
India, Retail and Supply Chain

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Vinod Baliga, Trans-Trade Inc.
Ram Viswanathan, Nathan Research Inc.



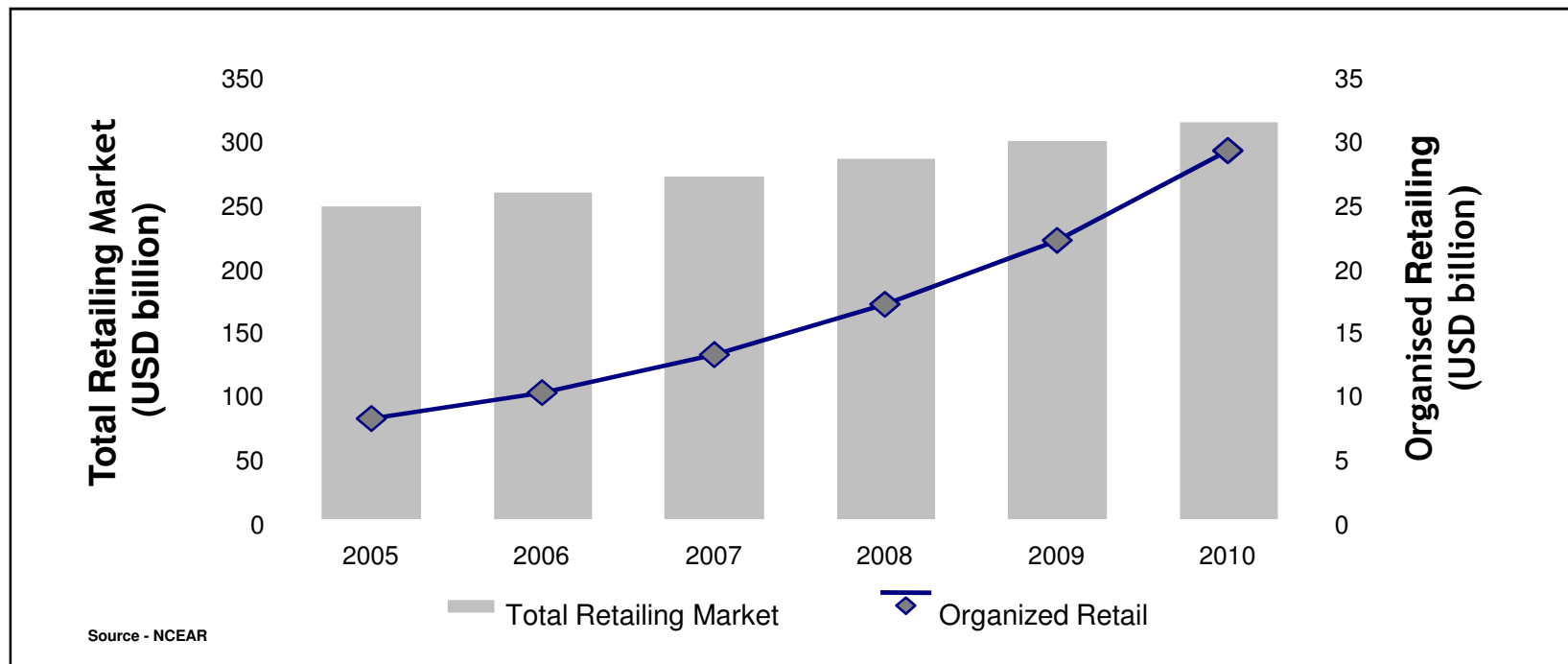
Agenda

- 'Growth' Pain in India-centric Global Supply Chains
 - Poor Infrastructure and Systems
- State of the 3PL/Warehousing Industry in India
- State of Support Systems in India
- Possible direction of Global Supply Chain Behavior
 - Increase in Manufacturing
 - Balance of Demand, Supply, Cost and Speed
- Opportunities
 - Manufacturing, Electronics, Retail
 - Niche Services (Supply Chain Mgt, Global Trade Apps)
 - Management
- Experiences and Credentials
 - Transtrade
 - Nathan Research Inc
- Appendix

