Costanzo, President, **Purolator**
- Chris Taylor, GM Chicago, **Uber**
- Brad Jacobs, CEO, **XPO**
- Hervé Montjotin, CEO, **Norbert Dentressangle**
- John Hextall, President North America, **Kuehne + Nagel**
- Scott Temple, President Contract Logistics, **Norbert Dentressangle**
- James Welch, CEO, **YRCW**
- Jose Ubeda, SVP, **Expeditors**
- Tom Sanderson, CEO, **Transplace**
- Doug Waggoner, CEO, **Echo Global Logistics**
- John Carr, CEO, **MiQ**
- Egil Moller Nielsen, SVP, eCommerce, **SmartCentres**
- Scott McWilliams, Executive Chairman, **OHL**
- Chris O'Brien, CCO, **C.H. Robinson**

For more information about the CSCO Forum and the 3PL Summit, including agenda topics, latest speakers and sponsorship opportunities, visit www.cscoforum.com or contact the event director, Sarah Reynolds on sreynolds@eft.com