



SUPPLIER SUMMIT

**USAID Global Health
Supply Chain Program
Supplier Summit
February 21-23, 2017**

SUPPLIER SUMMIT

USAID Global Health Supply Chain Program



LOGISTICS MANAGEMENT

MARKET EFFICIENCY TO GET MORE HEALTH FOR THE MONEY



USAID
FROM THE AMERICAN PEOPLE



PEPFAR
U.S. President's Emergency Plan for AIDS Relief



USAID
FROM THE AMERICAN PEOPLE



U.S. President's Malaria Initiative



AGENDA

- Optimization of the Global Network
- The 3PL and 4PL Model
- Supplier Integration with 4PL Model

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OPTIMIZATION OF THE REGIONAL WAREHOUSING NETWORK

REGIONAL DISTRIBUTION CENTERS (RDC)

EXISTING GLOBAL RDC NETWORK

There are five regional distribution centers (RDCs) - each primarily aligned to products from each separate task order (TO)

- Singapore: Condoms (PRH), MC Kits (HIV/AIDS), temporary storage for PMI (malaria)
- Netherlands: contraceptive (PRH), ACT emergency stockpile (malaria)
- South Africa: ARVs, MC Kits (HIV/AIDS)
- Ghana: ARVs, Essential Medicine (HIV/AIDS)
- Kenya: ARVs, Essential Medicine (HIV/AIDS)

OPTIMIZED GLOBAL RDC NETWORK

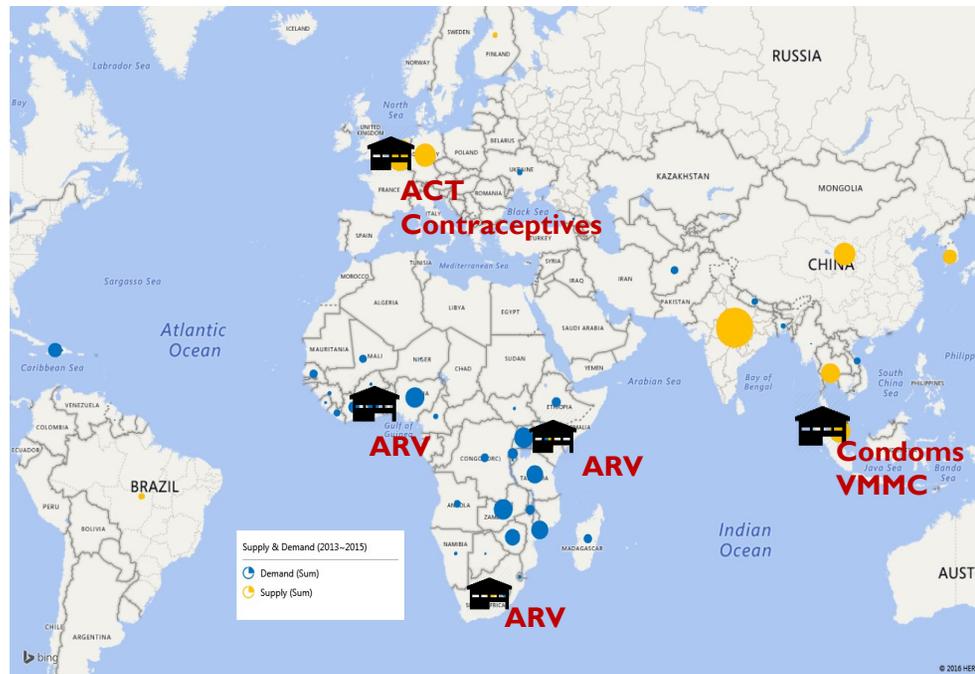
- Two main RDCs capable of handling all commodities plus one in S. Africa to cover short lead time orders
 - Geel, Belgium
 - Dubai, UAE
 - Johannesburg, S. Africa
- Inventory optimization
- Simplified processes
- Best infrastructure (warehousing and transport networks)

