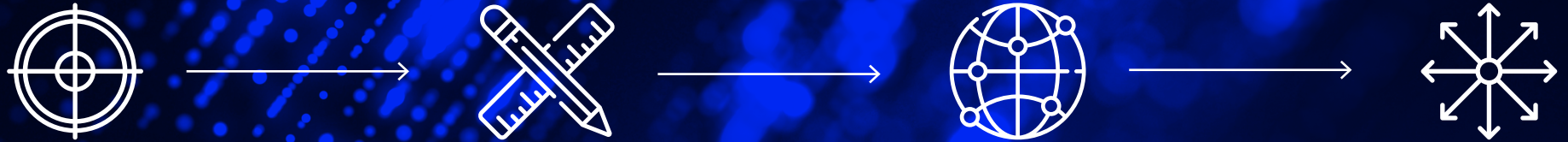


4PL Design Guide

Delivering supply chain transformation





ABOUT BRIDGENET

BridgeNet Solutions, a BDP International company, orchestrates supply chain transformation and optimization for multi-national companies through customized data synchronization solutions.

www.bridgenetsolutions.com



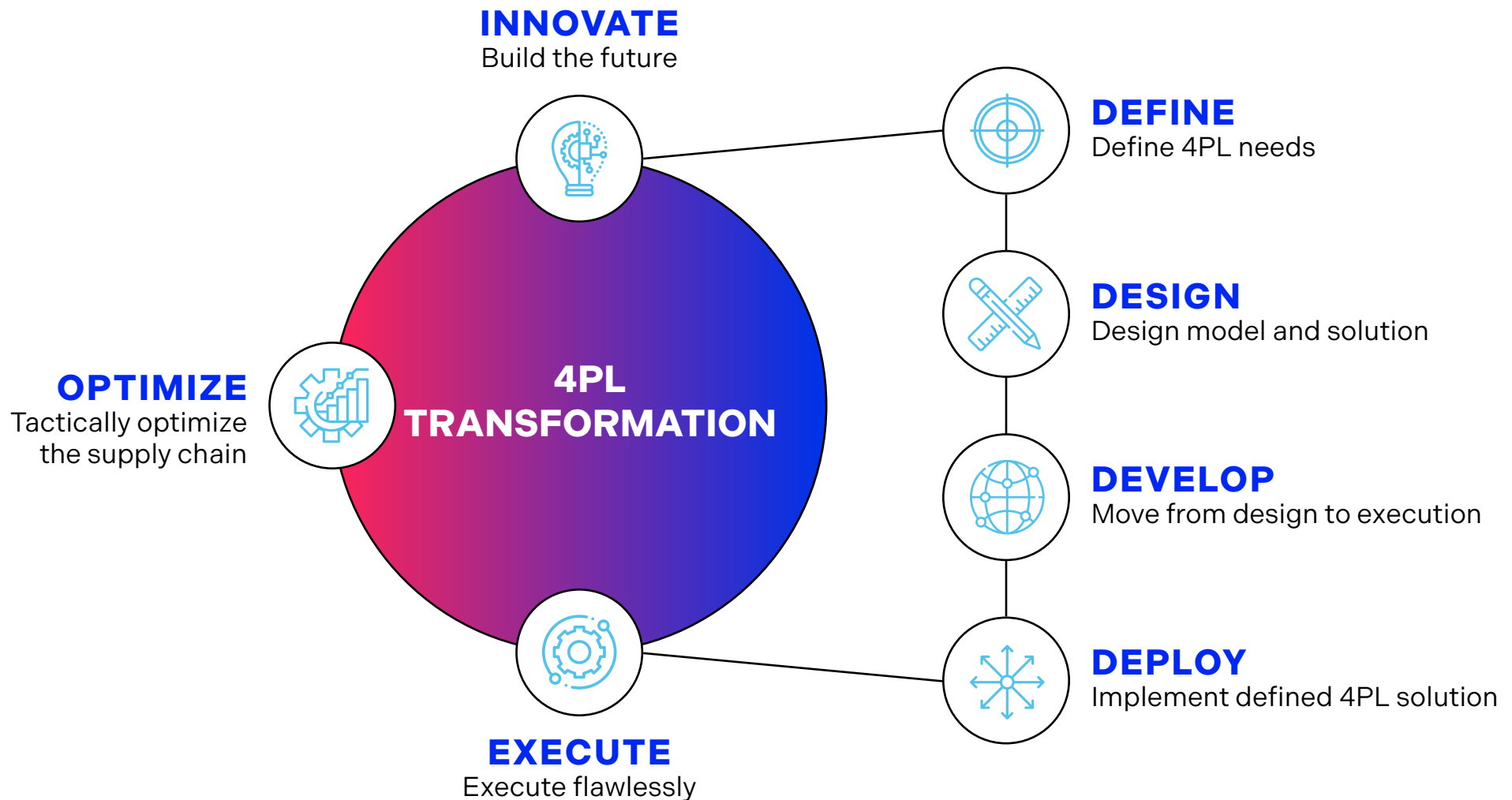
ABOUT PSA BDP

PSA BDP is built like no other. We are your proven partner for smart, sustainable and resilient supply chains. Our agility is your competitive advantage, as we connect trade and empower networks, globally and locally.

www.psabdp.com

OUR VISION FOR A 4PL TRANSFORMATION

Supply chains are about delivering outcomes for your business, through efficient, effective and sustainable operations designed to excite your customers.



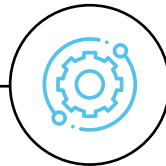
BUILDING 4PL SOLUTIONS

At BridgeNet, we help you to focus on your vision by providing clarity, insight and control solutions to manage the complexity of global trade.



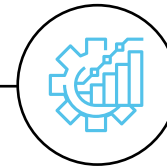
INNOVATE

A process from definition to delivery, ensuring strategic alignment, design and deployment of the right combination of capabilities



EXECUTE

Sustaining a 4PL model through the right combination of governance, control and empowerment



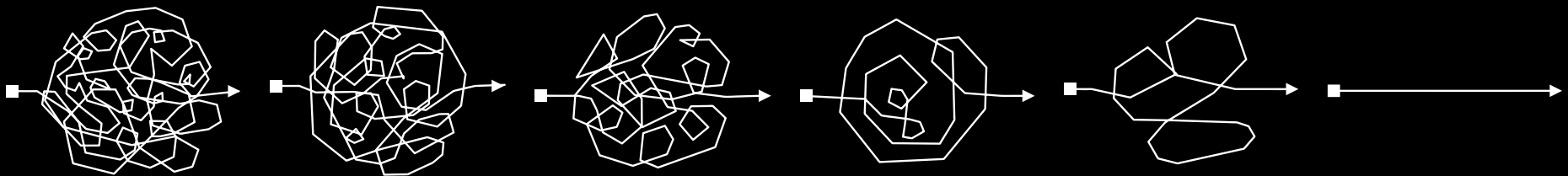
OPTIMIZE

Continued optimization of the model to support operational improvement, agility and resilience as needs change

IMAGINE IF ...