Retailing in India

Opportunities

- Retail in India touched US \$230 billion in 2005 and is expected to grow at 5% per annum. Of this **only 3%** was from organized retail
- However, in the next five years, as the population gets younger and retailers drive organized format penetration, the number is expected to grow by 35-40% (CAGR) to touch 9 % of total retail activity
- Even at this level of penetration, it will be nowhere near the developed economies. Economists expect that growth will continue till India reaches at least 50 % penetration for organized retail
- Retail sales in India's consumer goods market are expected to grow to \$400 billion by 2010, making it one of the five biggest markets in the world



Growth Pain (specific focus on retail)

- Greater assortment of products and packaging to cater to diverse economic levels
- Low use of information technology to plan supply chain, inventories, and distribution
- Taxation policies (double taxation) affects international suppliers
- Fragmented domestic supply base, few at a national level
- Poor highway infrastructure (80% goods transported over highways that make up only 2% of the 2 million miles of roads)
- The Golden Quadrangle, North-South and East-West corridors in the process of being built
- Smaller vehicles (< 1 ton) needs to be used
- Energy/Power/Water shortages

State of the 3PL/Warehousing Industry in India

- Lack of adequate '3PL' services, with facilities, equipment, systems, solutions for inventory management, order fulfillment etc
- Reality of a multitude of legitimate transportation methods (including the bullock cart and cycle rickshaw) – will continue for sometime
- More 'tiers' of distribution (3-4 is typical) than what we are used to, in the West
- Ports lack capacities to handle more than 6000 20' TEUs
- Fragmented retail sector dominated by mom-and-pop shops to be served
- Fragmented trucking industry with 2.7 million commercial fleet operated by 1/2 million fleet operators

Sources: McKinsey, Citigroup Research

State of Support Systems in India

- Number of Retail ventures being started in India
 - Strategic Planning, Process competencies in short supply
 - Nature of Processes and Solutions will require local fine-tuning
- Solutions inadequate
 - Underdeveloped POS systems
 - With poor visibility to data at end customer level, application of concepts such as VMI, CPFR challenging
 - Product launch planning requires consideration of diverse geographies
 - Greater number of variables that affect planning demand and supply
- Affected market stakeholders
 - Retailers
 - CPG Manufacturers
 - Logistics Providers

Trends in 3PL / Logistics Niche Services

- “The tasks being remotely processed are now going up the value chain. You no longer have to imagine a company whose finance team in the United States is made up of only the controller, treasurer, and CFO, with their staff in India. This is already happening”

Future of Outsourcing, CFO Magazine

- “Initial market projections from research firm IDC estimate that the global market for logistics BPO is \$155 billion and is expected to grow 12 percent per year for the next five years, reaching \$276.5 billion”

Worldwide and US Logistics BPO Service Forecast 2003-2007

- “The 4PL is a BPO provider. This lead logistics provider will bring value and a reengineered approach to the customer's need. A 4PL is neutral and will manage the logistics process, regardless of what carriers, forwarders or warehouses are used. The 4PL can and will even manage 3PLs that a customer uses. This new international logistics service provider will develop solutions tailored to meet the unique and special needs of each customer, without regard to a parent company's service offerings and operations”...” A 4PL, with **real world experience dealing in Asia**, can present a way for customers to take control of their inbound supply chains”.....

