



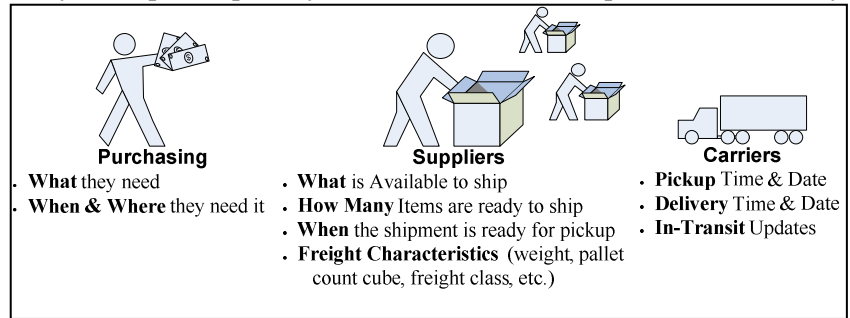
Managing the Inbound Supply Chain through Internet Technology

The Challenge of the Inbound Supply Chain

Most logistics managers would agree that managing the Inbound Supply Chain is significantly more difficult than the Outbound. The reason for the disparity lies in the control of essential Information. To make Optimal Supply Chain decisions, operations managers need accurate Information, at the right place & at the right time. On the Outbound side, this information is generally readily available. All of the information required to control & optimize outbound shipments is usually centralized, in the form of Sales Orders & product details. Because all outbound shipments are visible to operations managers, consolidation & optimization of outbound shipments (i.e. from LTL to multi-drop truckloads) is widely practiced. However, few companies are able to proactively manage and optimize their inbound flows. The shipping information is typically spread out amongst many parties: Purchasing, Suppliers & Carriers. Because individual suppliers typically control the shipments, it is not surprising that coordinated inbound optimization is rare.

Each party in the inbound supply chain controls different pieces of information. Purchasing knows what they need and when, but only suppliers know what is ready to ship, the quantity available, when the shipment will be ready to ship, and the physical characteristics of the freight. Carriers throw another variable into this mix, as they communicate shipment information back and forth between the supplier and purchasing (or receiving).

Depending on the number of suppliers in the Supply Chain, bringing all of this information together can be an on-going struggle. Even more information is required to be able to consolidate & optimize the inbound transportation.



In a manual environment, the number of phone calls & faxes required to simply send out a PO & track it through delivery can be staggering. When exceptional issues arise, information can stop flowing altogether.

Visibility: The Critical Business Driver

Real-time Visibility of critical information is the key to proactively managing the inbound supply chain. Visibility leads to predictability and allows operations managers to make proactive decisions, instead of reacting to supplier or carriers issues. The simple ability to see all of the inbound shipments in one place allows logistics managers to control their inbound transportation and optimize their shipments before pickup. Today, the universal emergence of the internet makes this more possible than ever before.

To capitalize on this opportunity, HA Logistics developed the **Inbound Gateway**™, on-line channel for collaboration amongst Buyers, Suppliers, Carriers & Operations Personnel. It integrates nine fundamental functions into a comprehensive solution that delivers real time visibility for execution and optimization of the purchasing & transportation management processes.

Improves Execution of All Supply Chain Functions

1. Standardizes communication of your purchase orders to all suppliers via the internet.
2. Suppliers acknowledge the receipt of POs (or an escalation process begins)
3. Provides Real-Time visibility of Inbound purchased material as it moves through the supply chain.
4. Captures shipment information from Suppliers in advance of shipment: what items can ship, shipping origin, weight, cube and freight class. (enabling optimization of transportation planning)
5. Alerts buyers when an order will ship short, *before it ships*.
6. Provides centralized access to all necessary documents, (BOLs, Packing slips, etc.) printable via the internet.
7. Standardizes business rules and enforces compliance across the entire supply chain, including vendors and buyers.
8. Captures & Maintains operating profiles of all supply chain participants, physical plants, and material.
9. Creates benchmarks for Continuous Improvement of the Inbound Supply Chain.

By providing full control, visibility, and measurement of the supply chain, Inbound Gateway provides powerful benefits for the customer, both immediate and long-term. Execution of these nine functions will drive on-time deliveries and eliminate PO expediting. By automating routine supply chain management functions, purchasing and operations personnel are empowered to manage to the exceptions as they arise.

Benefits All Players in the Supply Chain

Inbound Gateway provides compelling benefits for all other external participants in the chain—**buyers, suppliers, and management.**

Supply Chain Managers

- Communicates & drives enforcement of Business Rules to all parties
- Creates scorecards and benchmarks of Key Performance Indicators (KPI's) for consistent measurement across all participants.
- Implementation requires Minimal involvement of IT resources. No software is required!
- Provides a foundation for continuous process improvement
- Integrated reporting provides consolidated view of your inbound supply, data to identify trends, and immediate drill-down to investigate specific issues at a detail level.

Buyers

- Empowers buyers to communicate quickly and seamlessly with suppliers & deliver Purchase orders
- Automates Standardized PO processing across all vendors
- Instant Acknowledgement of Receipt of PO's
- Shipment visibility from order placement through delivery
- Advance notification of short shipments & late deliveries
- Tracks manufacturing & transit lead times
- Measures Vendor Compliance & Drives enforcement
- Reduces/ eliminates purchase order expediting
- Reduces and measures transportation costs independent of material costs

Vendor Inbound Program Drives Supply Chain Execution and Improvement

Suppliers

- Easy-to-use interface, to connect purchase order & shipping data
- Provides vendors with routing and status information
- Provide automatic uploads of accurate weight, cube, NMFC and freight class by item
- Standardizes and provides accurate information for shipping documents, including BOLs & packing Slips
- Eliminates need to track & trace customer purchase orders

How It Works

Inbound Gateway implements the complete cycle for supply chain execution, beginning with the creation of a purchase order, through delivery and receipt. For routine transactions, Inbound Gateway completely eliminates any need for manual data entry or manual communication via phone, fax, or email.

