

Approach to Building an eFulfilment Capability

Dawson Consulting's application of eCommerce for Logistics and Supply Chain

Thought Leadership

- Pioneered eFulfilment design in Australia
- Advanced supply chain community concept into several major industries
- Developed first '.com.au' for Australia freight industry – eFreight.com.au

Market Awareness

- Recently completed capability assessment across 25+ Australian fulfilment providers
- Currently working with severaletailers and retailers
- Strategic alliance with U.S. based consultancy working in the 'e' space

Skill Base

- Service scoping, business case development and new ventures in the supply chain
- Working in design and implementation
- Consultancy developed around line managers
- Process design and IT architecture

Methodologies

- Well structured, practical but able to be tailored
- Ensure linkages to different requirements of the consumer

We already carry significant and practical experience in developing eFulfilment

Major Media Organisation

- Strategic review of the organisation's existing eFulfilment network
- Design a national network for consumer eFulfilment integrating 'old world' capabilities with 'new world' requirements
- Establish functional requirements of model and architect IT solution

Telecommunications

- Design of industry specific end to end eFulfilment solution
- Consolidation of customer service channels
- Design of architecture to link multiple legacy systems

Major Retailer

- Strategic review of national supply chain for perishable product
- Redesign of supply chain through scenario planning and analysing of benefits through proven internal modeling techniques
- Redesign of technology requirements around the end customer

New Market ventures

- Design and develop jointly owned portal for providing freight services
- Securing of new venture funding with incubator and major industry players

From our perspective, we see this as a clear opportunity in Australia

The space is wide open...

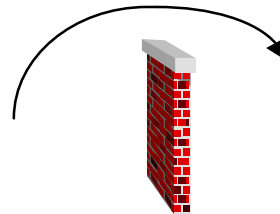
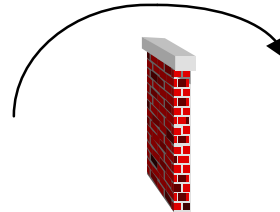
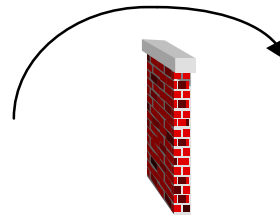
- Our research indicates that there are no providers currently offering an integrated online based pipeline¹
 - most are delivering pieces, not the whole experience
 - lots of ideas are currently at the design stage
- Traditional providers are operating with outdated and inflexible platforms
 - old set of business rules and constraints
 - eCommerce applications are getting bolted on

¹ Source: Dawson Consulting analysis Jan - Feb 2000

However, the task is not without its hurdles

Typical hurdles

- The total solution may require working with some traditional players
- Product handling complexities across the range
- IT integration across different organisations and functions to offset startup costs



To jump, it means you

- Must understand who has what capability, where they are going, and tradeoffs of make vs partner vs buy
- Must understand the demand patterns of different items and the optimum pick, pack and deliver configuration
- Developing a seamless IT platform through utilising either messaging software or low cost integration options

We believe that speed to market is the key

**The market is
already moving**

- This is a true 'window of opportunity'
 - the motivation to switch is 'here and now'
 - the cost of switching brands will be high once each potential customer makes a move to their preferred delivery platform
 - right idea, practical execution will be the winner in this space
- Volume is the primary driver of profitability
- The clock is ticking and money is being spent by newcomers
 - the brand space has the potential to become very crowded

An approach that is 'Built for Speed'

'Blank sheet pioneer'

Option 1

'Explore, stabilise
and scale up'

Option 2

'Go with what you know'

Option 3

Time

**To go fast; we
will operate with
what we know**

- Bring the best minds to the team
- Operate primarily with those we know, and leverage our research
- Operate on project work streams simultaneously (where practical), to ensure we are operational quickly
- Utilise proven technologies as a base, and innovate around the edges
- Define the scope tightly, fix specific deadlines and utilise the 80/20 rule
- Hit the road running with a practical approach, and a practical solution

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a Dawson Group company

To deliver the business case we will navigate through a local process

Market scope

- Who is the customer and what do they require?
 - target market, product range
 - service parameters
 - channel selection

Service Delivery scope

- What is our unique value proposition? Why will we be unique?
- What is the full suite of services that will be offered?
- How will customers measure the difference?

Service Model

- What is the delivery model required to succeed?
 - networks, pick up/drop off options, call centers, consultants etc
- How do we store, pick, pack and ship in an efficient manner?
- What IT is required to support the new model?
- What resource is required to support the new model?

To deliver the business case we will navigate through a logical process

Growth objectives

- How big is the market for the proposed service/s?
- What share can we expect?
- How fast should we achieve it?

Go to market model

- Who is our initial target? What services will we offer? How will we enlist them? How do we scale up?
- Do we buy/ make/ partner to deliver the value proposition?

Fulfilment model

- What are the major platform components of the delivery model?
- How are they interconnected?
- How are they connected with existing platforms?

IT solution model

- What are the enabling technologies required to support the offer?
- How critical is the technology? 'Must have' functionality vs 'nice to have' functionality
- What alternatives exist to support the process?
- What is the distance to implementation?

The business case will give us a clear picture of how our preferred model will perform

Business case

- What are our key assumptions?
 - cost
 - revenue
- What are our revenue expectations?
- What are our capital requirements for establishing the new delivery model?
What phasing do we anticipate?
- What are our on going expense requirements?
- What are our key metrics within the operating model?
- What investments do we need to make?
- What sensitivities could affect our valuation?