4PL/BPOs vs 3PLs, Worldwide Shipping

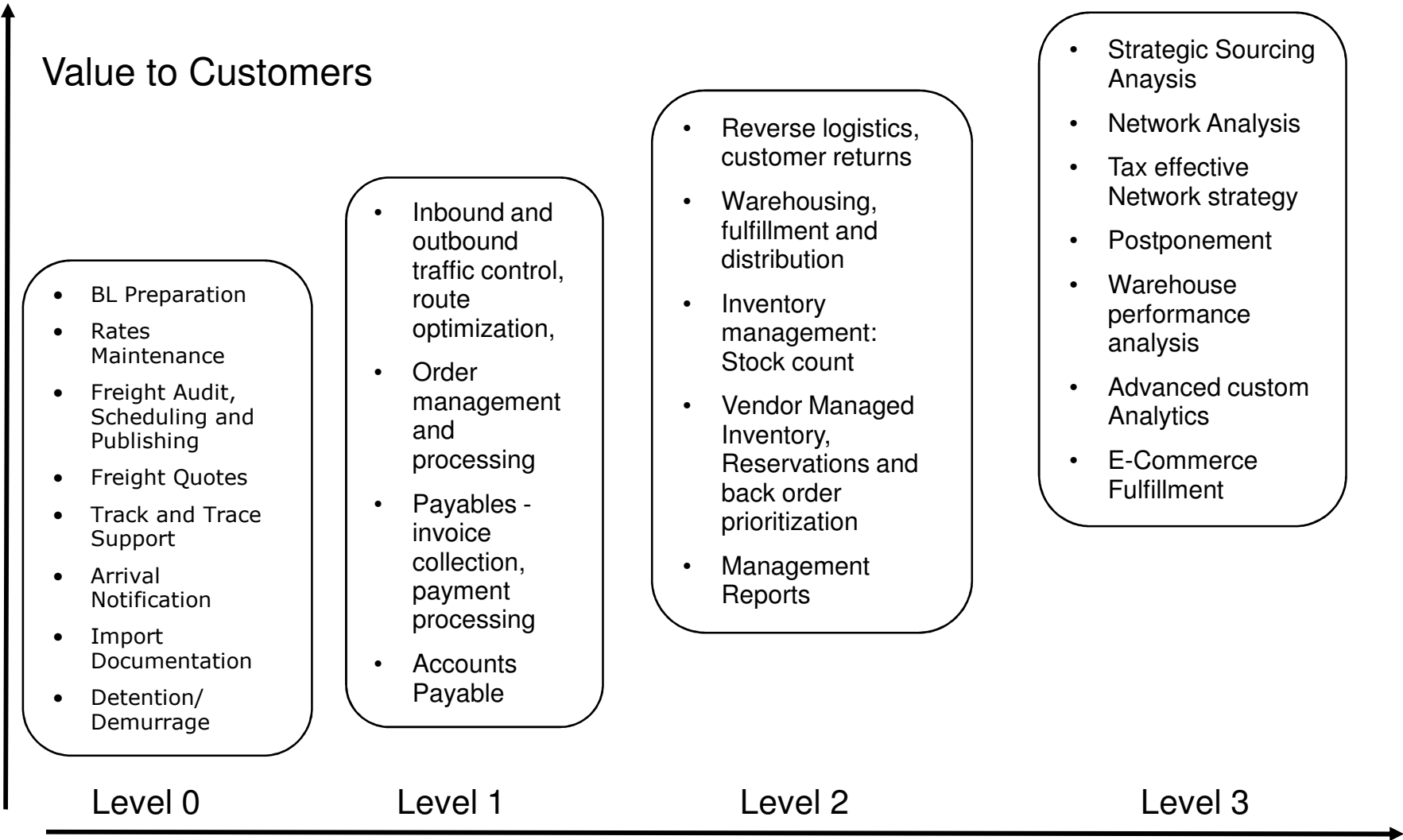
- “Effectively managing the **offshore** supply chain, as to suppliers, logistics service providers and their coordinated integration from vendor door to final delivery location, has caused companies to assess the utilization of outsourced logistics providers, either 3PL or 4PL.”

