

## A Proposal Presentation For



## THE EVALUATION COMMITTEE

50 Storrs Street  
Concord, New Hampshire

July 24, 2012



## Participants



- **Craig Bulkley**
- **George Tsiopras**
- **John Bunnell**
- **Peter Hastings**
- **Stephen Judge**



- **Jim Gehr**
- **Fred Takavitz**
- **Scott Lyons**
- **Steve Hess (tentative)**
- **Robert Maclellan**
- **Robert Rujevcan**
- **Becky Ross**



## Presentation Objectives

- Confirm our understanding of the NHSLC's opportunities and challenges
- Present Exel as a strategic resource
- Show the strong fit between our organizations
- Review our solution in detail
- Discussion of possible next steps



## Opportunity for New Hampshire

- Improving net income
- Minimizing risk
- Store renewal
- Long term contract
- Control
- Quality of service



Certain customer logos redacted



## Exel as a Strategic Resource

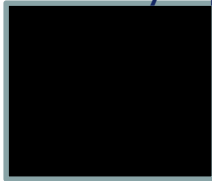
### → Maximizing Net Income

- What our customers say

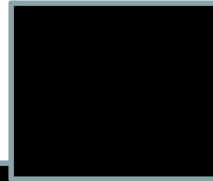
P&G



- Industry specific experience and knowledge



DIAGEO



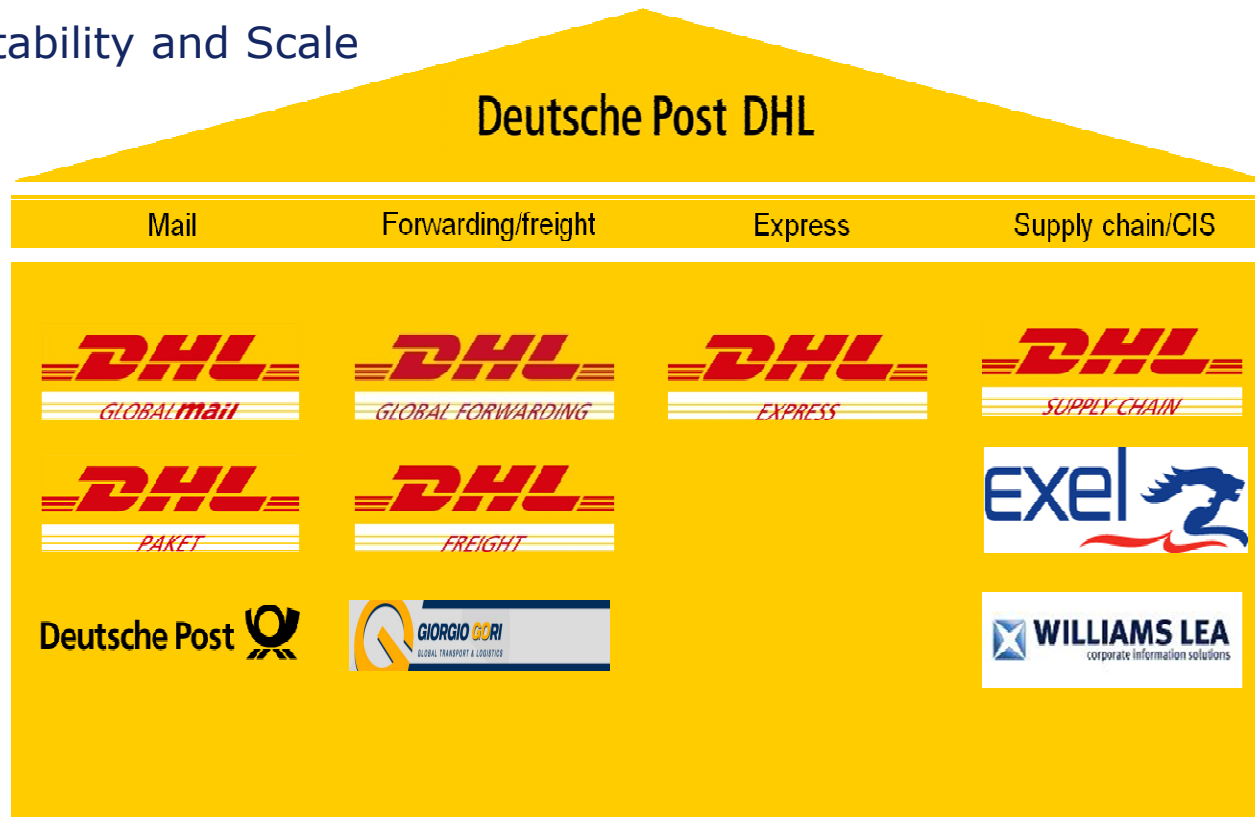
- Continuous improvement and innovation



# Exel as a Strategic Resource

## → Creating Certainty

- Stability and Scale





## Exel as a Strategic Resource

### → Creating Certainty

- Consistent disciplines
  - Performance Measurement
  - Process Improvement
  - Project Management
  - Quality Assurance
  - Customer Satisfaction
  - Employee Engagement
- Depth of management
- The Exel team



## Exel as a Strategic Resource

### → Providing Flexibility

- Approach to IT and real estate
- Every customer's solution is unique
- Transparent commercial model

