

The Road Ahead

Owens & Minor is developing supply chain solutions that will help meet your ever changing business requirements



Solution Update

OM HealthCare Logistics

State-of-the-Art Facilities



- 400,000 ft² Louisville Logistics Center
- 275,000 ft² Redlands Logistics Center
- 10,000 ft² Cooler (2-8° C)
- 10,000 ft² Controlled Substances
- Facilities expandable per client requirement

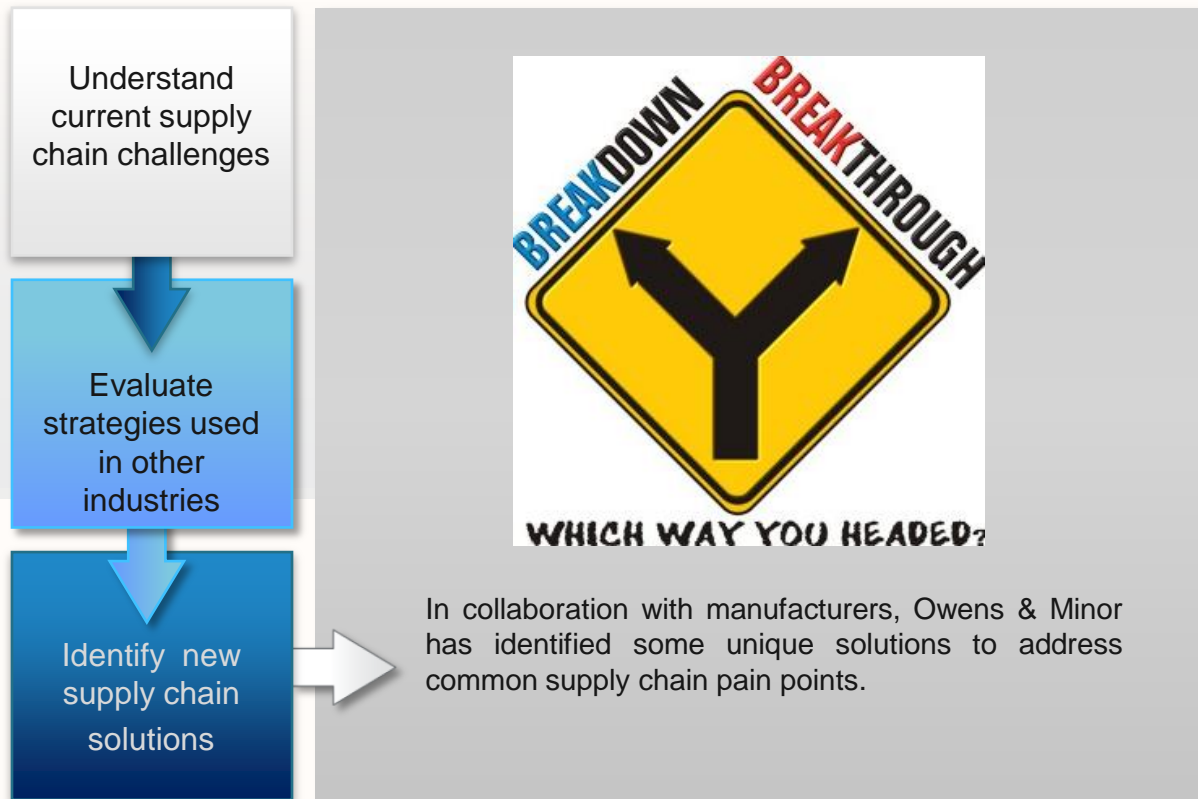
Best-of-Breed Systems



- RedPrairie WMS / work flow mgmt
- JDA FreightMatrix TMS Optimizer
- Rfxcel ePedigree solution
- Pilgrim document and issues mgmt
- Dell services infrastructure mgmt

Challenges on the Road Ahead

Provide Opportunities to Test New Solutions



Common Supply Chain Challenges

O&M has built solutions to address manufacturers challenges



- ✓ 1 Outbound Freight Consolidation
- ✓ 2 New Product Introductions
- ✓ 3 End of Life Management
- ✓ 4 Divestitures