- You could simplify the labyrinth of connections that you may have with providers and suppliers
- You could improve your performance to customers whilst reducing inventory and transaction cost
- You could define networks to optimize service at lowest cost while predicting future demand
- You had visibility to your entire supply chain, speeding up and slowing down inventory to meet demand

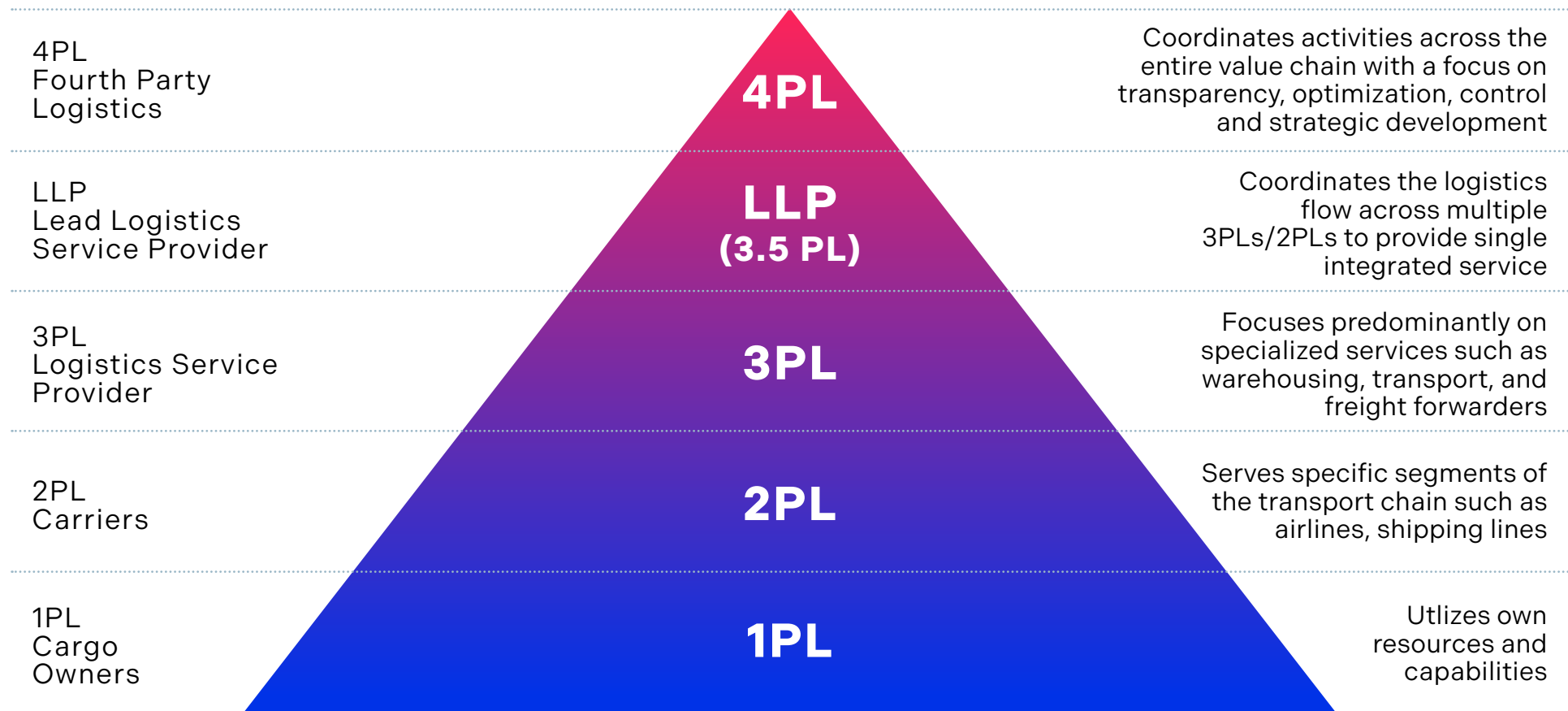
4PL transformations are a journey. It is important to define the right goals and approaches in order to reach the ideal end point.



THE 4PL CONCEPT

Supply chains are about delivering outcomes for your business, through efficient, effective operations designed to excite your customers.

Deconstructing the various PLs



DEFINING A 4PL

In 1996, Accenture first coined the term '4PL' (Fourth Party Logistics Provider) and defined it as: A supply chain integrator that assembles and manages the resources, capabilities, technology of its own organization, with those of complementary service providers to deliver a comprehensive supply chain solution.