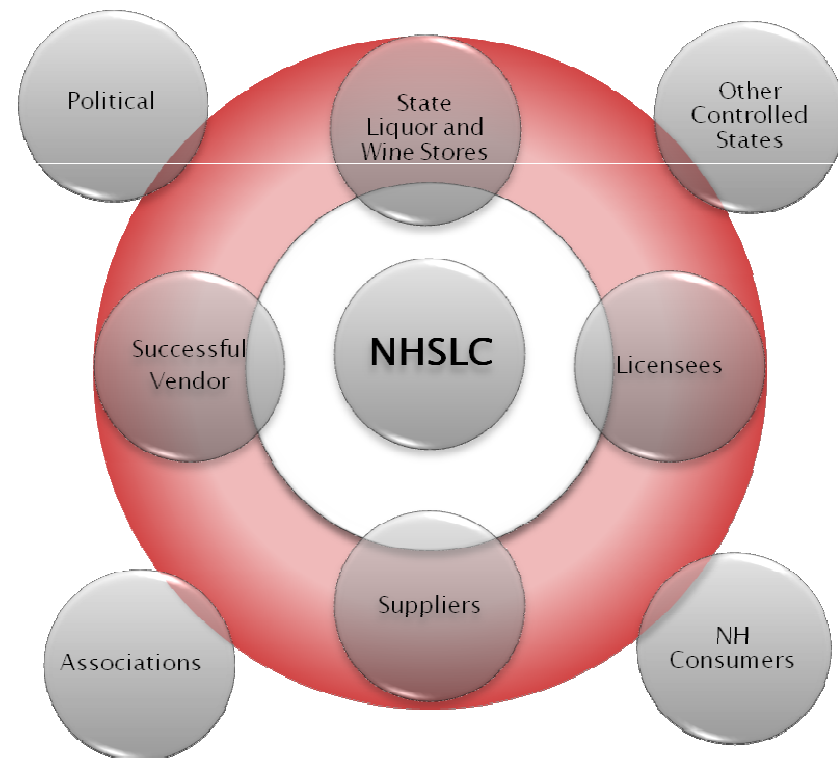




## Exel as a Strategic Resource

### → Transparent and open relationship

- First Choice
- Relationship management



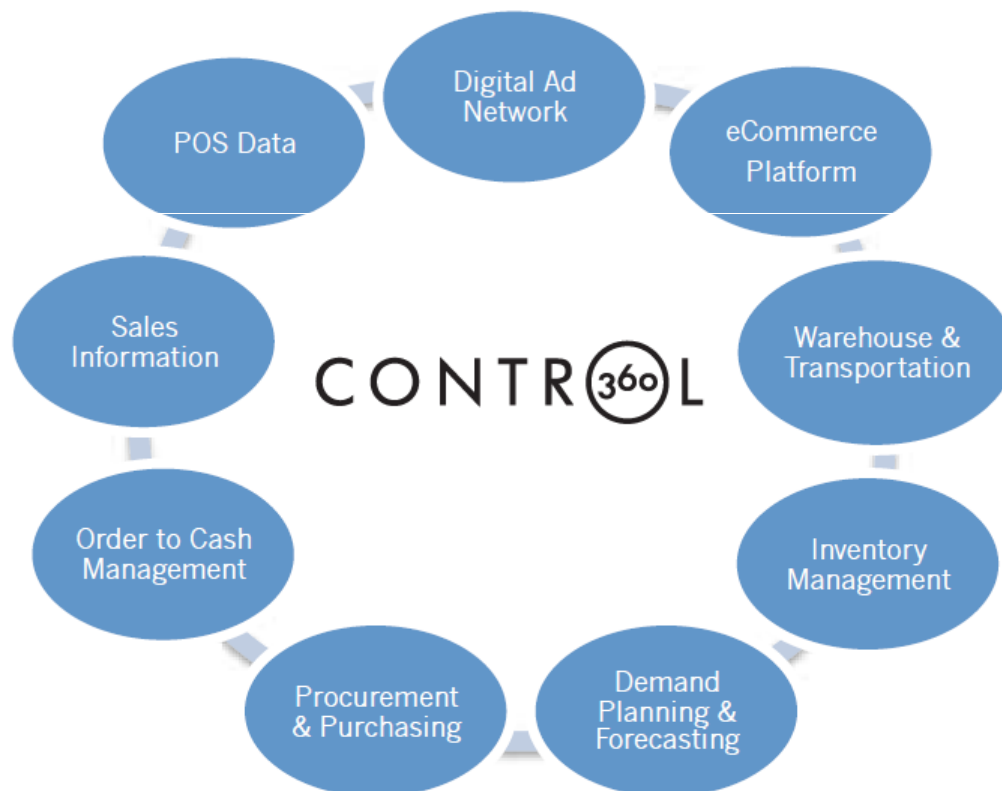


Certain commercial information redacted



## Exel as a Strategic Resource

### → End-to-end supply chain solution: Control 360



#### Integrated expertise:

Control 360 rationalizes the supply chain network, improving service and cost. Fifth Channel's digital ad network and eCommerce platform create significant revenue growth for states and provinces.

Our services are supported by the expertise of our companies:



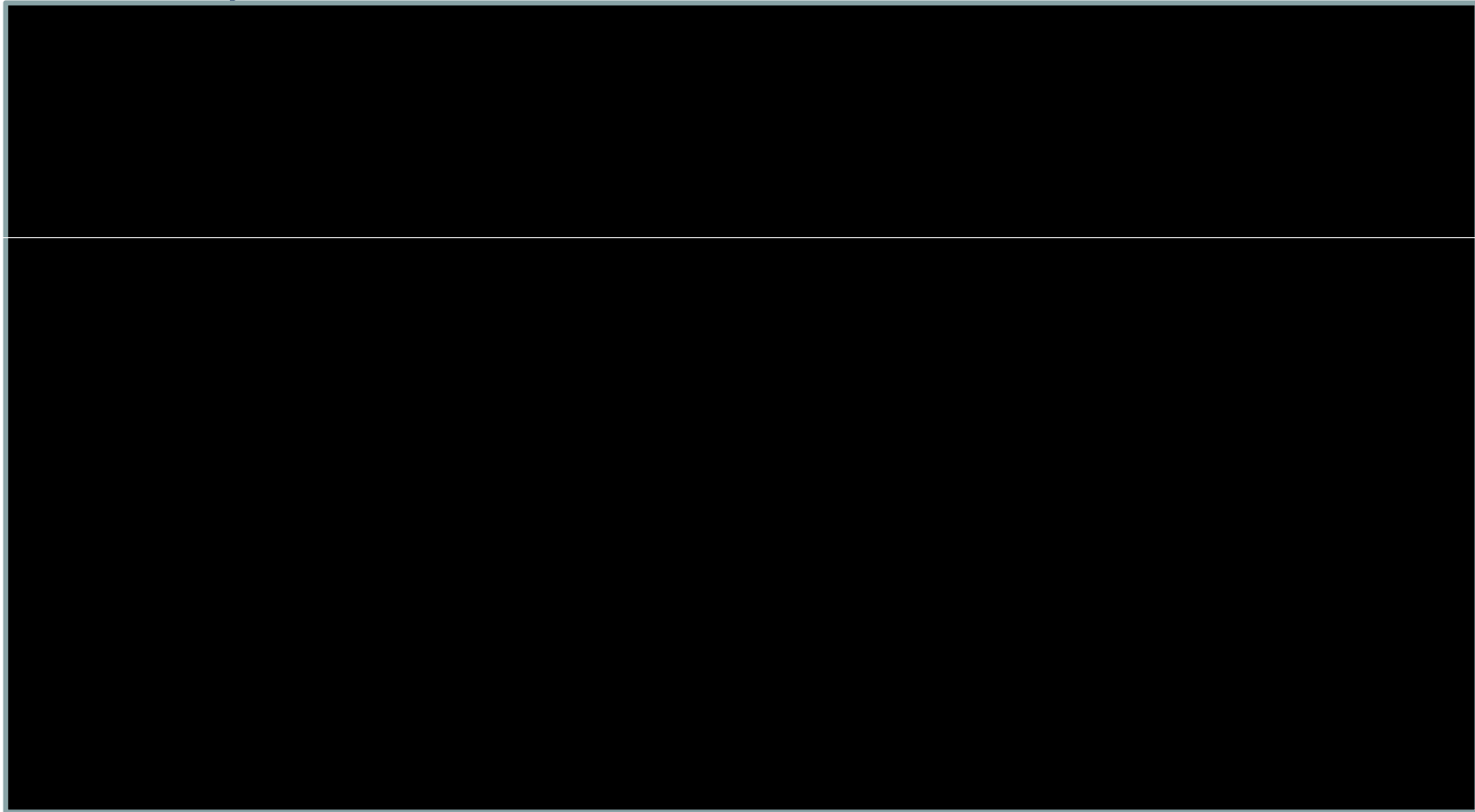


Certain commercial information redacted



## Exel's Solution

→ Transparent commercial model





## Exel's Solution

### → Key profile assumptions

- Inbound 43% palletized, 45% slip-sheet, 12% floor loaded
- 5,323,967 cases picks
- 591,719 bottle picks
- 0.7 cube per case
- 9 units per case, 65 cases per pallet average
- 10,009 SKUs on hand
- 15,229 pallets on hand in year 1 with 4% growth