GHSC-PSM OPTIMIZED NETWORK

Lower costs and better service levels

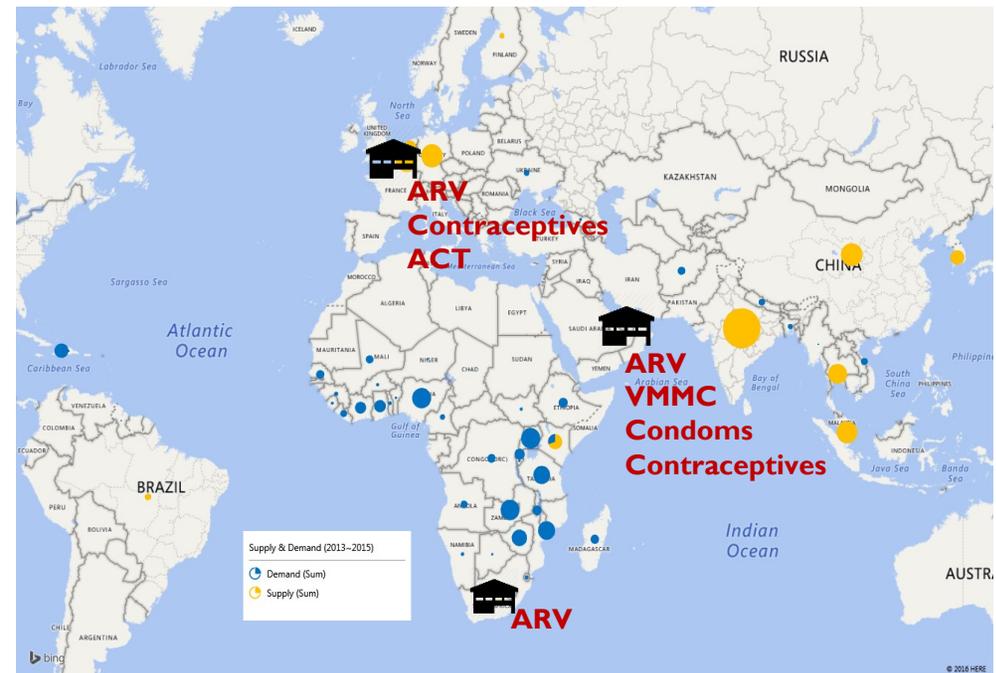
Existing network = 5 RDCs

Singapore, Netherlands, South Africa, Ghana, Kenya



New Network = 3 RDCs

Dubai, Belgium, South Africa



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ESTIMATED BENEFITS

- Reduce RDC network operational complexity for planning, sourcing, and logistics
 - Five existing RDCs consolidated to three RDCs.
 - Reduced risk of added delays and cost associated with Kenya RDC.
- Reduce cost through competitive global forwarding and warehouse RFQs
 - Estimated savings through Global Forwarding RFQ: 20%~30%
 - Estimated savings through Warehouse RFQ: 30% ~ 40%

ESTIMATED BENEFITS

- Capable of achieving 99% on-time fulfillment based on historical demand patterns while achieving substantial cost savings over current network
 - Estimated overall network logistics cost savings: 31.6%
 - Optimized the inventory and fulfillment decisions
 - Estimated warehouse cost savings: 44.0%
 - Estimated transportation cost savings: 28.3%

THE 4PL MODEL OF LOGISTICS

3PL AND 4PL – CONCEPT AND ADVANTAGES

SUPPLIER INTEGRATION WITH THE 4PL MODEL

THE 3PL (THIRD PARTY LOGISTICS) MODEL

- 3PL is defined as: a firm that provides logistics services for use by customers.
- Among the services 3PLs provide are freight forwarding, transportation, warehousing, cross-docking, inventory management, packaging and customs clearance