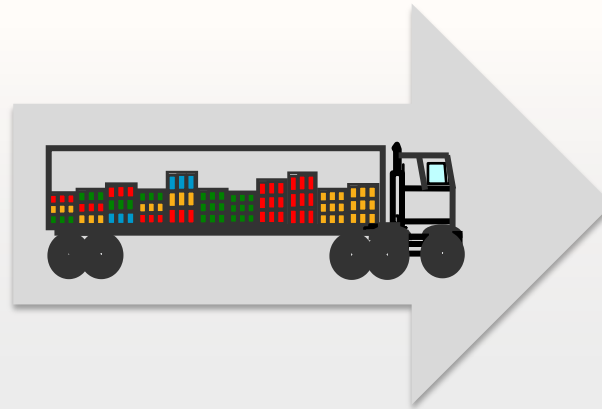
Outbound Freight Management

Consolidated Shipping Across Multiple Manufacturers



Pre-consolidation

	Shipment 1	Shipment 2
Shipment Weight	3,000	2,500
Shipment Cube	300	280
Shipment Base Cost	\$ 1,534	\$ 1,279
Total Cost	\$ 1,311	\$ 989



Post-consolidation

New Combined LTL Shipment		
Shipment Weight	5,500	
Shipment Cube	580	
Total Combined Cost	\$ 1,892	
	Shipment 1	Shipment 2
% of Total Shipment LTL Weight	55%	45%
Consolidated Cost	\$ 1,032	\$ 860

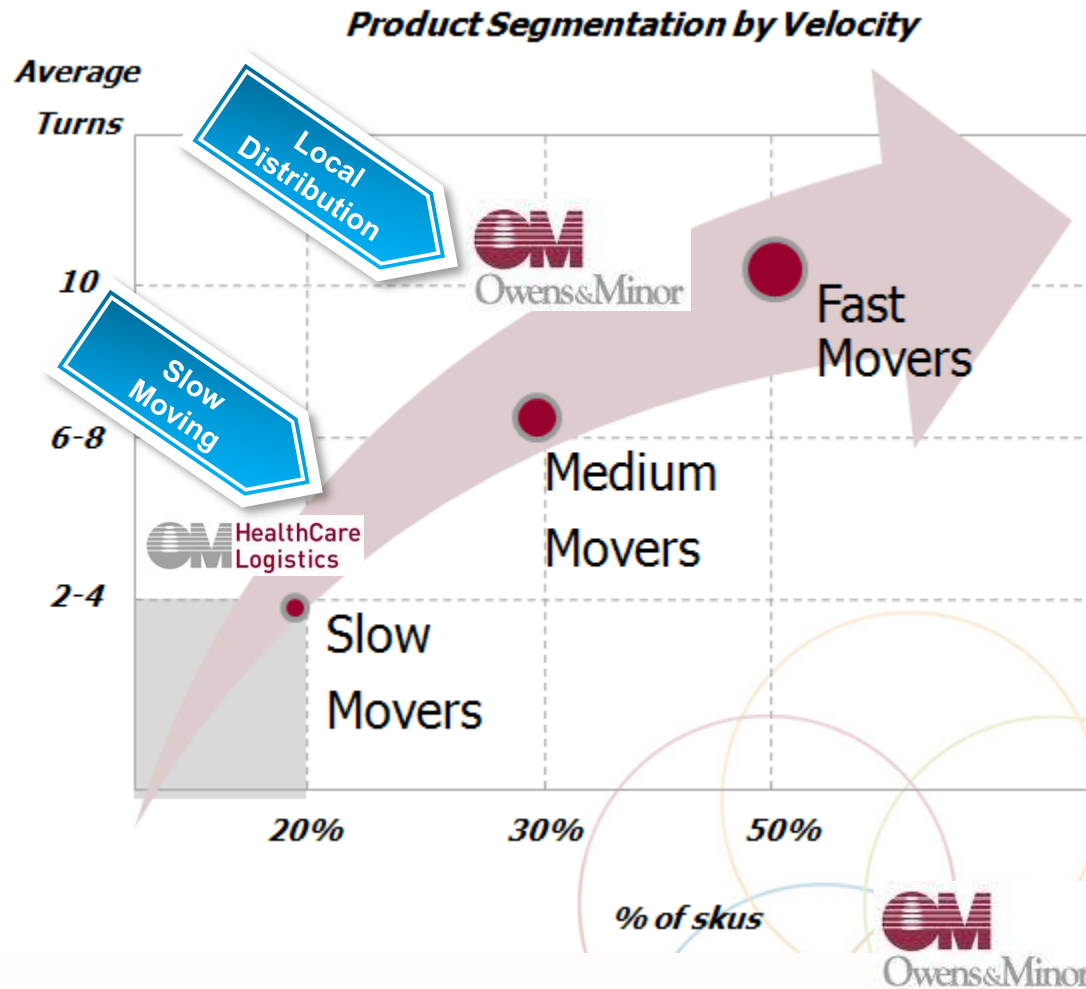
Truckload Shipment			
Shipment Weight	30,000		
Maximum Trailer Cube	2,400		
Maximum Trailer Weight	42,000		
Total Cost	\$ 3,220		
	Shipment 1	Shipment 2	Shipment 3
Weight	3,000	2,500	24,500
Cube	300	280	1,820
Cube Adjusted Weight	3750	4900	21,350
% of truck	13%	16%	71%
New Cost of Shipment 1	\$ 403	\$ 526	\$ 2,292