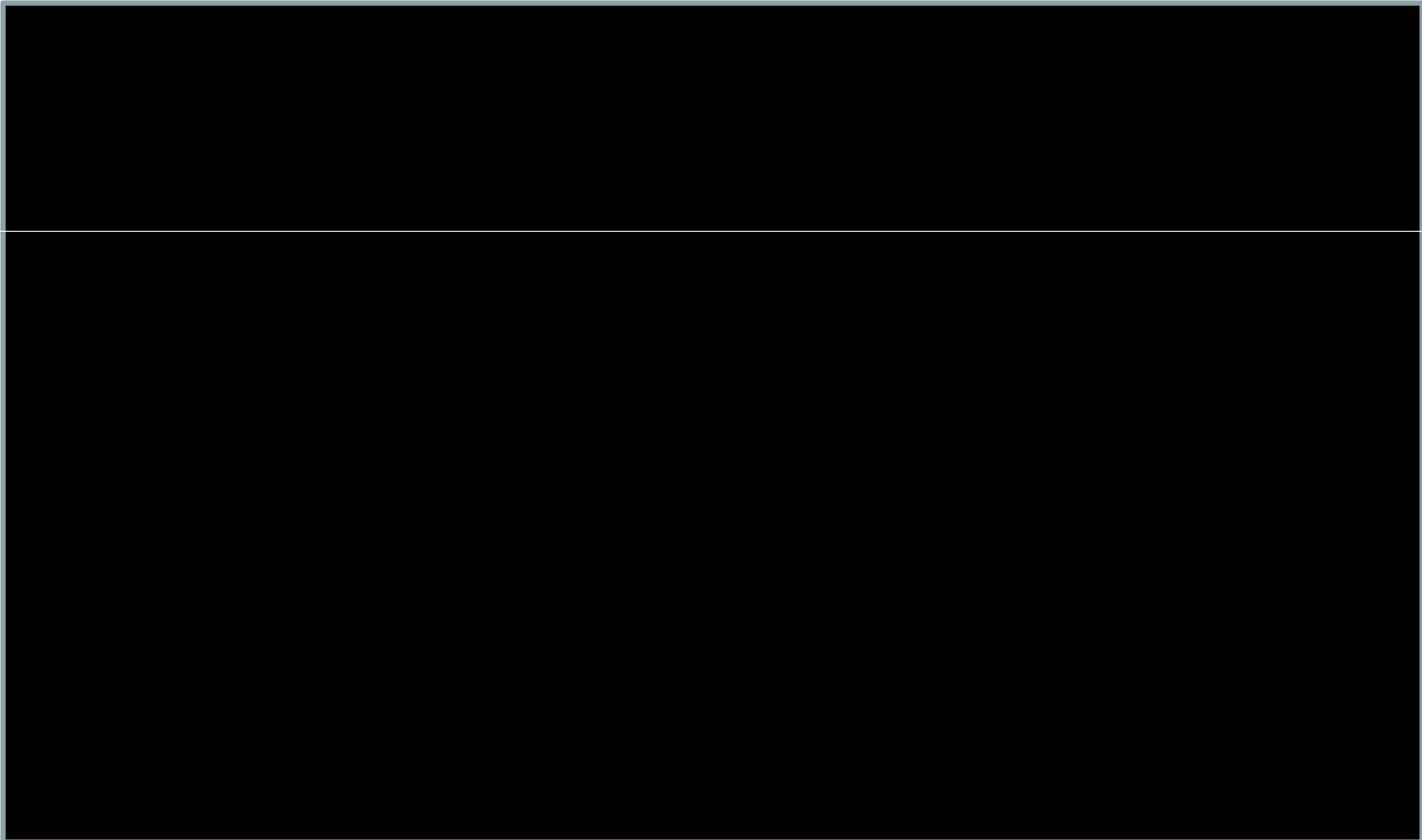


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## Excel's Solution

→ Process flow diagram





## Exel's Solution

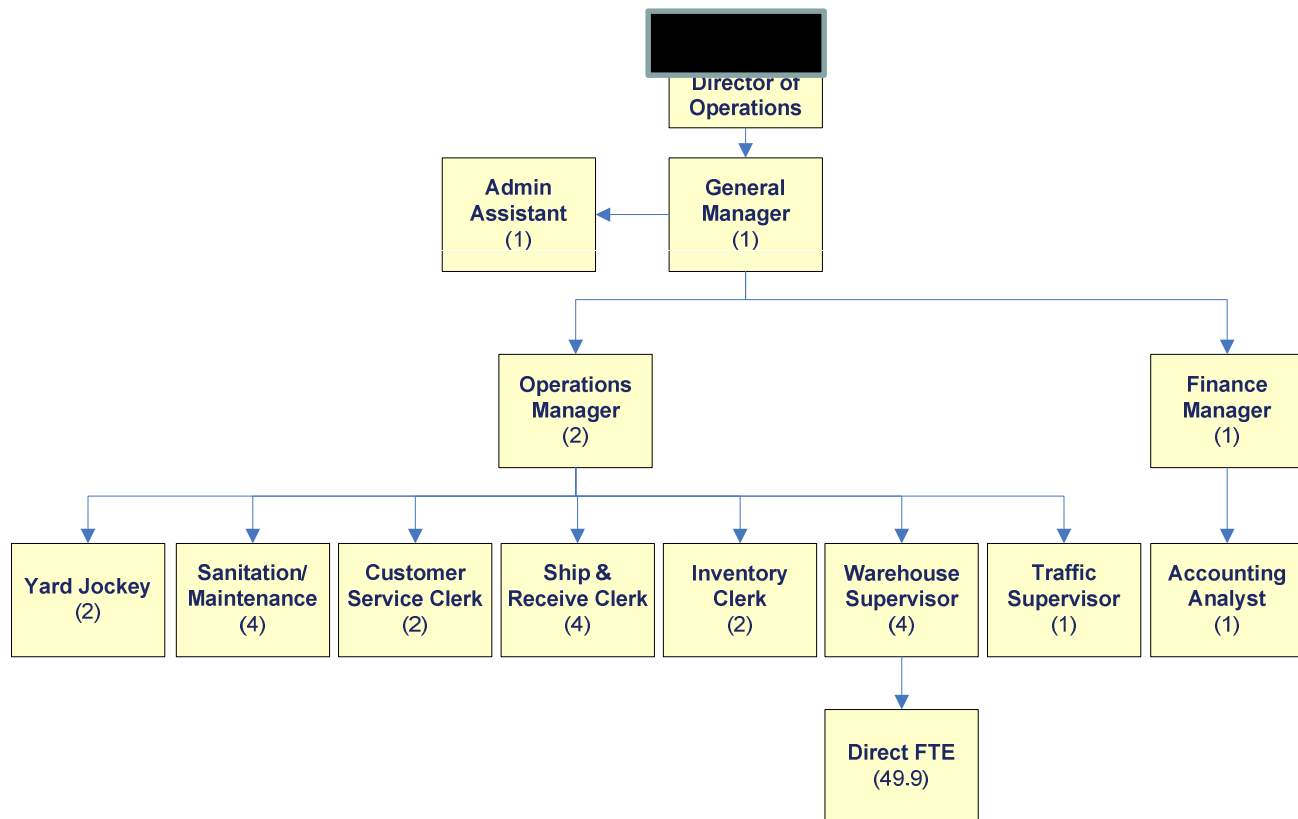
### → Video clips

- Receiving
- Put away
- Replenishment
- Picking
- Wrapping
- Loading
- Bar coding
- Auditing
- Laser truck