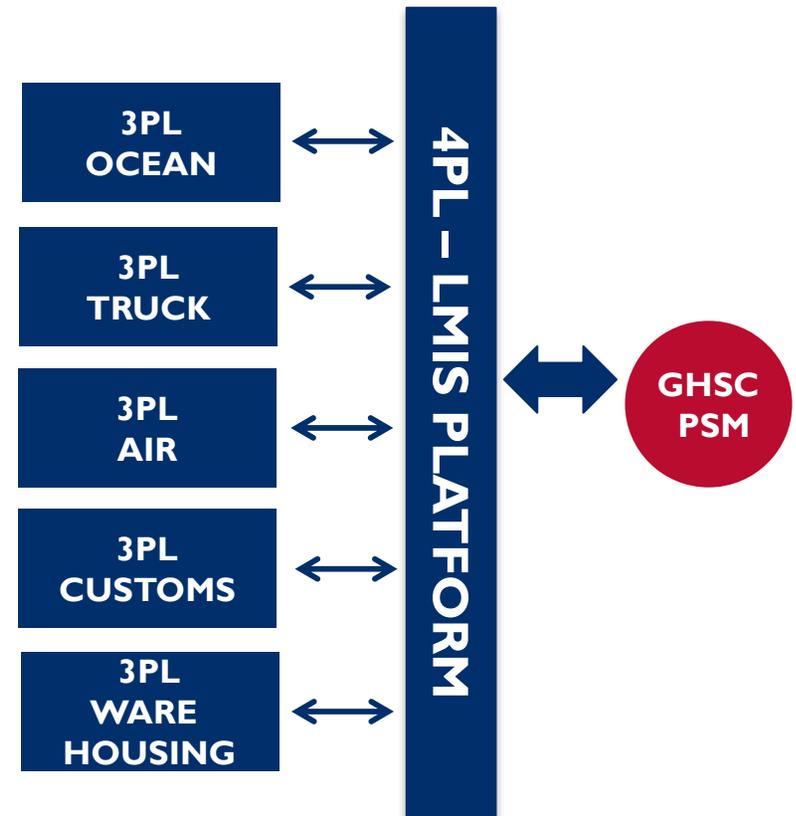
Source: Council of Logistics Management

THE 4PL (FOURTH PARTY LOGISTICS) MODEL

- Arrangement in which a firm contracts out (outsources) its logistical operations to multiple firms (the third party logistics) and hires another specialist firm (the fourth party) to coordinate the activities of the third parties.

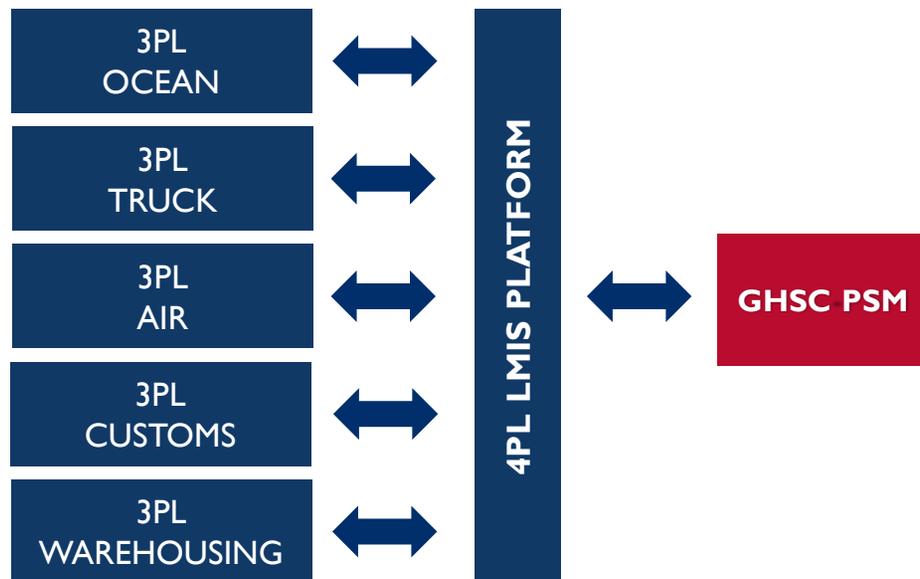
BENEFITS OF THE 4PL MODEL FOR A GLOBAL SUPPLY CHAIN

- Broad market base of potential 3PL suppliers
- Procurement strategy - competitive environment
- End-to-end single visibility, reporting & monitoring
 - Automation & Standardization of Logistics Processes
 - Event Milestones via EDI
 - 3PL Scorecards
- Back-end system integration to GHSC-PSM
- Maximum flexibility - asset & bias free
- Expertise & best practice sharing



SUPPLIERS INTEGRATE IN THE 4PL MODEL GLOBAL SUPPLY CHAIN

Supplier Integration to
GHSC-PSM



Suppliers Connect with GHSC-PSM via:

- Web Supplier Portal
- EDI Connectivity

IMPLEMENTED PHASE I

- PO Acceptance
- Manufacturing Start & End
- Cargo Ready Date
- Ready for QC
- QC Doc Upload Against Order Line