IT Match Online, BPO Trends, July 2006

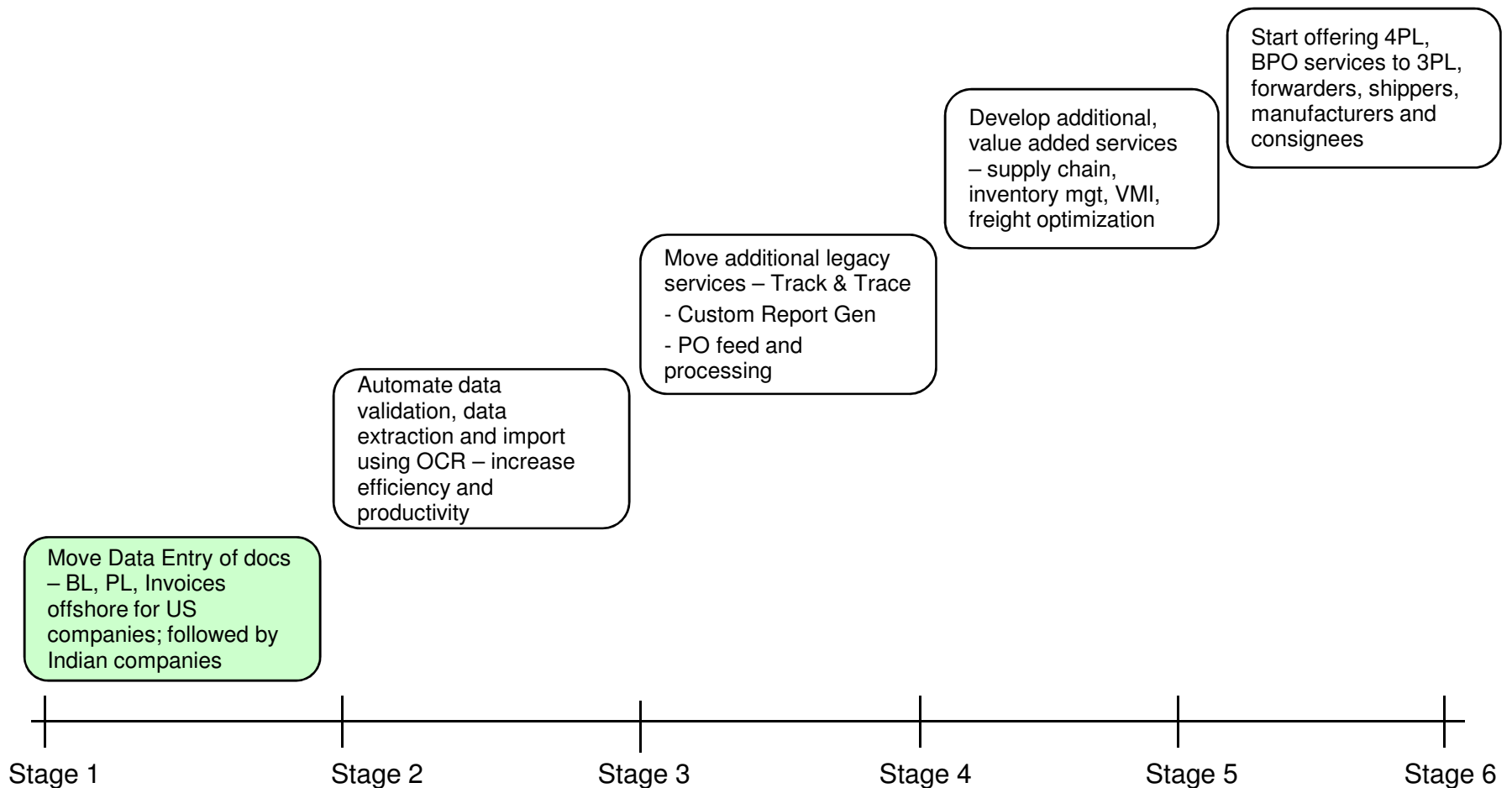
- “There are no estimates on the potential size of the **KPO** market, but consulting alone is worth **\$140 billion annually**. “Even if a small percentage of this can be outsourced, it runs into billions”

