



# 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 ft<sup>2</sup> Louisville Logistics Center
- 275,000 ft<sup>2</sup> Redlands Logistics Center
- 10,000 ft<sup>2</sup> Cooler (2-8° C)
- 10,000 ft<sup>2</sup> Controlled Substances
- Facilities expandable per client requirement

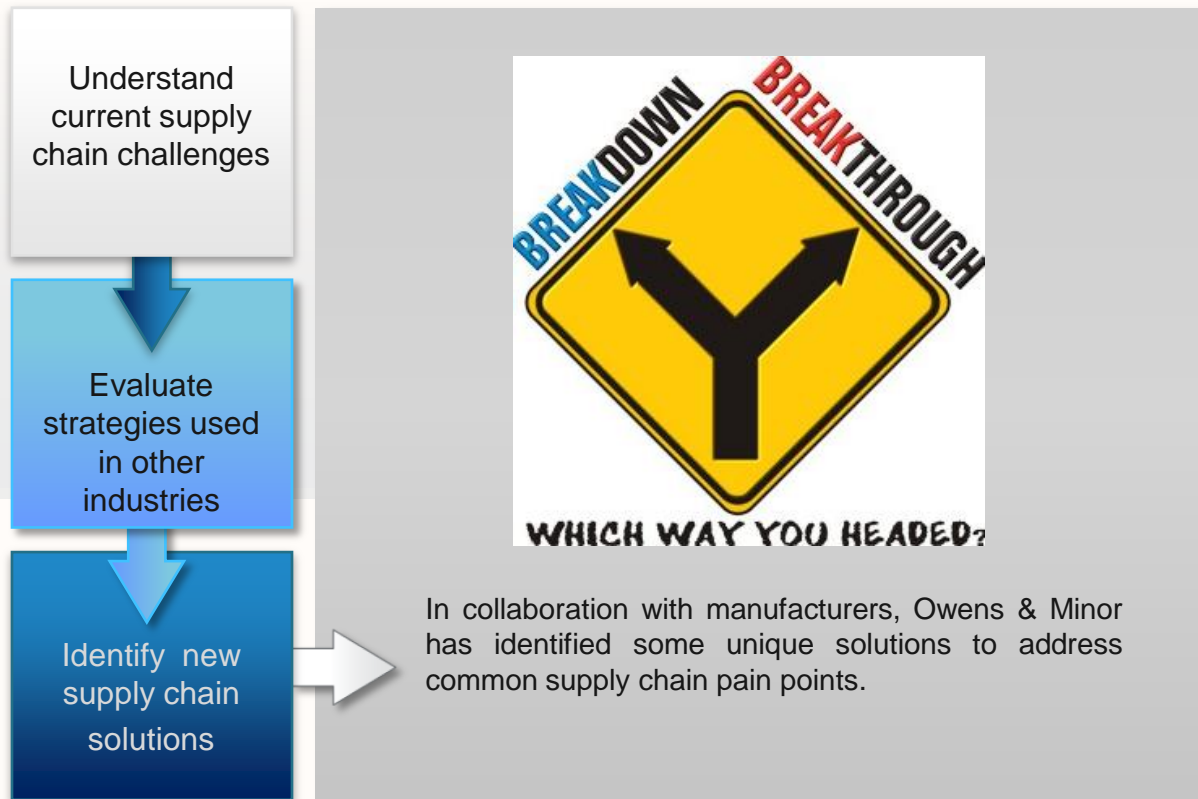
### Best-of-Breed Systems



- 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



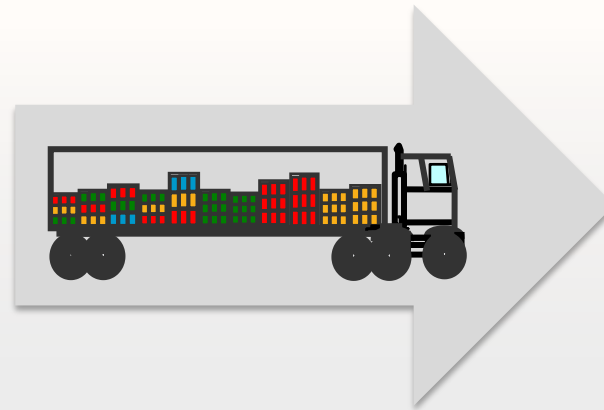
# Outbound Freight Management

## 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
<b>Total Cost</b>	<b>\$ 1,311</b>	<b>\$ 989</b>