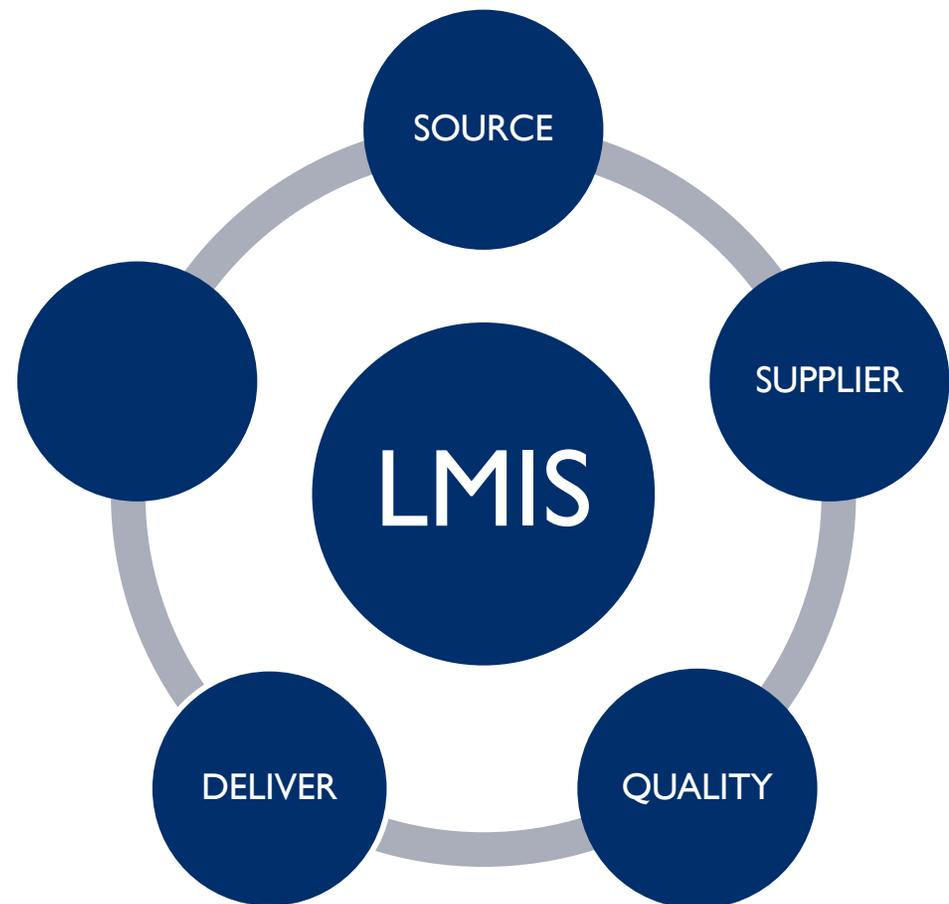
TO BE IMPLEMENTED

- Shipping Order (Supplier Booking) (P2)
- Document Upload Against Booking (P2)
- Create Commercial Documents (P3)

✓ 76% Suppliers On-boarded Phase I

WHOSE WORKFLOW IS INTEGRATED?

- Collaborative platform to integrate processes across functions of the GHSC-PSM Global Supply Chain
- Transparency order fulfillment and shipment progress
- Real time information to service the end customer



SUPPLIER BENEFITS OF INTEGRATED WORKFLOW WITH GHSC-PSM

- Efficiencies
 - Leverage system & PO data for updates, signal QC, prepare shipping order, and create commercial documents
 - Minimize manual data entry and potential errors
 - Reduce reliance on emails or risk of lost emails
- Transparency to process in single platform
- Standardize processes & documents to improve cycle times
 - Waivers & cargo pick ups and QC authorizations
 - Supplier settlement – cash-to-cash cycle
- System driven ON TIME IN FULL monitoring to resolve discrepancies quickly

SUPPLIER BENEFITS OF INTEGRATED WORKFLOW WITH GHSC-PSM

- Logistics Guidelines Manual Document
- Quick Step User Guidelines in an Animated PPT
- Individual Training with Guide and Webex Video
- User Support

