How Sears Home Services Improved End-to-End Supply Chain Visibility

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Softeon
Innovative Supply Chain Solutions

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Agenda

- Sears Case Study
  - Company Overview
  - Opportunities Identified
  - Proposed Solution
- Benefits to the Parts Distribution (PDC)
- Distributed Order Management Systems (DOM)
- Benefits to the Technician

Case Study
Company Overview

PDC	Vans	Districts	Repair Ctr
• 5 Parts Distribution Centers • 7M SKUs • 30K Pick Lines	• 7,600 Service Vans • 600 SKUs each, based on specialty	• 50 District Offices	• 23 Region Repair Centers

Carry-In	Parts Sources	OTC
• 1670 Carry-In Stores • 1.5M repairs annually for Sears / 3rd Pty	• 20+ Master Parts Sources and Product OEMs	• 200 Over the Counter Store Fronts

Case Study
Opportunities Identified

SHS faced issues common to the warehouse / parts industry

- Trapped Inventory / Inventory Silos
    - Ineffective reverse logistics
    - No visibility between PDCs, rest of network, or exposure to network orders
    - Service repair vans with limited (virtual/assumed) inventory position
- No real-time accounting of inventory
- Manual quality check process for orders
- Inconsistent / ineffective process for handling de minimis guidelines
- Need for effective & efficient integration of additional 30k daily consumer direct orders (2X output)

SHS found a solution partner in Softeon, based on:

- ✓ Shared passion for customer success
- ✓ History of quickly understanding their client's business needs
- ✓ Solutions that offer flexibility for today's business environment
- ✓ Their guarantees for on-time implementation and fixed cost

Case Study
Proposed Solution

Create a Fundamental Foundation for Business Growth and Operational Stability

1. **Implement DOMS/Integrated WMS in PDCs**
   – Single order funnel with sourcing logic (primary, alternates, etc.) to optimize freight and reduce inventory
   – Common WMS among 5 sites – common practices, leveraged productivity, network stability
   – Common practices = flexibility in order fulfillment (i.e. site independent)

2. **Implement Reverse DOMS/Integrated WMS in Service Vans**
   – Single reverse order funnel with sourcing logic to optimize freight
   – Set up service vans with warehouse control functionality, enabling real-time inventory management and greater visibility to parts network

Case Study Results
Benefits to the PDC

Post-Implementation of the DOMs/Integrated WMS, PDCs are enjoying the following benefits:

– Improved service order cycle time, first time completes, inventory utilization to include returns, customer visibility of their service experience, accuracy of repair service orders to track parts, overall process productivity

– Real-time global visibility of inventory

– Ability to change rules as needed (No need to request from IT)

– Enabled pick-to-shipping cartons

– De Minimis guidelines seamlessly integrated within process

– Reduction in overall order processing costs

– Greatly reduced materials and labor for "Preparing Orders For Picking"

– Eliminated need for manual order checking

– Improved information accuracy throughout the process

Case Study Results
DOM

DOMS is the nerve center of order fulfillment, using a rules-based flow for sourcing to meet expectation, by providing:

- Hold and release
- Order scaling and grouping
- Sourcing and allocation
- Constraints and restrictions
- Mortgaging
- Reservations
- Fill-Kill processor
- Back order allocation
- Alternate Sourcing – if a PDC is out of service or out of inventory, orders will be sourced from alternate PDCs
- Visibility across all nodes

Post-Implementation of the reverse DOM / Integrated WMS in Service Vans, Technicians are enjoying the following benefits:

- The software is integrated into Sears internal applications that are actioned on technicians laptop computers
- The software is able to partially function offline if technician loses network connectivity
- Technicians are able to organize their parts in assigned bins, minimizing damage and allowing for quick location of part as needed
- Technician has ability to electronically receive and verify shipments of parts sent from the PDC

(Continued)

Case Study Results
Benefits to the Technician

Post-Implementation of the reverse DOM / Integrated WMS in Service Vans, Technicians are enjoying the following benefits:

- Technician can create RGI directly back to the district, with complete tracking of each shipment

- Technician can search nearby vans for a part that is needed to repair a customers appliance

- Visibility to all substitute part numbers, utilizing the oldest stock first

- Technician can record all appropriate accounting transactions, including filing claims and taking mark downs for damaged parts.

- Cycle counts can be scheduled with flexibility to ensure productivity and customer satisfaction

QUESTIONS AND ANSWERS

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