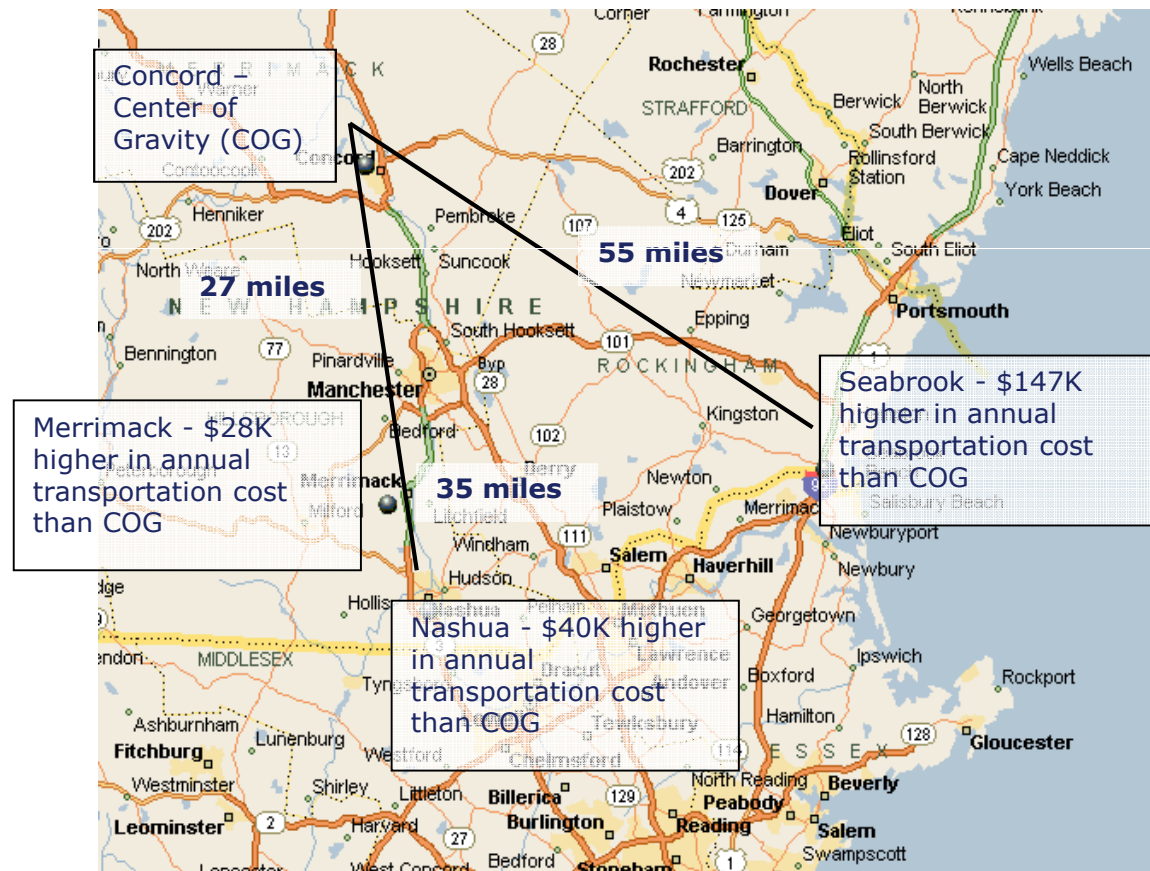
## Exel's Solution

### → Organizational Chart



## Exel's Solution

### → Center of gravity







## Exel's Solution

### → Facility sizing

- Conceptual layout
- Year 5, 203K SF warehouse with 4K SF of office
- 40' clear height
- 17,770 pallets on hand
- Slotted by velocity to reduce travel:

SKU Type	SKU	CF3/SKU/WK	Slot Type
A	1,014	59.10	Single Pallet Deep
B	1,364	8.24	Case Flow
C	3,894	0.96	Hand Stack
D	3,737	-	Hand Stack
<b>Total</b>	<b>10,009</b>		