Slow Moving vs Local Distribution

Reduce Inventory Investment and Improve Service Levels

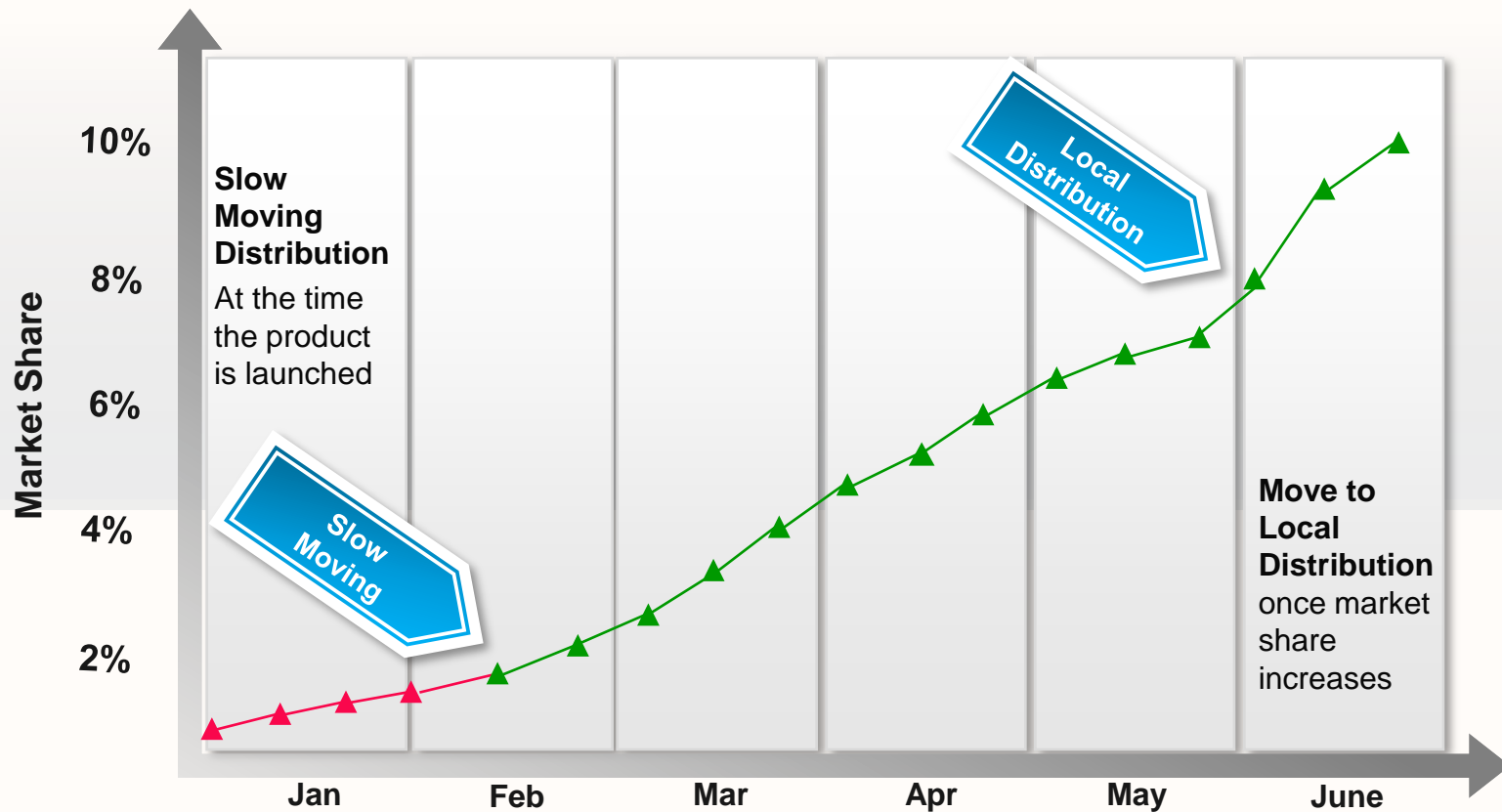
Slow Moving Model

1. Inventory Stored Centrally at OM HCL in Louisville
2. O&M DCs Harvest Orders
3. Orders Spun to OM HCL
4. Drop Ship to End Customer
5. O&M Invoices and Collects AR