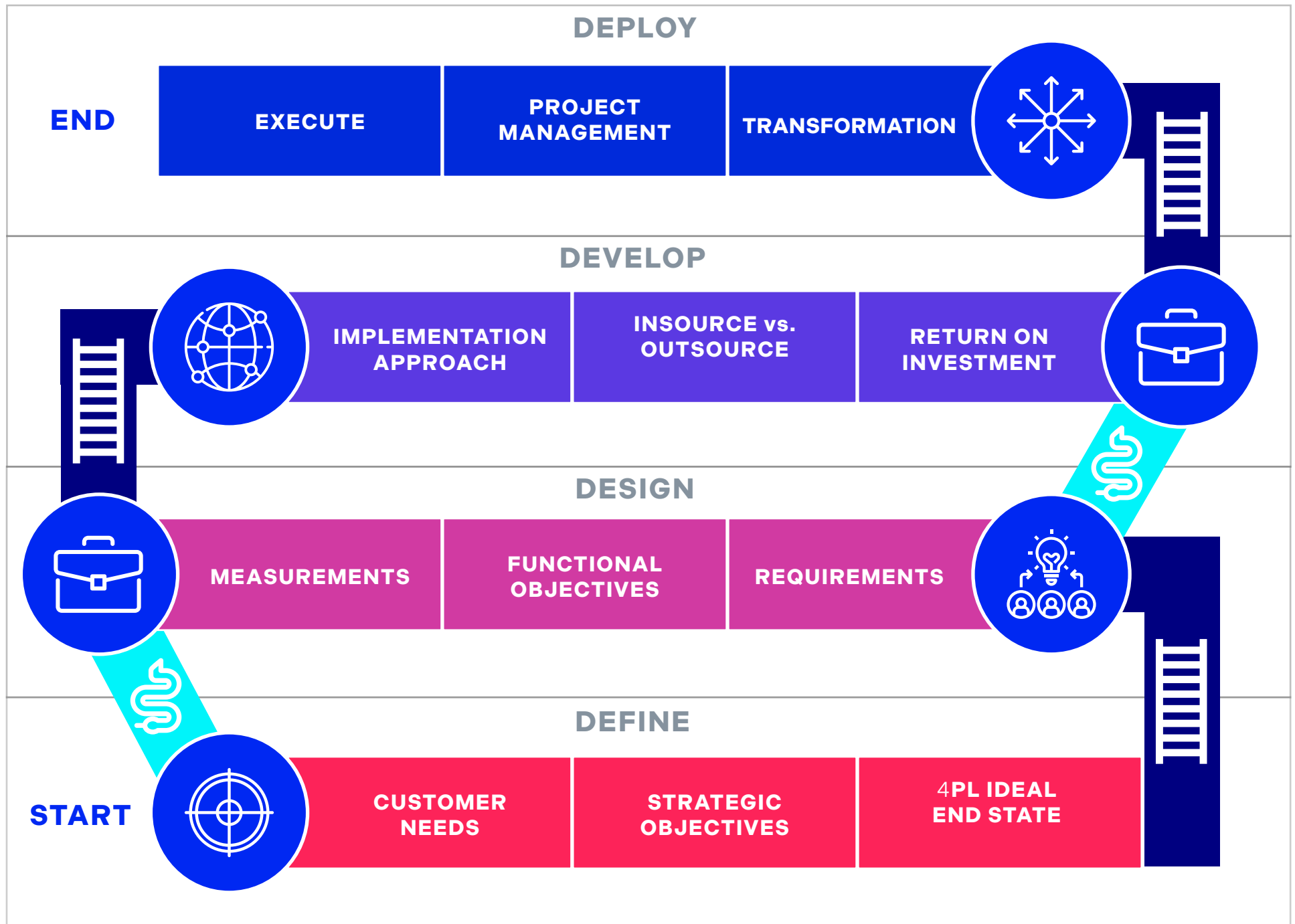
To date, that definition has been widely interpreted.

To us, a 4PL is not just a simple definition. It is an evolving transformation of people, processes and technology, designed to match the evolving needs of our customers' supply chains.

THE 4PL JOURNEY

Building out a 4PL solution should be an iterative process, like a game of snakes and ladders, building from the customer perspective to the final delivery.

Key points in the process (snakes & ladders) should be used to reassess the model against the original needs and requirements through an iterative development approach.





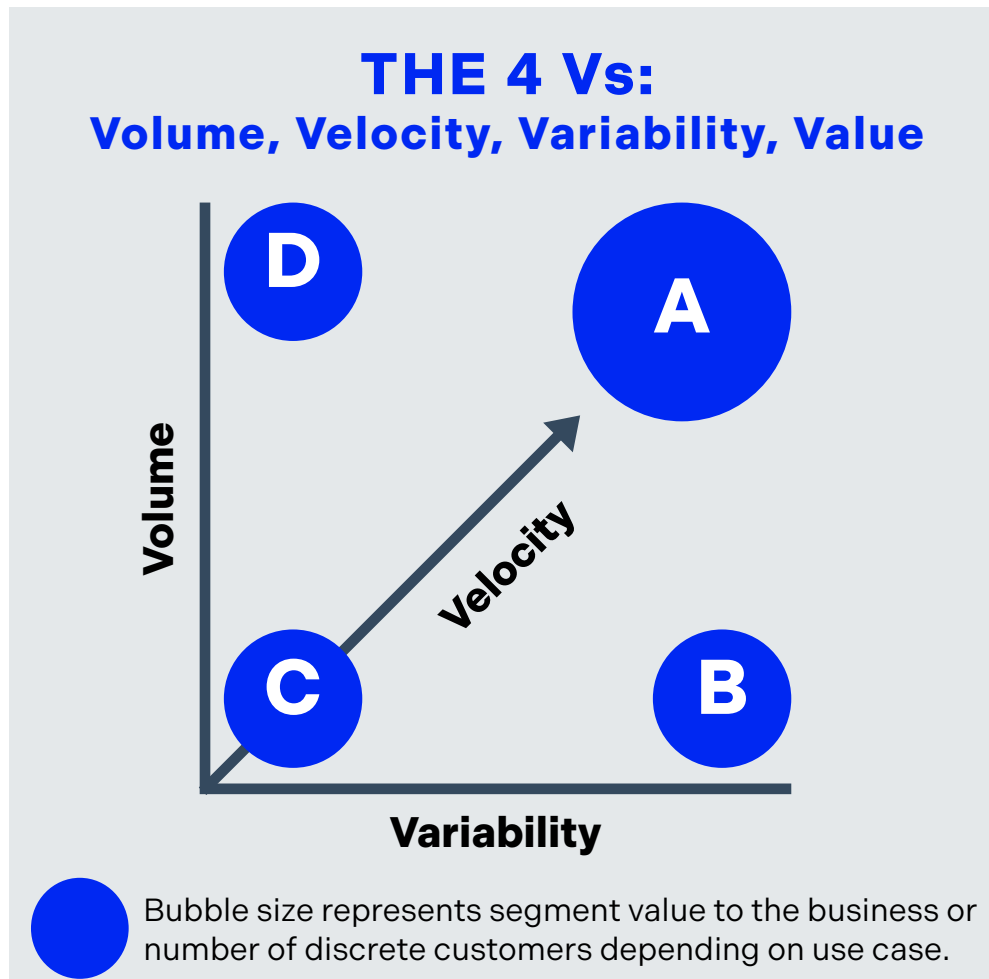
THE 4PL JOURNEY

DEFINE

The first step in building out a 4PL solution is crucial. Companies must start by defining goals, customer needs, and what the ideal end state looks like.

DEFINE CUSTOMER NEEDS

Defining customer needs together with strategic objectives forms the basis of the 4PL use case, through profiling customers, segmenting them and understanding value to the business, we start to define the logistics needs, what customers to serve with the model and potentially who to de-select.