When our customers create a Purchase Order in their existing purchase order system or ERP, it is seamlessly transmitted via the web to their vendors in real-time.

The screenshot displays the HA Logistics web portal interface. At the top, the HA Logistics logo is on the left, and the user information (User: John Skrodenis, Vendor: N/A, User Type: Admin, Logged in at: 7/6/2005 1:58:21 PM) and a 'COMPANY Your Logo Here' placeholder are on the right. A navigation menu includes Home, Vendor Options, Routing Maintenance, Admin Tools, Reports, Task Manager, Message Center, Help, and Log Out.

The main content area is titled 'Inbound Shipment Delivery Schedule' and contains a table with the following data:

Vendor	POs	Pick Up Date	ETA	Delivery Date/Time	Pallets
+ ROYAL CANIN	40001	6/29/2005	7/8/2005	N/A	N/A 48
HA Load #: 574282		Weight: 37824		Carrier: HUB GROUP	
Del App Confirm #:		Cartons: 3948			
+ ASPEN PET PR	39702 39868				
HA Load #: 574286					
Del App Confirm #:					
+ RADIO SYSTEM	40000				
HA Load #: 574404					
Del App Confirm #:					
+ COSMIC PET P	40133				
HA Load #: 574707					
Del App Confirm #:					
+ ASPEN PET PR	40049				
HA Load #: 574775					
Del App Confirm #:					

Below the table, a browser window displays a Bill of Lading (BOL) form for a shipment. The form includes the following details:

- SHIPPER / CONSIGNEE:** Shipper: Royal Canin Rolla; Consignee: PFE Central Warehouse
- Origin Address:** 1700 Bridge School Road, Rolla, MO 65401
- Consignee Address:** 2131 Williams Street, San Leandro, CA 94577
- Contact:** Nora Daniels, Phone: 573-368-7716
- Carrier Name:** HUB GROUP
- Trailer #:** (blank)
- Ship Date:** 6/29/2005
- Expected Arrival:** 7/8/2005
- FREIGHT PAYMENT PROCEDURES:** Freight charges are PREPAID unless marked collect. Third-Party Billing, Collect
- Name:** HA Logistics, **Street:** 5175 Johnson Drive

Vendors connect to the web portal and indicate which items are ready to ship and which will be delayed. Our customers know immediately when they have to re-order an item from an alternative supplier. They gain complete control & visibility over their inbound freight, before it ships.

Vendors submit freight characteristics (weight, cube, etc.) of the shipment, which enables HA to proactively plan the optimal transportation solution for the shipment, to minimize cost and maximize service. Expedited shipments can be managed with speed and accuracy.

From the web portal, Vendors print a standardized Bill of Lading and packing slip in one click, reducing shipping and billing errors.

Vendor Inbound Program Drives Supply Chain Execution and Improvement

Origin ACME Warehouse 4735 N. Florence Ave DENVER, CO 80238	Destination PFE Central Warehouse 2131 Williams Street San Leandro, CA 94577	Enter Pieces, Weight, Pallets and Cube for each line item listed. The memo field can be used to communicate information to the router or carrier.			
Total Pallets: 45 Total Cartons: 45					
Cartons contain mixed product: <input type="checkbox"/>					
Item #	# Ordered	Pieces to Ship	Weight	Cube	Freight Class
20066	12	6	60	45	60
UPC: 723503200660 PO#: 38336					
20388	6	6	555	100	60
UPC: 723503203883 PO#: 38336					
20404	6	6	55	50	65
UPC: 723503204040 PO#: 38336					
Totals:		18	670	195	
<input type="checkbox"/> Pickup Appointment Required. Please Type requested appointment times in memo section.					
<input type="checkbox"/> This is International Ocean Shipment. It will be delivered to Pet Food Express On: _____					
Memo - to communicate information to router and/or carrier. _____ _____					
<< Back Continue >>					

Powerful and flexible reporting gives our customers the visibility they need to control their inbound Logistics costs, while empowering the buyers to make optimal decisions.

For transactions with exceptions, Inbound Gateway flags the exception and automatically initiates the escalation process, immediately notifying the designated people at each organization. At user-defined time intervals Inbound Gateway moves up the escalation ladder, notifying designated senior people at each level until the problem is resolved.

For all transactions, Inbound Gateway captures and logs all data for later analysis. This performance data is the raw material for the long-term, continuous improvement cycle of the supply chain. The entire Inbound Gateway application is built on a SQL database with an integrated report generator. Data is password-protected and maintained in redundant, on-line locations. Back-up files are kept both on-site and off-site.

Implementation: Quick & Painless

HA designed Inbound Gateway to minimize Implementation time. A normal implementation can be completed in 6 weeks. HA provides the expertise and flexibility to implement this system and integrate with your existing systems & processes. IT requirements are minimal for our customers. Generally, this consists of a programmer creating a flat file and setting up an FTP process.



HA Logistics provides supply chain management solutions – execution and visibility of when, where, and how material is shipped and delivered, from dock-to-dock. Established in 1984, HA Logistics has led the way in providing seamless transportation and supply chain services for high-growth companies. With the corporate office in Pleasanton, California and key locations across the U.S., the Company has grown over 15% annually by providing a one-stop source for all supply chain needs. HA Logistics has a proven management team with over 50 years of executive management experience in all areas of supply chain management. Our dedicated staff of supply chain experts provides 24/7 support for our clients.

We convert supply chain movement from an external, hidden (and unmanageable) cost to an internal, visible, controllable competitive asset.

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