LMIS – AREAS OF SUPPLIER INVOLVEMENT

Order Follow Up	Order Requested Dates	Origin Booking	Origin Pickup
PO Created	Required Cargo Ready by Date (from Factory)	SO Started by Shipper	Waiver Requested by Consignee
PO On Hold by Supplier	Required Delivery Date (Destination)	SO Submitted by Shipper	Waiver Obtained by Consignee
PO Accepted by Supplier		Booking sent to Carrier	Shpt/Cntr Manifested by Shipper in LMIS
Production Started		Carrier Accepts Booking	Supplier Invoice created in LMIS
Production Complete		PSM Deliver Releases SO to Shipper	Final packing list provided by Shipper
QC Requested			VGM Submitted by Shipper
QC Complete			VGM Filed with Carrier
Revised Expected Readiness by Supplier			Actual Cargo Ready Date
			Pickup from Shipper

Legend
Data or Operational Process Step
Physical Cargo Step
Documents

LMIS SUPPLIER DASHBOARD

Order Progress Dashboard

<input type="checkbox"/> <input type="checkbox"/>	Total	Overdue (... - 02/01/17)	Current Week (02/02/17 - 02/05/17)	Next Week (+1) (02/06/17 - 02/12/17)	+2 Weeks (02/13/17 - 02/19/17)	+3 Weeks (02/20/17 - 02/28/17)	+4 Weeks (02/27/17 - 03/05/17)
Totals	57	50	0	0	7	0	0
<input type="checkbox"/> Order Acceptance	8	7	0	0	1	0	0
▶ 1.11-Orders pending Acceptance	8	7	0	0	1	0	0
<input type="checkbox"/> Production Progress	45	40	0	0	5	0	0
▶ 2.21-PO's pending Production Started	8	7	0	0	1	0	0
▶ 2.31-PO's pending Production Completion	13	12	0	0	1	0	0
▶ 2.41-PO's pending QC Testing Readiness	7	6	0	0	1	0	0
▶ 3.22-Orders Pending QC Started	9	8	0	0	1	0	0
▶ 3.52-QC Incomplete	8	7	0	0	1	0	0
<input type="checkbox"/> Expected Readiness	4	3	0	0	1	0	0
▶ 2.11-PO's pending Expected Readiness Confirmation	4	3	0	0	1	0	0

Exception Dashboards

	Total			
<input type="checkbox"/> Status missing	8	3	3	2
▶ 4.12-PO's not yet booked, past window	3	1	1	1
▶ 6.21-Bookings pending 3PL acceptance	5	2	2	1

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LMIS ACTION ENTRY STATUS UPDATES

Accepting or putting orders on hold

Open	Accept	On Hold	Reason Codes	Remarks	Alert Age	Order #	Line #	Item #	Ordered Quantity
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>							
<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>			71	IO10000136	4	100113AAA07G04K	15000
<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	VC04 / shipment window da	Need until 01 Mar vs 20 Feb	27	PO10000303	2	100030AAA07G04K	2234

Production End Date Entry

Alert Age	Order #	Line #	Item #	Production Completed (mandatory)Date/Time/Remarks	Delivery Window Start	Delivery Window End
27	PO10000303	2	100030AAA07G04K		11/03/16	11/17/16

LMIS BOOKING CREATION

Order Allocation Package Allocation Booking Details Container Allocation Shipping Instructions  Booking Review

Booking and KN Reference Information

Booking ID: 99037505596
 Shipment Reference:
 Shipper's Reference:

Shipping Information

Cargo Routing

Forwarding Office: Logenix (3PL) Shipment Type: FCL
 Ocean Vessel: Voyage:
 Place of Receipt: Place of Delivery: Lusaka
 Port of Loading: Chennai (ex Madras) Port of Discharge: Dar es Salaam
 Estimated Departure Date: Estimated Arrival Date:
 Ready for Shipment Date: 25 Jan 2017

Container Information

Container Type	Container No.	Seal No.	Weight (kg)	Volume (cbm)
40HC	001		16,854.20	65.995

Total Packages	Package Type	Total Pcs	Gross Weight (kg)	Volume (cbm)	Order #	Line #	Commodity Description
517	BAG	25,850	16,854.20	65.995		1	Long Lasting Insecticide Treated Net (LLIN)

Addresses

Shipper	Consignee	Notify Party 1
<small>...</small>	<small>...</small>	

Create Booking Documents

Template	Document
	KNLogin Booking Registration Preview
	Packing List / 271
	Commercial Invoice / 380