A

AGILE

Fully adaptable model, built on multi-mode solutions

B

RESPONSIVE

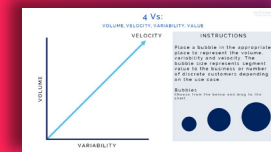
Reacts to demand with mode and model based on efficiency

C/D

EFFICIENT

Efficient supply chain focused on cost optimization, sized to flow. Different modes and node configuration for smaller flows.

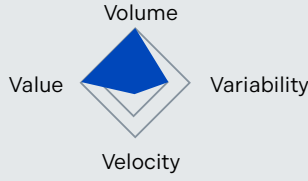
Note: For some organizations, projects may be a key requirement for high velocity changes, with low volume, high variability and high project value. In this case, the chain needs to be responsive for the project.



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4PL workbook and
templates.

DEFINE CUSTOMER NEEDS

Translating profiles into key requirements supports a holistic overview of supply chain needs and values.

Segment Name	Example
PROFILE Profile based on segmentation model	 High volume, high value to business, low velocity/variability: Efficient focus
BUSINESS OBJECTIVE Internal business objective for identified segment	Grow and optimize margins within segment
SUPPLY CHAIN FOCUS Execution approach to support business objective	Maintain cost optimized flow with predictability of supply and effective service delivery
SUPPLY CHAIN Key requirements	• Low cost make/source • Low cost route to market at scale • Inventory visibility • Inventory reduction approach



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DEFINE END STATE

What is the ideal end state for your 4PL model?

What is your ideal end state?



What areas should you focus on?

☐

Improve visibility

☐

Simplify integration

☐

Improve agility

☐

Reduce inventory

☐

Reduce costs

☐

Reduce own fixed costs

☐

Reduce logistics
supplies

☐

Improve reliability

☐

Improve procurement

☐

Reduce emissions

☐

Globalize

☐

Other

THE 4PL JOURNEY DESIGN

The objective of the design phase is to translate customer insight, business intelligence and vision into the 4PL target operating model.

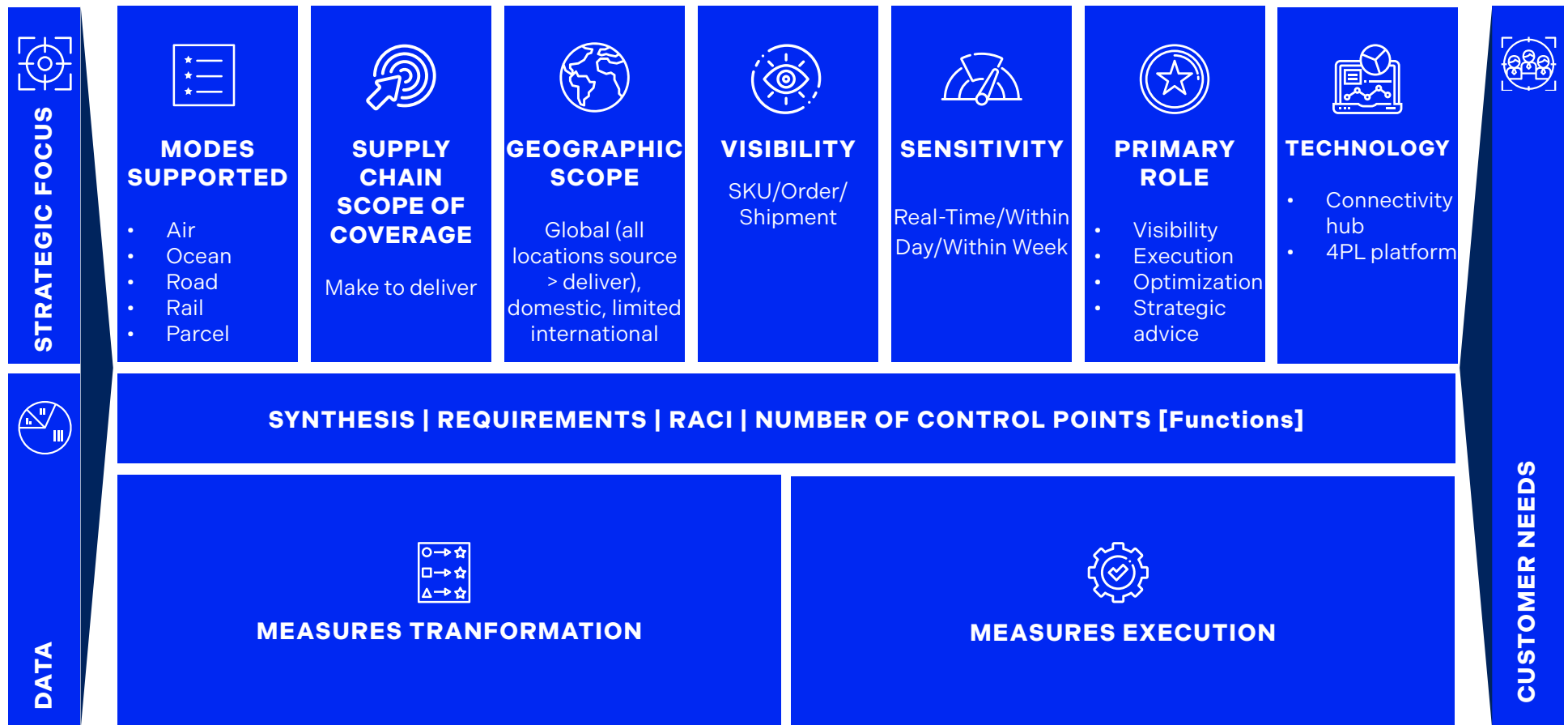
It is important to take in different perspectives and insights in this phase, leveraging partners, internal department views and industry thinking to challenge traditional “group think” processes.



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DESIGN

Mapping strategic objectives, focus areas, customer insight, and success measures for the 4PL target model.



DESIGN

Key elements of the model:

INPUTS	CUSTOMER NEEDS 	Determines the likely modes within the supply chain and nodes (customers, warehouses, suppliers, and plants) and sensitivity of the solution (visibility and execution).
	STRATEGIC FOCUS 	Determines focus of the 4PL model in terms of scope and capability sourcing requirements (internal/external).
	DATA 	The oil that drives the decision making including existing and future supply and demand, current resourcing, customer sizing, current performance and business structure.