KPO The Next Wave to BPO - The Hindu Business Online

The Logistics BPO/KPO Value

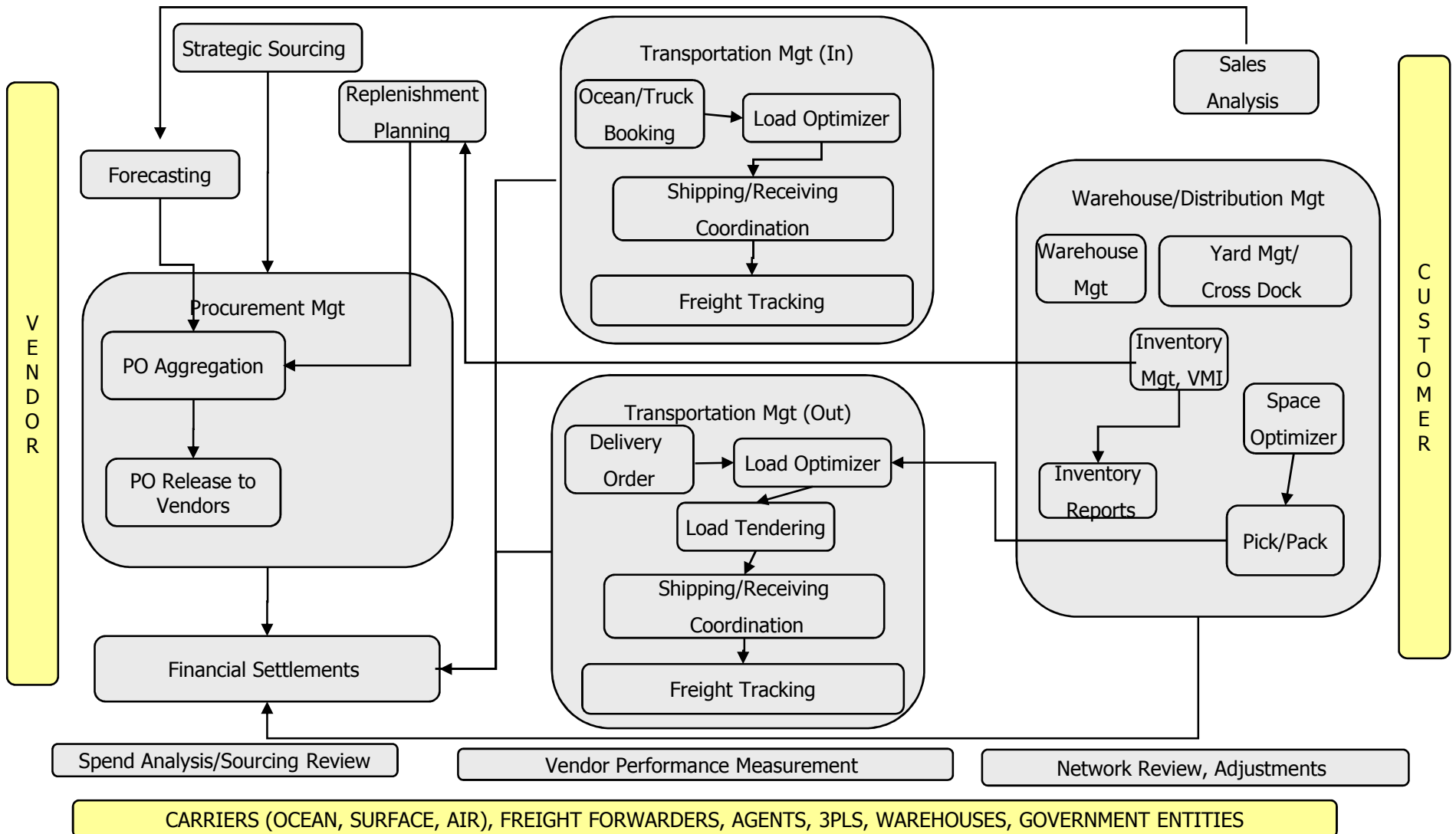


Steps to the 4PL/BPO Vision



Extended, Integrated Supply Chain Example

Enabled through Outsourced Processes



The India Advantage

- In spite of emerging competition from other locations such as Phillipines, Vietnam, China etc, India offers unique advantages and is still the best location for new BPO operations, especially for those considering moving into “next Gen” BPO/KPO offerings.
 - Abundant, skilled, English-speaking manpower - being harnessed even by other ITES (IT Enabled Services) - BPO hubs such as Singapore and Ireland
 - Rapidly improving telecom and other infrastructure which is matching global standards
 - Strong emphasis on measuring and monitoring quality, and processes - Organizations migrating to the new ISO 9000:2000 standards, Organizations on CMM framework aligning to the new CMMI framework
 - Fast turnaround times and the ability to offer 24x7 services based on the country's unique geographic location that allows for leveraging time zone differences
 - Proactive and positive policy environment which encourages BPO investments and simplifies rules and procedures, continued development of Technology Parks
 - A friendly income tax structure, which places the BPO industry on par with IT services companies
 - Access to a large pool of highly skilled personnel that have specialized domain knowledge - more qualified than personnel working in other shared service environments, geographies
 - Access to different companies in the industry facilitating the transfer of best practices across all of them

Trans Trade

Global Reach, Local Touch

Trans-Trade has a global network of partners, agents and affiliates with a wide range of expertise. Whether it's sourcing housewares in Asia, floor tile in Spain or arts and collectibles from India, Trans-Trade's logistics network can provide solutions.

When you get right down to a true partnership, though, it's the people you work with every day that make the greatest difference. That's why Trans-Trade has prioritized the recruitment and training of specialized teams of logistics professionals who are dedicated to "no finger-pointing" customer service.