### 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%
<b>Consolidated Cost</b>	<b>\$ 1,032</b>	<b>\$ 860</b>

Truckload Shipment			
Shipment Weight	30,000		
Maximum Trailer Cube	2,400		
Maximum Trailer Weight	42,000		
Total Cost	\$ 3,220		

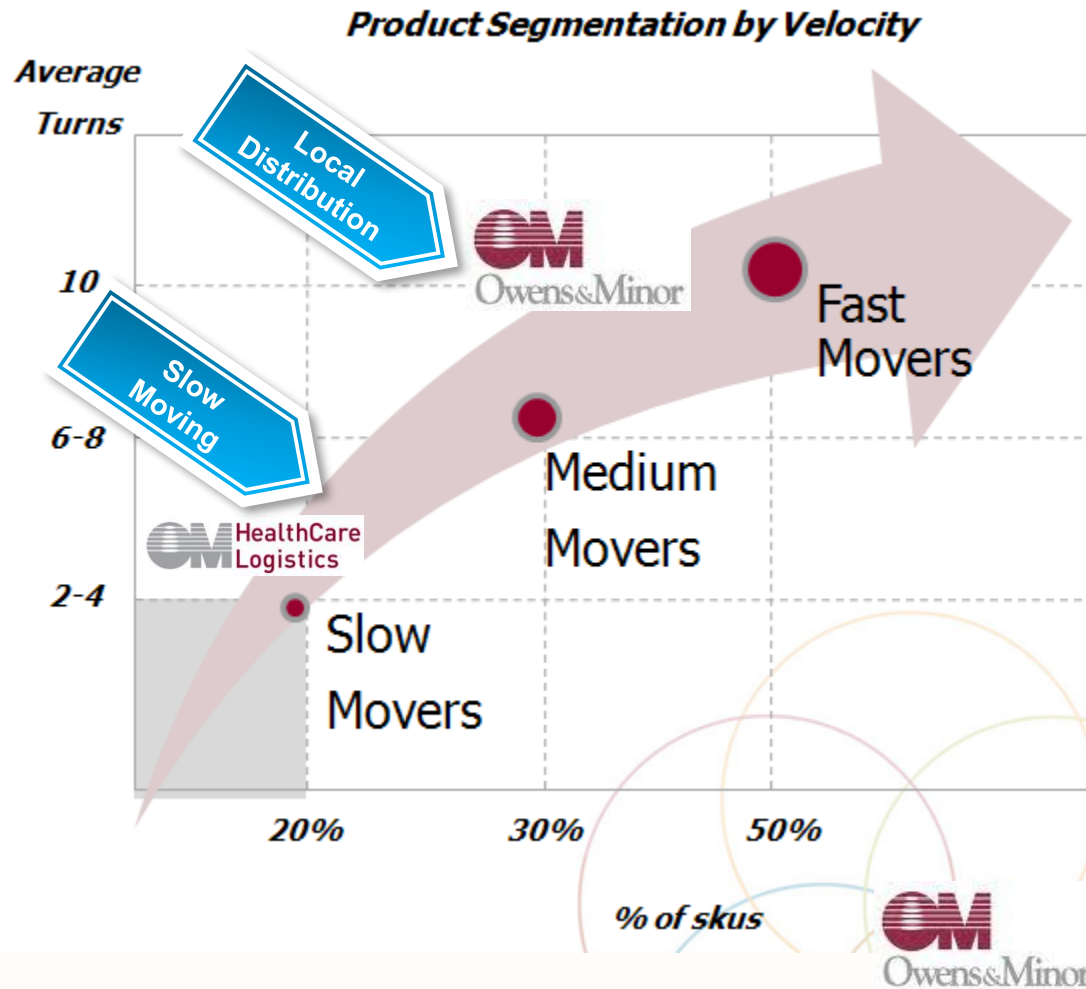
	Shipment 1	Shipment 2	Shipment 3
Weight	3,000	2,500	24,500
Cube	300	280	1,820
Cube Adjusted Weight	3750	4900	21,350
% of truck	13%	16%	71%
<b>New Cost of Shipment 1</b>	<b>\$ 403</b>	<b>\$ 526</b>	<b>\$ 2,292</b>