DESIGN

DESIGN CONSIDERATIONS	MODES 	Definition of the modes of transport to be managed by the 4PL including breadth of coverage, and visibility and execution requirements.
	SUPPLY CHAIN SCOPE OF COVERAGE 	What scope should be covered, from ship to deliver, or source to ship and the context in terms of: • One to many: Limited plants/suppliers to numerous customers • Many to many: Many locations to many customers • Many to one: Global production/sourcing to singular market Determining the basic scope and RACI helps to determine where a control tower may be located to support key processes i.e. close to major supply and demand locations.
	VISIBILITY 	Through understanding customer needs, we determine what level of visibility is required (SKU/Order/Shipment), and how many points are needed to track (production events/shipping events/process events).
	SENSITIVITY 	How sensitive should my solution be? How often do I require updates to control and optimize the supply chain?
	PRIMARY ROLE 	What is the primary role for the 4PL? • Create visibility: Connect to multiple providers creating visibility and providing insight to the entire network and performance • Execution: Manage the execution of providers, following up performance, managing alerts, and proactively engaging to deal with exceptions • Optimization: Optimize the supply chain through controlling routing of cargo, positioning of inventory, adjusting networks and optimizing freight agreements • Advising: Advising on strategic development, network configuration, procurement and logistics teams setup While it is a journey often starting with visibility to then build capabilities on top of, it is important to understand the ideal end point for the 4PL.
	TECHNOLOGY 	What is the technology requirement? Leverage the 4PL's platform to manage the supply chain or utilize the 4PL as an integration hub to connect and simplify interactions with own ERP. Often the company technology strategy, ERP maturity and availability of IT resources for such a project will determine the requirements.

DESIGN

It is important in the design phase to define the measures of success (aside from financial) for the 4PL model in terms of both the transition (implementation of new model) and the daily execution during the sustain phase.

STAGE	MEASURE
 TRANSFORMATION	• Employee engagement through transition • Supplier/plant satisfaction through transition • Customer satisfaction through transition • Operational metrics as defined • Milestone adherence • Scope management

DESIGN

STAGE	MEASURE
 EXECUTION	• Supplier/plant shipment quality and timeliness • Supplier/plant revisions and amendments • Documentation accuracy • Event visibility and accuracy • Supplier/customer data quality • LSP performance: • Data quality and timeliness • Event and visibility timeliness • Order management and booking quality and timeliness • Process and performance exceptions • Documents submission accuracy and timeliness • Order cycle time • Lead time compliance/quality (delivery in full on-time) • 4PL • Data and visibility quality and timeliness • Exception management performance • Supply chain execution measures • Process execution measures • Savings and continuous improvement deliverables



THE 4PL JOURNEY

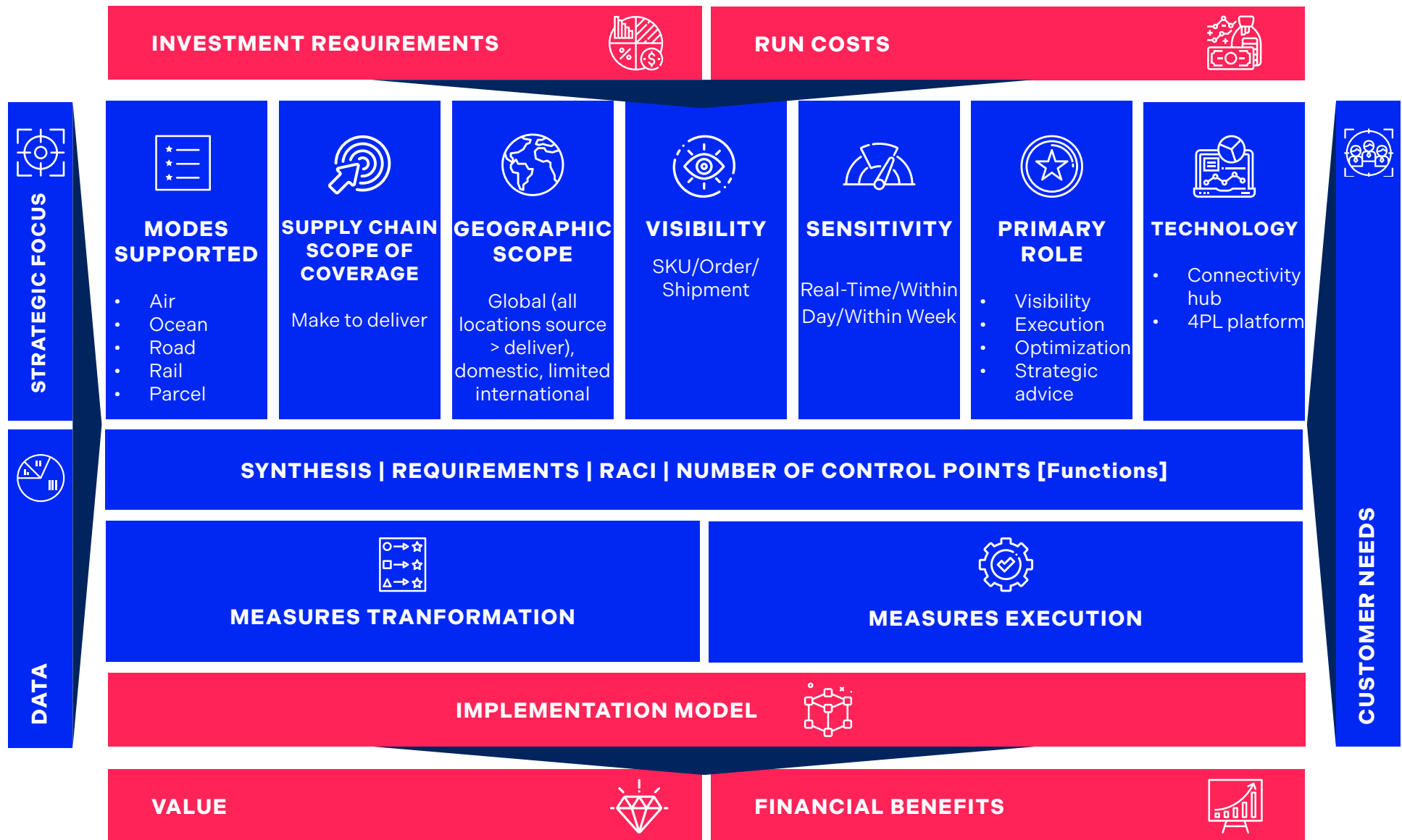
DEVELOP

The development phase enhances the design work through analyzing the implementation, outsourcing and financial implications of the 4PL model.