Sure, we have the latest technology and facilities but our greatest assets are our people who will develop and manage your solutions with responsible, proactive care.

Global Reach. Local Touch.

Logistics solutions that provide you with a competitive advantage.



Trans-Trade is a proud recipient of the 2005 Fort Worth Mayor's Global Business Award for International Business Excellence



Your Choice. Our Privilege.

End-to-End Logistics Services



Headquarters

1040 Trade Avenue, Suite 600
DFW Airport, TX 75261

3PL Operations Center

5401 Alliance Gateway Freeway
Fort Worth, TX 76177

972-456-1581 • 800-880-8173 (toll-free) • 972-456-1555 (fax)

www.transtrade.com



Nathan Research

Trans Trade

Full Service Logistics

Trans-Trade was founded in Grapevine, Texas in 1984 as a freight forwarder. Our growth since that time has resulted from constant innovation, premium service and enhancing our capabilities to provide a full array of logistics services that our customers rely upon.

- Import Transportation and Customs Services
- Export Transportation and Customs Services
- Domestic and Multi-Modal Transportation Services
- 3PL, Foreign Trade Zone and Warehouse Services
- U.S. Customs Broker
- NVOCC Licensed Ocean Freight Forwarder
- C-TPAT Approved and Validated



Transportation Services

We move virtually any type of commodity to anywhere on earth. We have moved helicopters, trade shows, oil exploration equipment, live animals and plain old boxes to destinations as close as Lukenbech, Texas and as far away as Baghdad. Naturally, we maintain preferred-shipper status with all scheduled air, truck, rail and ocean freight carriers.



- Air, Ocean, Rail & Truck
- Economy to NFO Service Levels
- Mexico and NAFTA Services
- Air and Ocean Charters
- Trade Show & Convention Services
- On-Line Book/Track/Trace Technology

Distribution Services

Trans-Trade maintains a 3PL Operations Center in the Alliance Corridor and has a flexible warehouse in Grapevine. Both are fully protected by fire suppression systems, proximity and controlled access systems and an integrated closed-circuit TV system. The 3PL Operations Center is located within a Foreign Trade Zone (FTZ) and can be reconfigured to support FTZ activity for attractive tax and customs duty savings.