# Slow Moving vs Local Distribution

Reduce Inventory Investment and Improve Service Levels

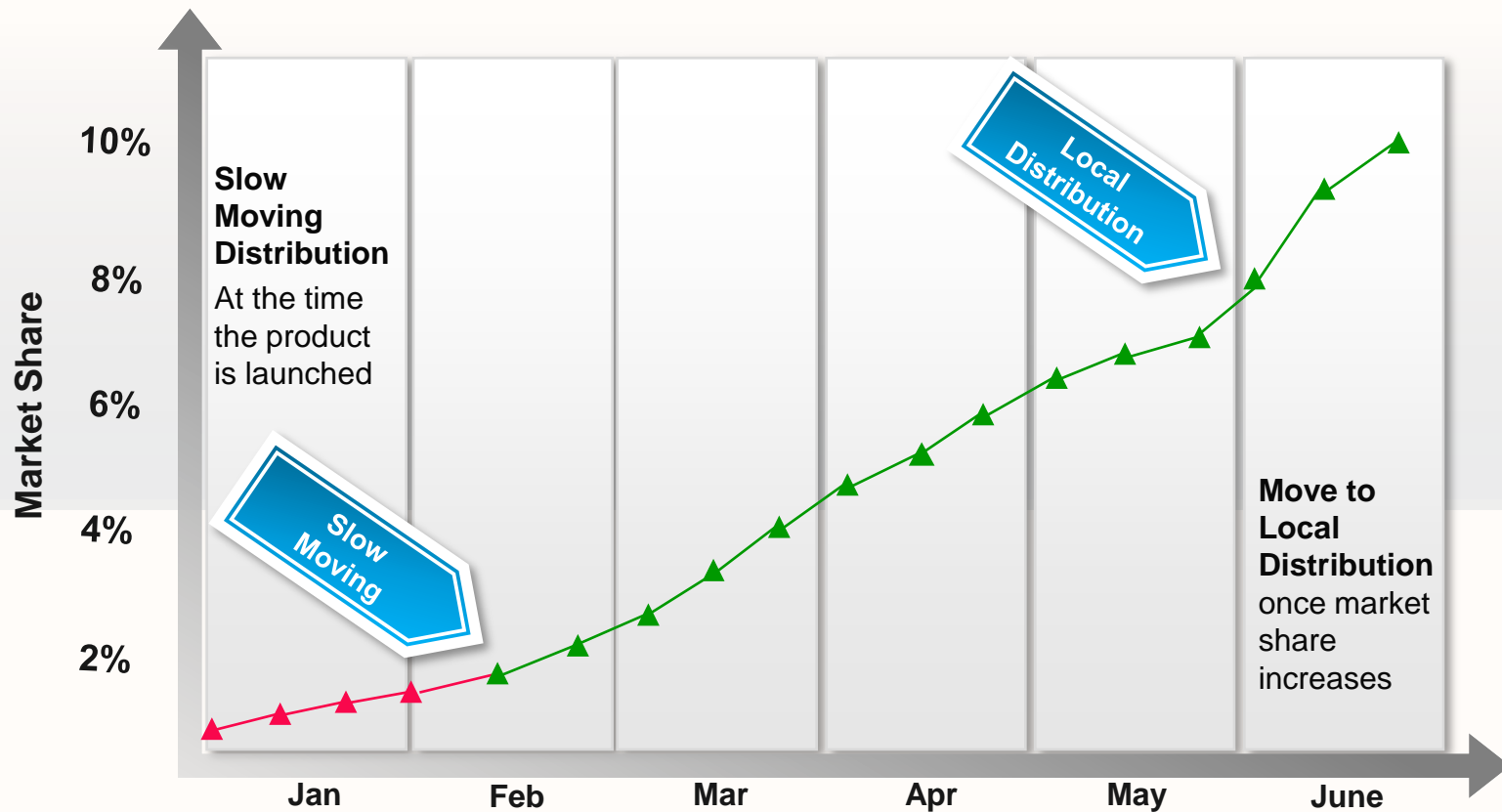
## Slow Moving Model