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DEVELOP

Translating the company strategy and customer insight coupled with existing data to develop the 4PL target model through iteration and engagement, noting that often there are cost/control and investment trade-offs as increased capabilities may be required.

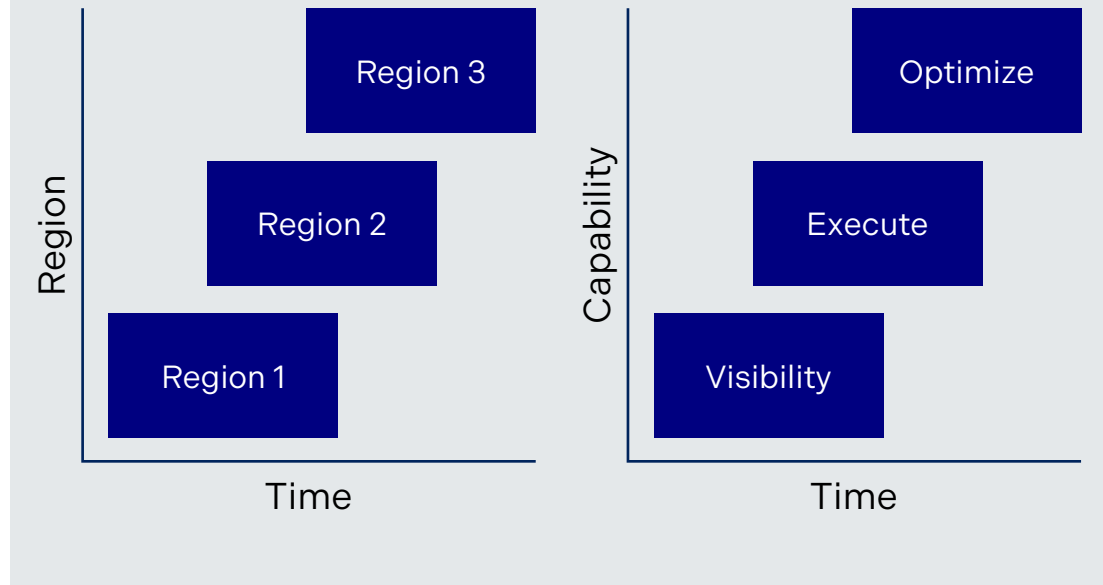


DEVELOP IMPLEMENTATION MODEL

The implementation or transition phase of the 4PL model development process is often overlooked, yet implementing such models require significant time, resources and commitment, as well as change management capabilities to support the necessary adaptations. When defining the implementation approach, it is important to consider:

- A phased approach to ensure there is adequate modeling, testing, and delivery of a solution in line with business requirements and the ability of the business to handle the pace of change.
- Change management requirements for the organization and partners to ensure clarity around the new ways of operating and commitment to the future models.
- IT resourcing and support to ensure any integration or development needs are addressed.
- Partner engagement to ensure the changes to suppliers, customers, plants, and vendors are clearly communicated and any contracts are adapted to support the role of the 4PL.
- Capabilities of the 4PL partner to support global/local transitions and engagement to ensure aligned teams and planning.

IMPLEMENTATION APPROACH



Given the change management and technical nature of a 4PL program it is often required to aim for a phased transition plan, we do believe that a functional based approach provides the ability to test capabilities as delivered and ensures a smoother learning curve for the organization and partners as a whole.

DEVELOP INSOURCE VS. OUTSOURCE

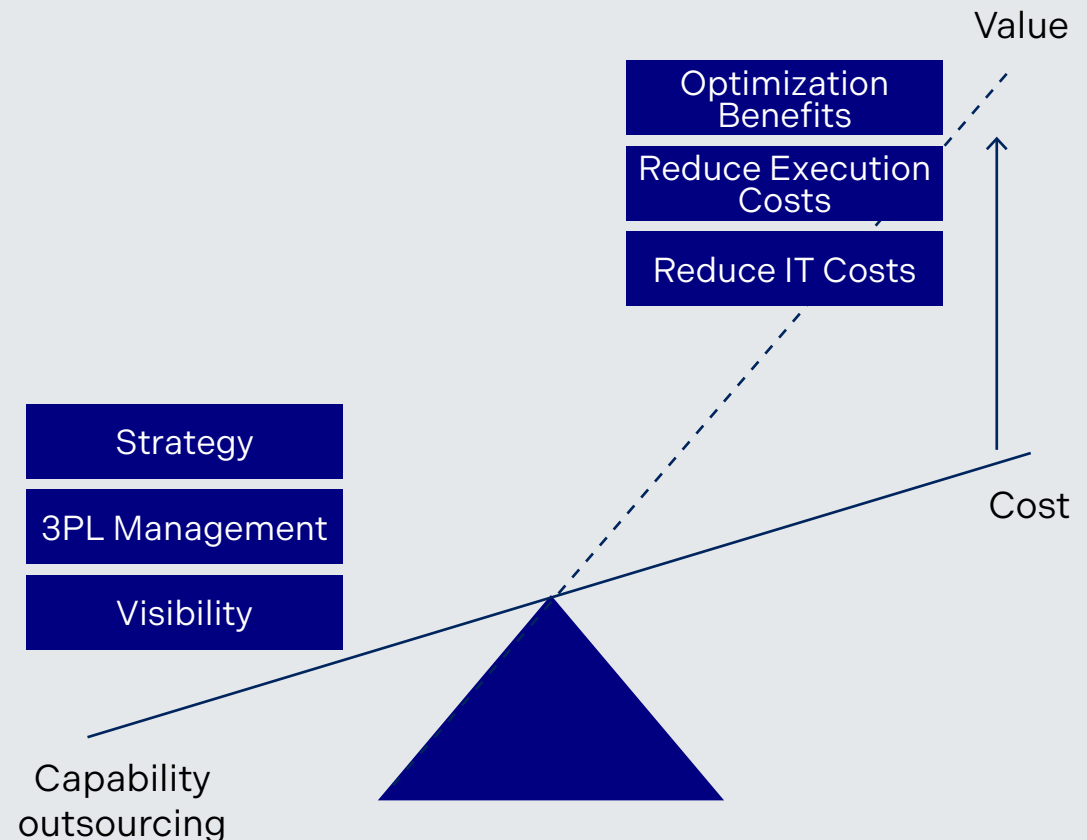
The insource versus outsource equation is very important in considering the 4PL model due to the strategic nature of such programs, the level of investments required and the size of transformation involved in delivering a 4PL model.