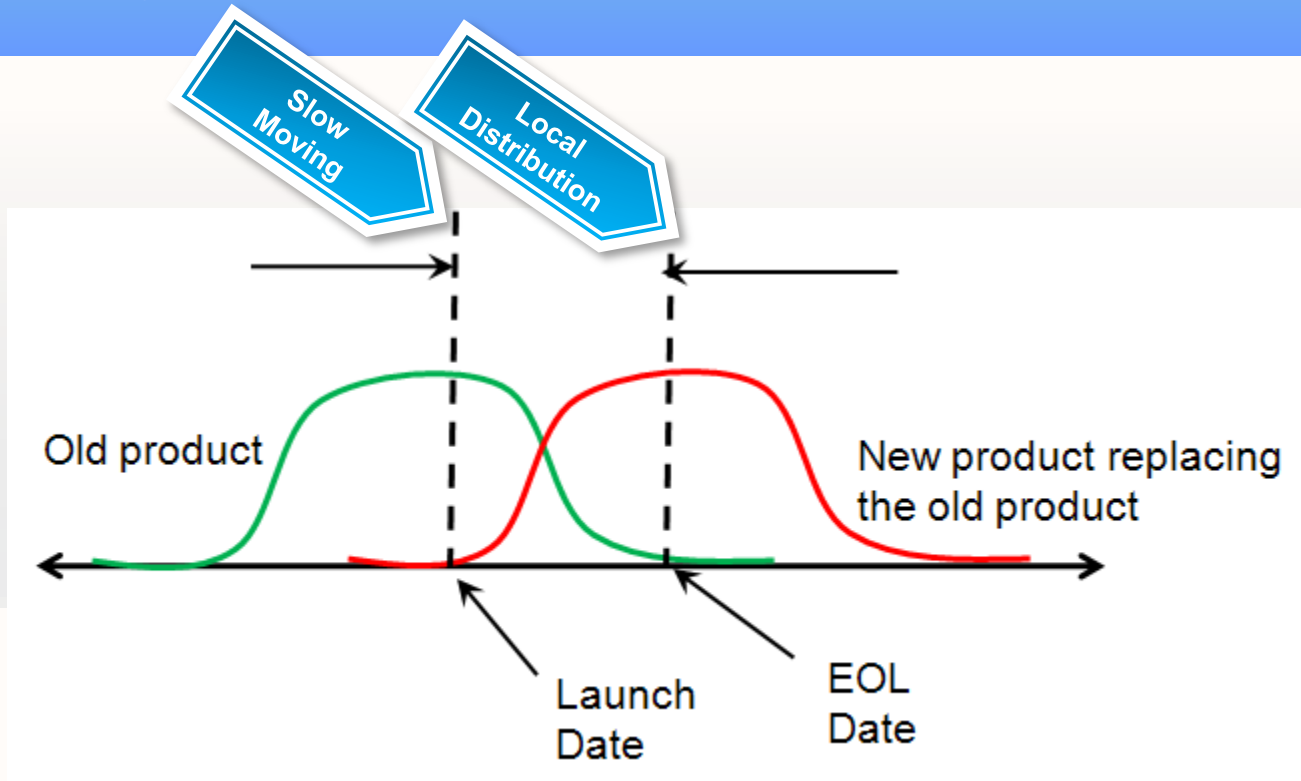
New Product Introduction

Reduce Inventory Investment and Improve Service Levels



End of Life Management

Reduce Inventory Investment and Improve Service Levels




Need to manage transition from old product to the new product

Divestiture Management

Simplify exit plan for non-strategic business units

Divesting A Mature Product



Would outsourcing simplify divestitures?

Need to be able to...

- Outsource business unit prior to divestiture
- Eliminate the requirement to provide shared services

Extracting a business unit prior to a divestiture can simplify the exit plan!



Thank You