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



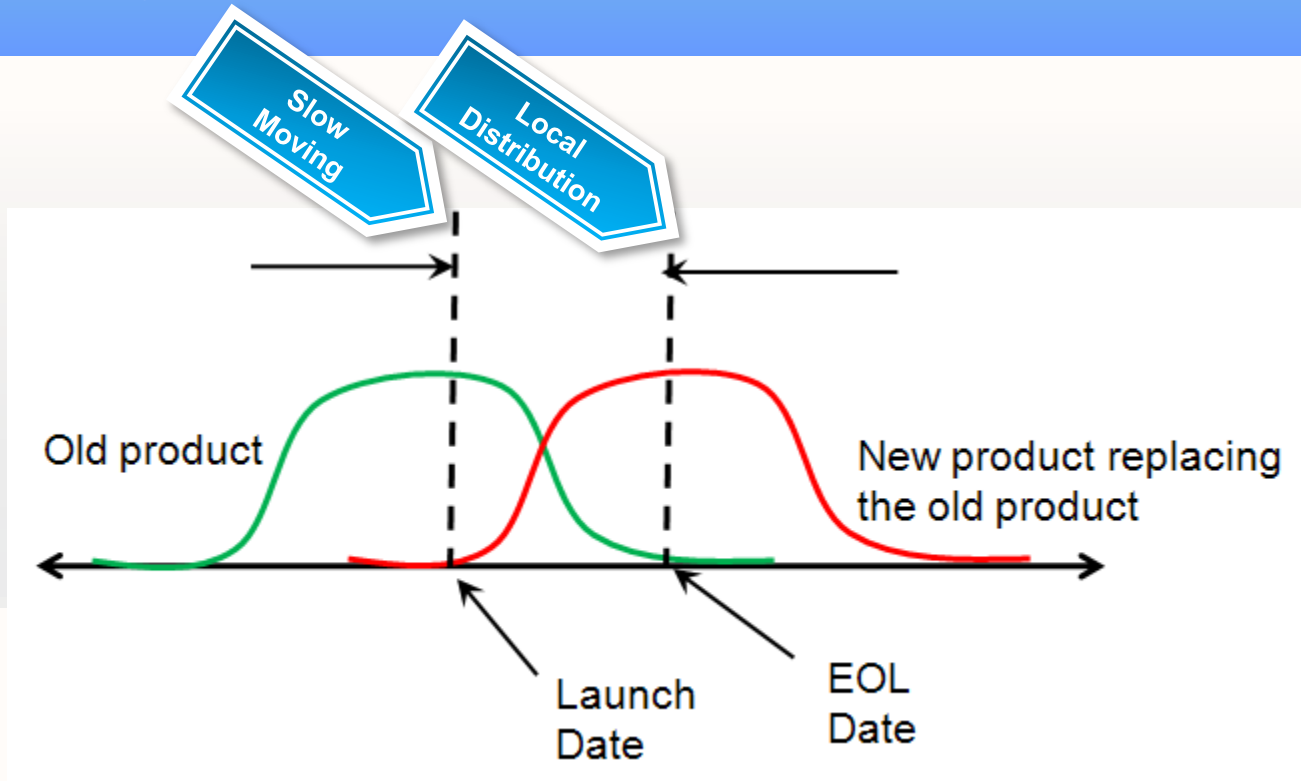
# New Product Introduction

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**