During the development phase of the model, it is important to consider:

- Value derived to the business versus cost
- What core competencies should be retained versus outsourced into a 4PL setup
- How to retain knowledge and strategic agility through agreements and relationships
- Opportunities which may be opened up or closed off through partnering with a specific organization

Balancing capability costs (financial and strategic [competence outsourcing]) versus the value derived from outsourcing is a key balancing act. Reviewing this may lead to reconsidering the functions of the 4PL and what strategic/tactical functions should reside within the 4PL.

BALANCING THE OUTSOURCING COSTS AND CAPABILITIES VERSUS BENEFITS



DEVELOP

OUTPUT BUSINESS CASE

The business case is the output from combining the design phase requirements with understanding the investment and run costs versus the benefits of executing the 4PL model.

DEVELOP BUSINESS CASE ELEMENTS

Through incorporating costs, value, and benefits with the operating model, an outline business case is constructed. This business case focuses on the financial costs and benefits as well as the value to the overall business.

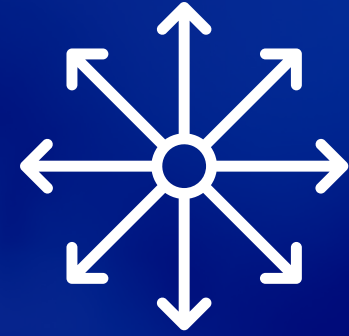
COSTS	INVESTMENT REQUIREMENTS 	Level of investments required to deliver the 4PL model such as: • Project management costs • Change management costs • Supplier/customer change costs • IT development/integration costs
	RUN COSTS 	Running costs of new setup including: • Fees for services/IT/execution capabilities • New profiles for logistics/customer/supplier costs if applicable
BENEFITS	VALUE 	Projected intangible values from the implementation, including: • Customer perception/engagement • Team perception/engagement/learning opportunities • Simplification of supplier/plant/customer engagement • Increased agility and flexibility to respond/adapt/change
	FINANCIAL BENEFITS 	Financial benefits should be modelled to understand the returns on investment and financial value to the business, incorporating; • Transactional cost savings through 4PL model • Procurement/strategic cost reduction programs • Potential staff/internal execution cost reductions (e.g. IT/ Finance, etc.) • Inventory/lead-time impacts linked to strategic programs

THE 4PL JOURNEY

DEPLOY

In the deployment phase, organizations collaborate to deploy the defined 4PL solution. Strong collaboration, project management and communication skills remain critical to delivering the intended 4PL model.

All parties should align around the 4PL canvas ensuring clarity on objectives and deliverables as well as operating as a reference model.



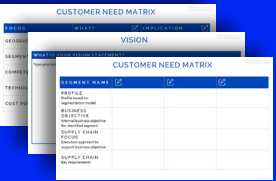
DEPLOY

DEPLOY TRANSFORMATION

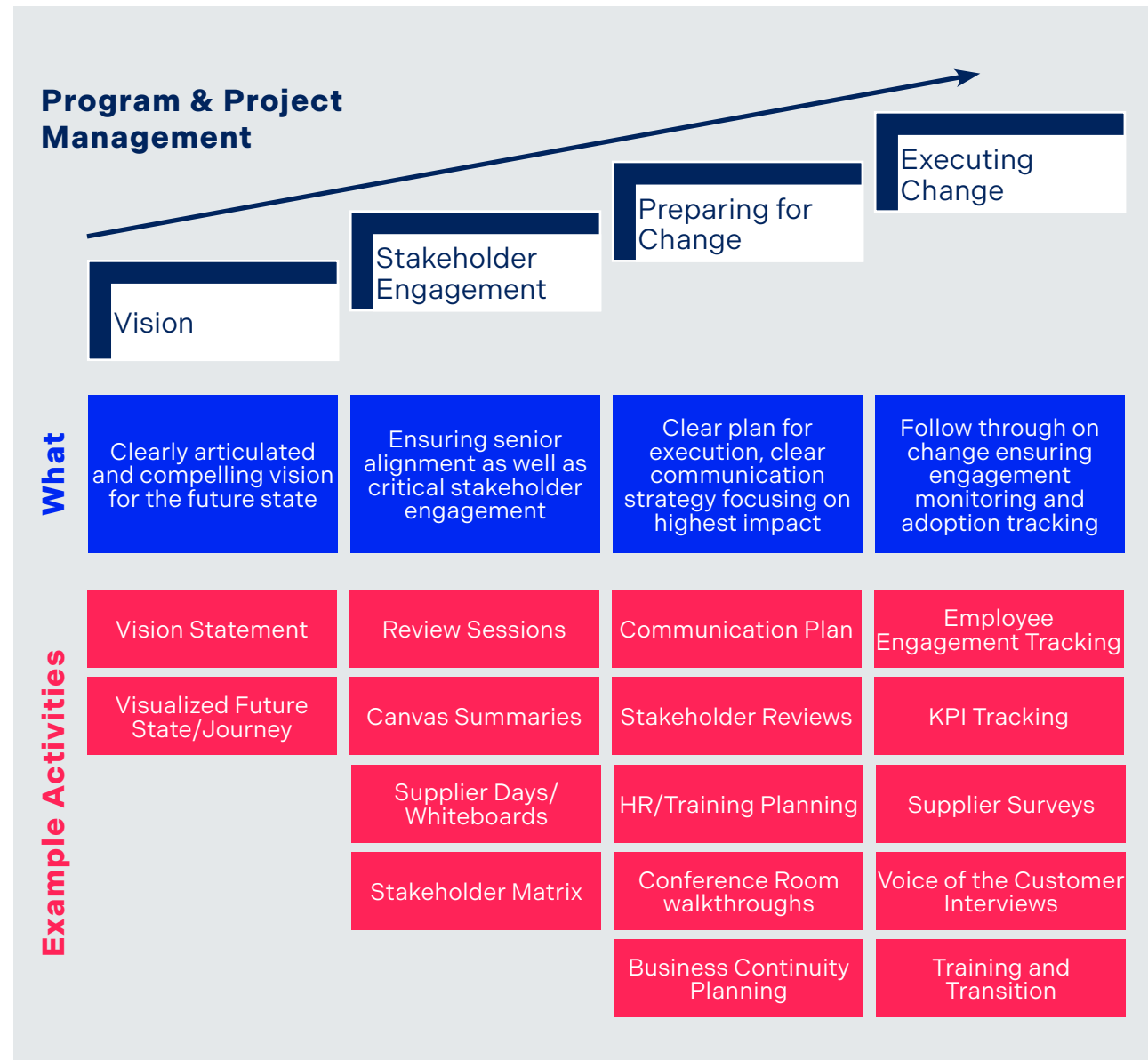
The topic of transformation is introduced during the deploy phase. However, in reality, the journey to design and develop the 4PL solution is a change management journey, with leaders and teams being involved in defining a future vision and objectives for the 4PL solution and the whole organization, and how it interacts with the 4PL solution.