- Supplier creates booking in LMIS
- At bottom of the booking summary page, they are able to create their invoice

LMIS DOCUMENT CREATION

Invoice

Version Number: 1.0

Invoice #: aaaa				INVOICE DATE: YYYY-MM-DD
Vendor: Company Name Address 1 Address 2 City, State, Zip/Postal Code, Country Contact Name: First Last TEL: phone # FAX: fax # Email: email address		Bill To: Company Name Address 1 Address 2 City, State, Zip/Postal Code, Country Contact Name: First Last TEL: phone # FAX: fax # Email: email address		Consignee: Company Name Address 1 Address 2 City, State, Zip/Postal Code, Country Contact Name: First Last TEL: phone # FAX: fax # Email: email address
				Delivery Address: Company Name Address 1 Address 2 City, State, Zip/Postal Code, Country Contact Name: First Last TEL: phone # FAX: fax # Email: email address
INCO Terms: FOB Shenzhen		Origin Port: Shenzhen, China		Shippers Reference #: Entered by Shipper when they make booking
Mode: Ocean / Air / Road		Destination Port: Maputo, Mozambique		Consignee Reference #: Requisition Order # when a PO or DO
Currency: USD		Country of Final Destination: Mozambique		LMIS Reference #: Created upon vendor booking in LMIS

Order #	Order Line #	Item #	Item Description	Batch #	Expiration Date	Country of Origin	UNIT QUANTITY	UoM	UNIT PRICE	TOTAL AMOUNT
PO1234567	001	A12345	Details	1111111111111111	yyyy-mm-dd	CN	6,000	CTN	\$ 1.7925	\$10,755.00
PO1234567	002	B12345	Details	222222222222	yyyy-mm-dd	CN	7,802	CTN	\$0.7865	\$6,136.27
PO1234567	003	C12345	Details	333333333333	yyyy-mm-dd	CN	125	CTN	\$0.9401	\$117.51
PO1234567	004	D12345	Details	444444444444	yyyy-mm-dd	CN	4,531	CTN	\$0.5427	\$2,458.97
PO1234567	005	E12345	Details	555555555555	yyyy-mm-dd	CN	233	CTN	\$0.9670	\$225.31
PO1234567	005	E12345	Details	666666666666	yyyy-mm-dd	CN	4,250	CTN	\$0.9670	\$4,109.75
PO1234567	005	E12345	Details	777777777777	yyyy-mm-dd	CN	500	CTN	\$0.9670	\$483.50

Freight Charges	\$1,000.00
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Grand Total:	28,057	UNITS	\$25,286.32
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Prepared By: VENDOR LAST NAME, VENDOR FIRST NAME

Prepared On: yyyy-mm-dd

1 / 2

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LMIS REGISTRATION

1. New suppliers will receive an LMIS questionnaire document to nominate users needing setup in LMIS
2. Supplier LMIS guidelines documents will be sent to the nominated users including:
 - a. Process overview
 - b. Step-by-step user guide
 - c. Copy of all training presentations
 - d. Links to recorded webcasts for each process step
3. Each person listed will be invited to an LMIS training session (webcast)
4. Once GHSC-PSM creates the first purchase order to the supplier:
 - a. User rights will be enabled in the LMIS
 - b. A user registration email will be sent from LMIS
 - c. Each user clicks hyperlink in email to officially activate their LMIS profile and to create their password

ADDITIONAL REFERENCES

- Supplier Logistics Guidelines  Supplier Logistics Guidelines
- Shipping Order/Manual Booking Form  Shipping Order-booking Request Form
- Steps to get started in the LMIS
 - Contact the Supplier relationship team
 - Alexandra Tammariello, atammariello@ghsc-psm.org
 - Safia Ahsan, sahsan@ghsc-psm.org
 - Jasmine Jarvis, jjarvis@ghsc-psm.org
 - Supplier Relationship Team will send a letter/questionnaire to these suppliers requesting contacts for different functions
 - Upon supplier response, a trainer from the LMIS team will invite the contacts provided to an LMIS training session
 - User access for supplier will be granted after the first order for supplier is created in the LMIS

Colin Credle

Deliver/Return Team Manager

GHSC-PSM

ccredle@ghsc-psm.org

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