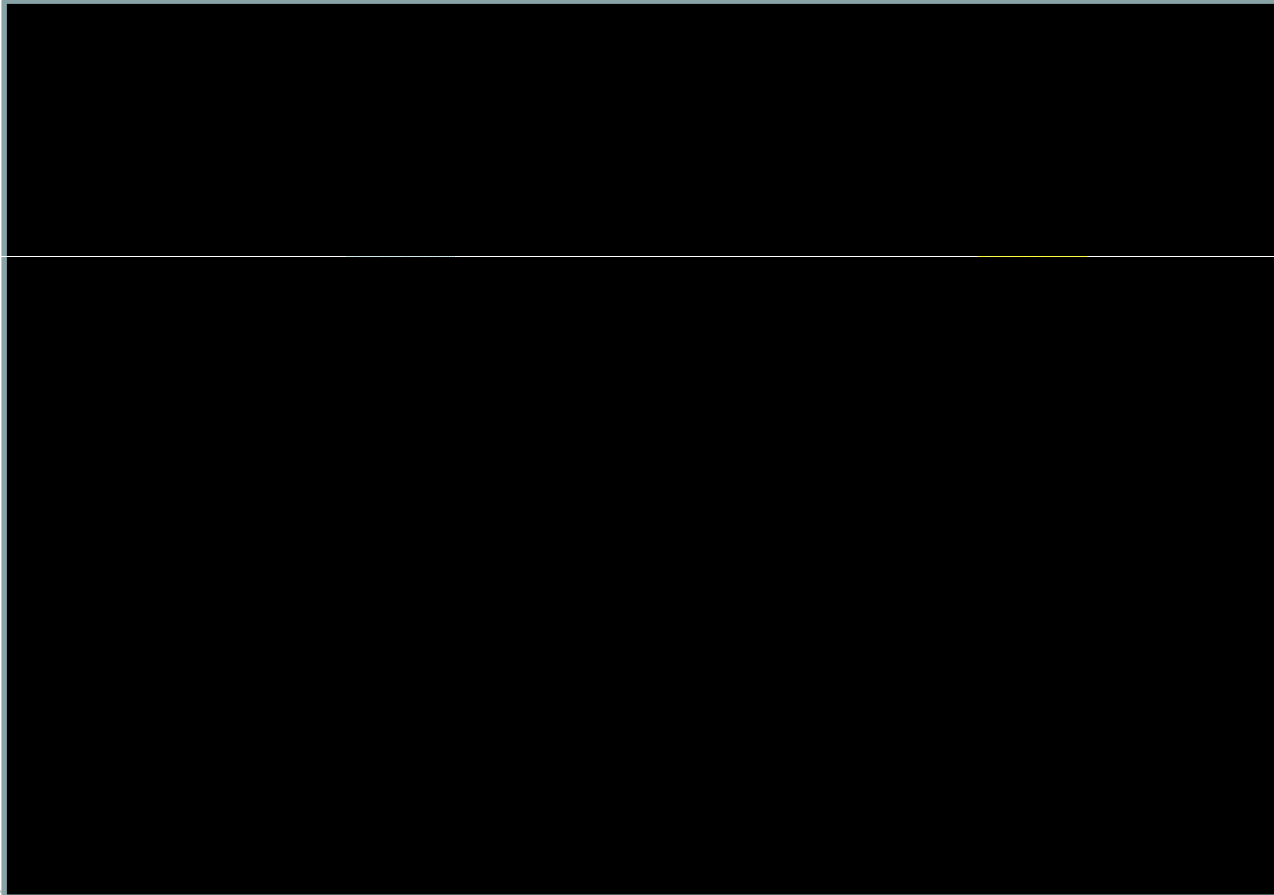


Confidential Commercial information  
redacted



## Exel's Solution

→ Facility layout





## Exel's Solution

### → Operations clock

							First Shift								Second Shift									
Activity Time of Day	0:00	1:00	2:00	3:00	4:00	5:00	6:00	7:00	8:00	9:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00
Receiving																								
Receiving Putaway																								
Order Entry																								
Transportation Planning																								
Order Release																								
Replenishment																								
Order Assembly																								
Loading																								
Shipping																								
Cycle Count																								

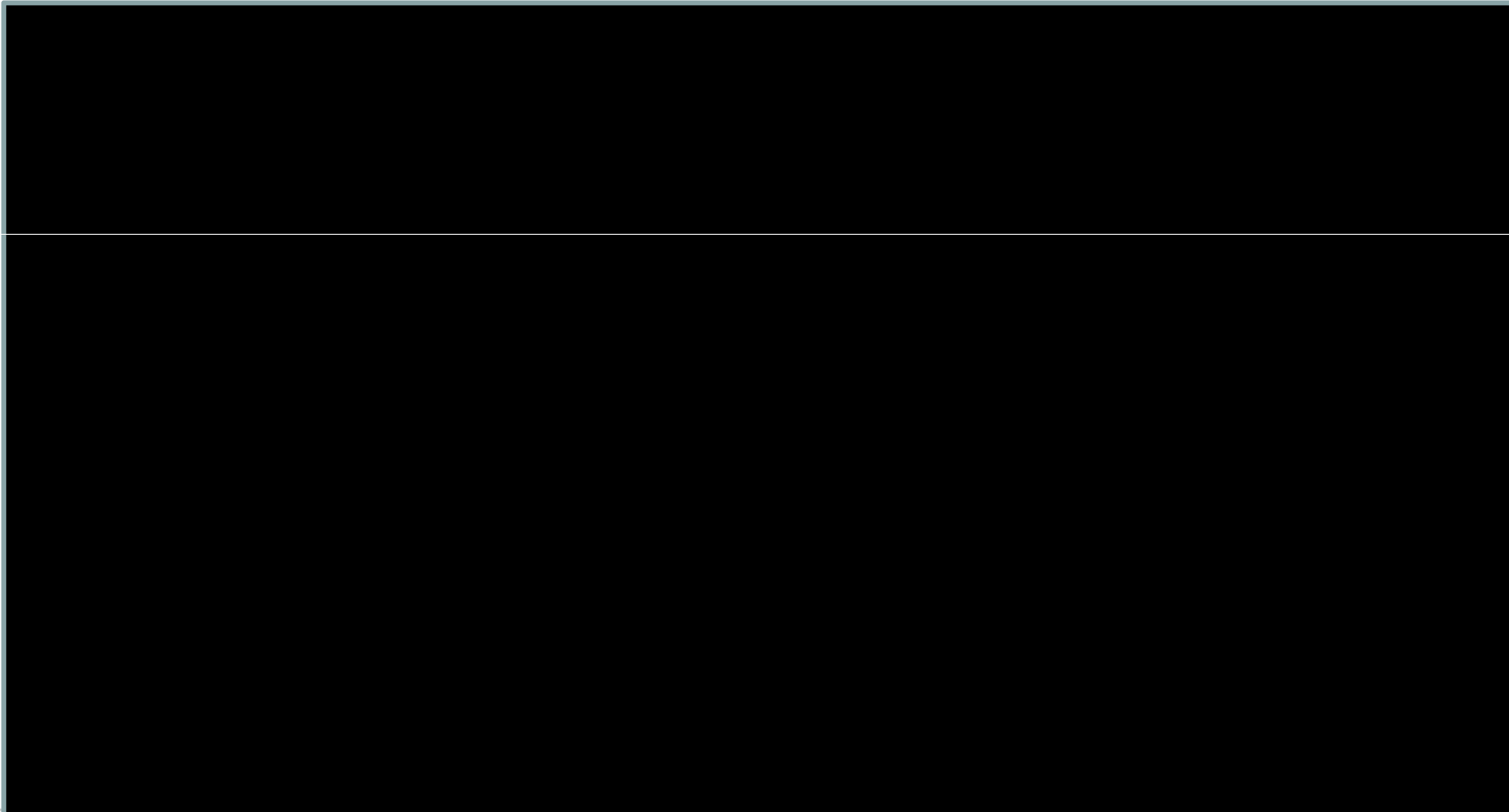


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## Exel's Solution

### → Transition Schedule





## Exel's Solution

### → Mechanization review

1. Conventional solution
  - Utilize double pallet jacks and voice units pick locations
2. Laser truck
  - Unmanned laser guided truck automatically moves empty pallet to the picker, along the picker and to staging
  - Results in less travel time for the picker