The transformation initiatives are not just confined to the logistics teams but depending on the scale and scope of the organization and its value chains, can be extended more broadly to internal teams, business units, customers, manufacturers and suppliers.

It is also important to understand that required changes, as highlighted in implementation, should be incorporated into contracts to also ensure alignment between expectations and remuneration/measures.



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THE 4PL JOURNEY

PROJECT MANAGEMENT

There are multiple frameworks and project management approaches available to implement the model. It is important to select an approach that works best for your organization and with your partners.

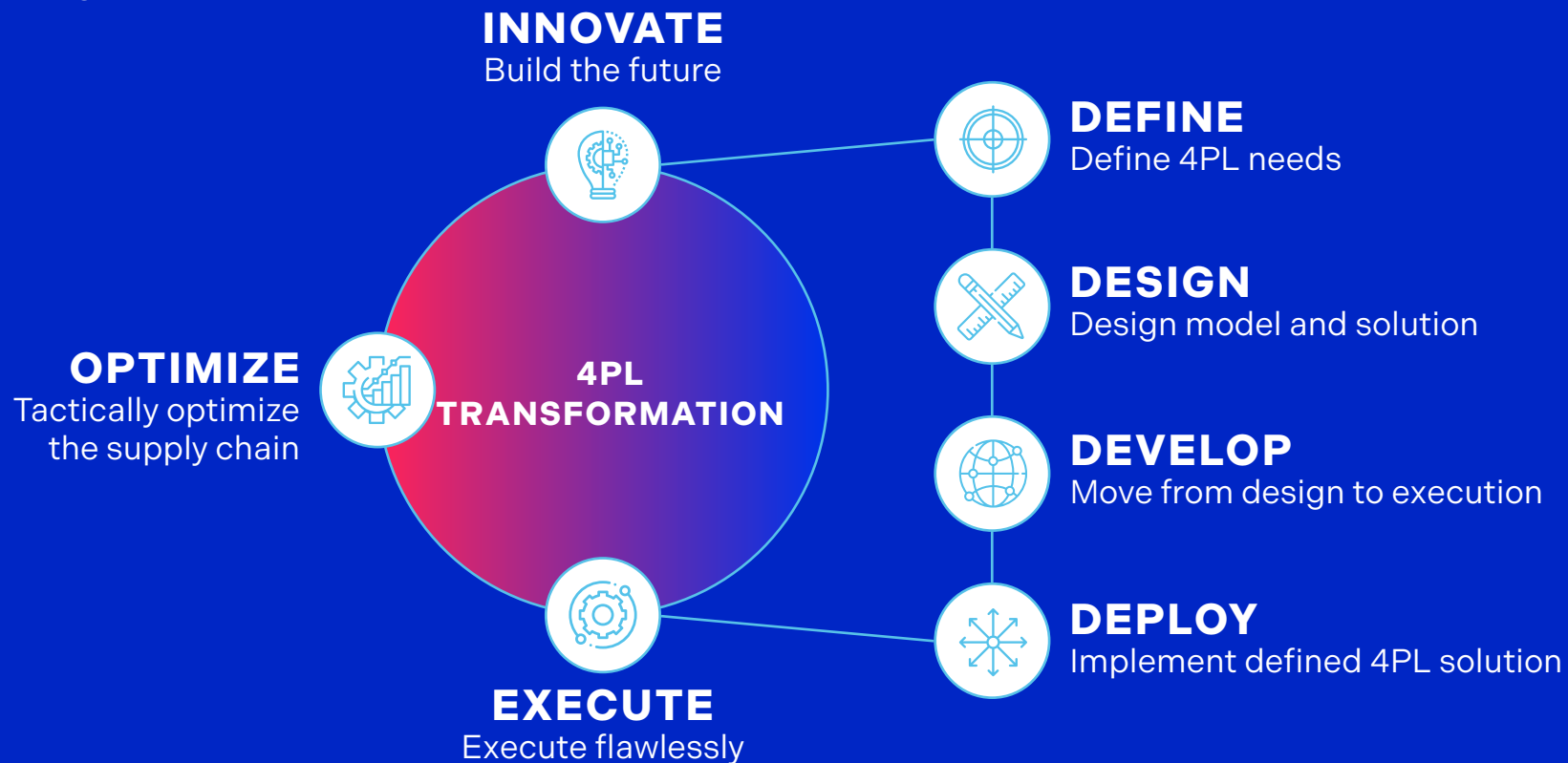
Be sure that whatever solution, software or approach is used ensures:

- Project transparency
- Stakeholder collaboration
- Actions are SMART (Specific, Measureable, Achievable, Realistic and Timebound)
- Workstreams are adequately covered: Operations, IT, HR, Communication, Commercial
- Risk and change plans form the heart of the implementation strategy
- IT workstreams outline a common approach to communication and testing strategies for technical execution
- The 4PL canvas is regularly reviewed and updated

THE 4PL JOURNEY

EXECUTE & OPTIMIZE

In the execute and optimize phase, the focus is on controlling and optimizing the supply chain through leveraging data, insights and capabilities of the 4PL teams. There must also be a continuous focus to leverage insights to support tactical optimization of the supply-chain and to constantly model wider business environment developments which may trigger larger Innovate processes.



DELIVERING TRANSFORMATION

This book is designed to help you create and share your 4PL transformation vision and approach, to structure your thinking around the topic, and help share some of our experience from BridgeNet.

At BridgeNet, we use this structured approach as part of our customer 4PL development workshops. We invite you to collaborate with us to deliver transformation to your business.

We hope this form is a useful guide for you.



BridgeNet Solutions has teams around the world, ready to support your needs. Learn more on our website or contact us below.



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