We offer a full range of warehousing and 3PL services such as:

- Pick and Pack Services
- Kitting Services
- Break-down & Consolidation Services
- Light Assembly Services
- Reverse Logistics Services
- Warehouse Storage & Fulfillment
- Direct, electronic order initiation and fulfillment systems
- On-line Inventory Management

Global Sourcing

Competitiveness in today's aggressive markets often requires innovative sourcing solutions that provide quality goods manufactured abroad and delivered through an efficient, dependable supply chain. Trans-Trade offers in-country expertise in India, Asia, Europe and Latin America to act as our clients' *virtual representative* to ensure expedited production and shipment of top quality deliverables.

Trans-Trade, Inc.

Headquarters 1040 Trade Avenue, Suite 600 DFW Airport, TX 75261
3PL Operations Center 5401 Alliance Gateway Freeway Fort Worth, TX 76177

972-456-1581 • 800-880-8173 (toll-free) • 972-456-1555 (fax)
www.trans-trade.com

Nathan Research

● Niche consulting/solutions organization

- Provides Services and Solutions in the areas of **Strategic Planning, Market/Business Planning, Supply Chain & Operational Planning and Risk Management**
- Launched Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO) services for customers to set up captive and shared services to provide operational support and efficiencies
- Supply Chain operations and technology implementation experience with the likes of **Siemens, HP, WalMart, DR Horton and Verizon**
- Experience in developing and implementing business plans for new ventures
- Customized forecasting, supply chain planning and analytics models and methods

● People Profiles

- 15+ years of Business Planning, Process Reengineering, Operational management and Management consulting experience in a number of sectors (High Tech electronics, Retail, Logistics, Manufacturing) in a number of functions - Strategic Sourcing, Procurement, Distribution and Warehousing, S&OP
- Domain experts in Supply Chain Planning and Operations, Manufacturing, Retail and Logistics derived from years of translating complex concepts into practical solutions
- Experienced in development and bringing to market technology (software) solutions in Supply Chain, EDI and e-Commerce (**i2 Technologies, Ernst & Young**)
- Masters, Ph.D level degrees in Operations Research, Computer Science

● Customer Relationships

- Engaged in a number of key projects related to supply chain redesign for customers, new initiative planning

www.nathanresearch.com

214-507-0015



Nathan Research

Portfolio of Offerings

Strategic Planning	Business Planning	Process Planning	Technology Planning
<ul style="list-style-type: none"> • Asset and operational efficiencies, revenue optimization • Inventory & Cash Flow Analysis • ROI measurements 	<ul style="list-style-type: none"> • Market entry research, evaluation of multiple strategic options, risks • Proforma biz plans • Workshops, detailed Operational planning 	<ul style="list-style-type: none"> • Current State Analysis • Future State Definition • S & OP analysis, Best Practices Implementation 	<ul style="list-style-type: none"> • Technology rationalization • Solution definition, Initiative planning • Outsourcing strategy

Operational Planning, KPO Services

Forecasting & Portfolio Planning	Price Planning	Material Planning	Sourcing & Procurement Planning	Warehouse & Distribution Planning	Post Sales Service Planning	Workforce Planning
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- *Benefit Assessment Framework* - Customizable ROI assessment tools
- *Product Portfolio Planning Service* – Trends Analysis to evaluate category and product profitability
- *Sourcing & Logistics Services* – Analysis and adjustment of suppliers, network, logistics based on performance
- *Forecast Planning Service* – Forecast model tailored to specific causal factors of a business
- *Replenishment Planning Service* – Replenishment model tailored to specific constraints of a business
- *Operations Planning Service* - Comprehensive demand-supply-margins match
- *Workforce Optimization Service* - Labor forecasting and capacity planning optimizing budgets and CS targets

Engagement & Service Management

> Engagement Planning and Design > Project and Program Management > Ongoing Service Support

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