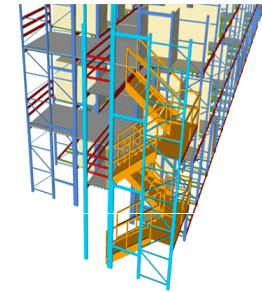
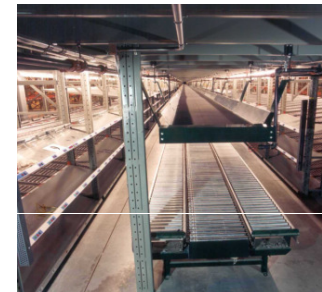


## Exel's Solution

### → Mechanization review

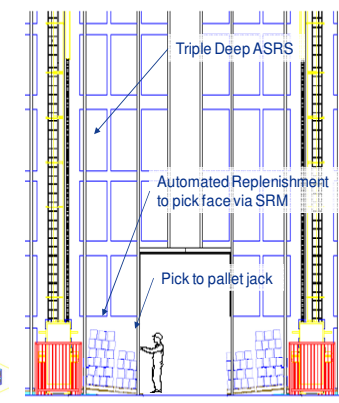
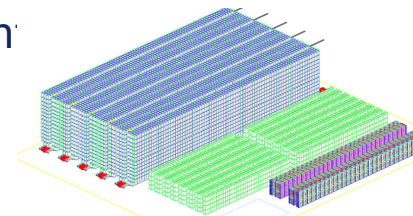
#### 3. Pick to belt

- Utilize pick towers with conveyor belts in the middle for both case and bottle pick
- Operators walk down aisle and batch pick cases across order
- Shoe sorter sort cartons to store lane where operators palletize cases onto pallets



#### 4. ASRS

- Automated Storage and Retrieval System reduce building footprint going vertical
- Automated putaway and replenishment





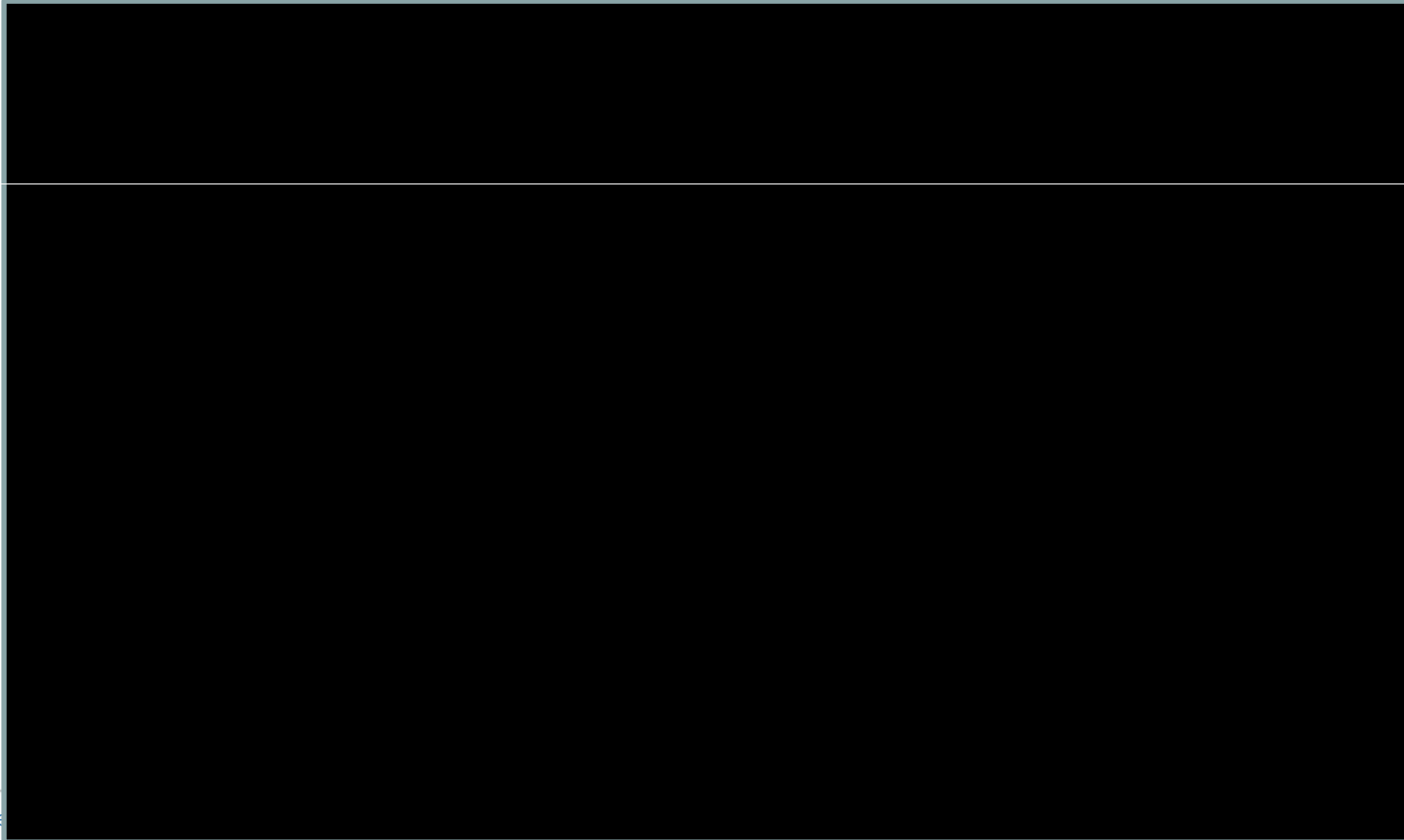
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## Exel's Solution

### → Mechanization review

- Which option produces the lowest cost solution?





## Exel's Solution

### → Exel's real estate capabilities

- Integrated Solutions
  - Full spectrum of services ranging from location assessment to build-to-suit development to financing
- Expertise
  - Proven track record of a dedicated, experienced CRE team
- Innovation
  - Thought leadership & creativity to arrive at the most efficient solutions
- Independent & Objective
  - Partnership approach to real estate strategy & solutions
- Results Driven
  - Goal of lower supply chain costs with mitigated risk
- International Capabilities
  - Global real estate locations, services & support provides increased market leverage





Confidential supplier/vendor information  
redacted



## Exel's Solution



[REDACTED] (general contractor) credentials

[REDACTED]



Confidential supplier/vendor information  
redacted



## Exel's Solution



credentials

## Exel's Solution

→ Aerial perspective of the site location





# Exel's Solution

## → Site plan







## Exel's Solution

→ Elevation sketch



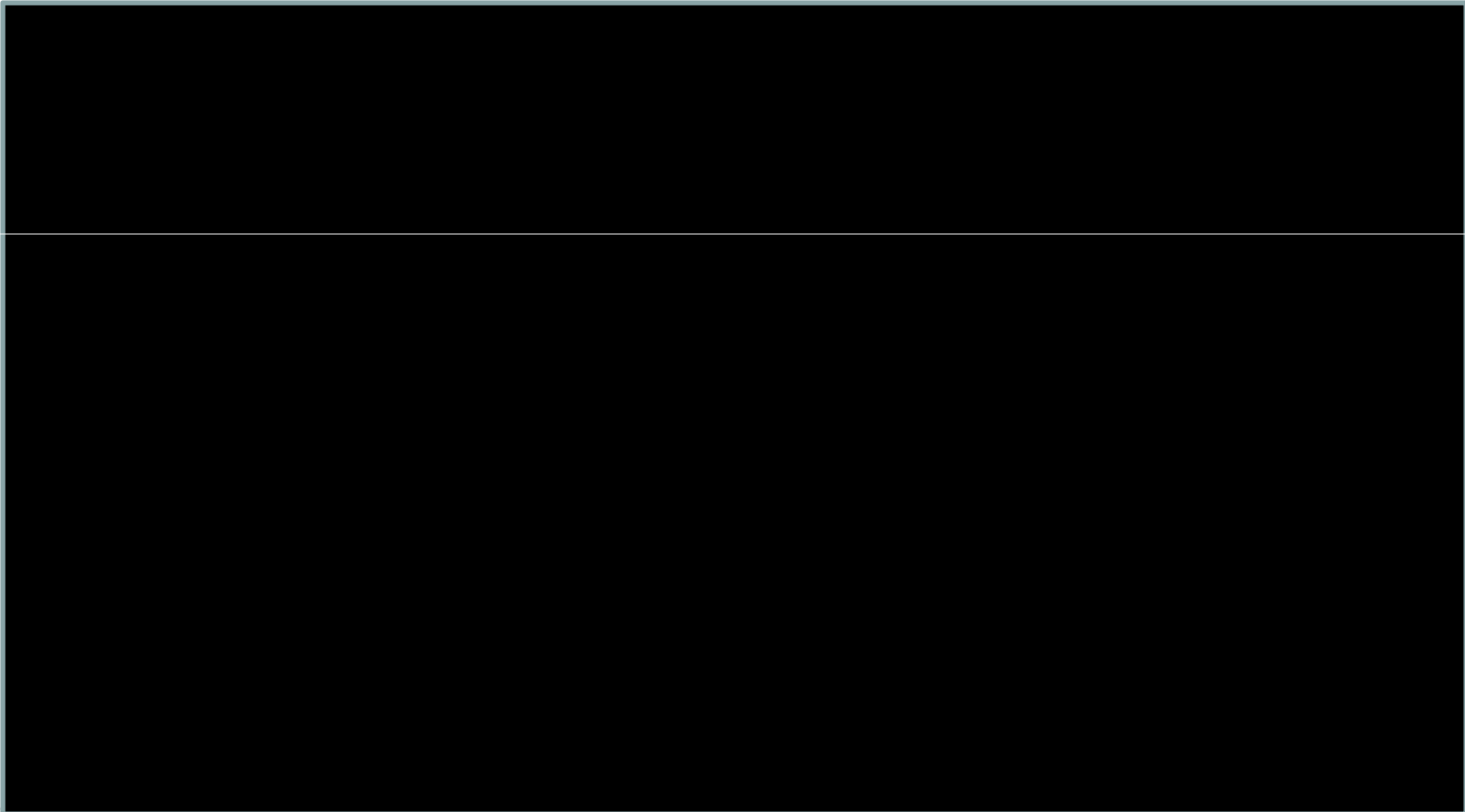


Certain commercial information redacted



## Excel's Solution

### → Construction schedule





## Exel's Solution

### → Incentives

- Town of Bow water connection



Certain supplier / vendor information redacted



## Exel's Solution

### → Exel's IT capabilities

- Staff of over 400 IT professionals
- Portfolio of supply chain execution and planning software applications
  - o Core competency in solution selection, implementation, ongoing support, operational usage
- Experience with many technology providers
  - o Executive level relationships with all key providers
  - o Influence over product design and functional enhancements
- Experience with multiple concurrent implementations
  - o Over 50 implementations per year
  - o Close communication between operational requirements and technology
  - o Wide variety of integration methods and topologies used
  - o Have completed start-ups in 60 days or less
- On-going professional IT support
  - o Support mechanisms already in place:
    - Trained site resources
    - First and second level support in-house
    - Support procedures and escalation processes in place
  - o Leverage previous infrastructure investments
- World class Technology Centers
  - o Aggressive approach to information security
- Disaster Recovery agreement with S [REDACTED]





Certain supplier / vendor logos redacted



## Exel's Solution

### → Strategic Partnerships

- Exel works with leading supply chain execution software providers

Warehouse  
Management

Transportation  
Management

Supply Chain Event  
Management &  
Visibility

Work Force  
Management

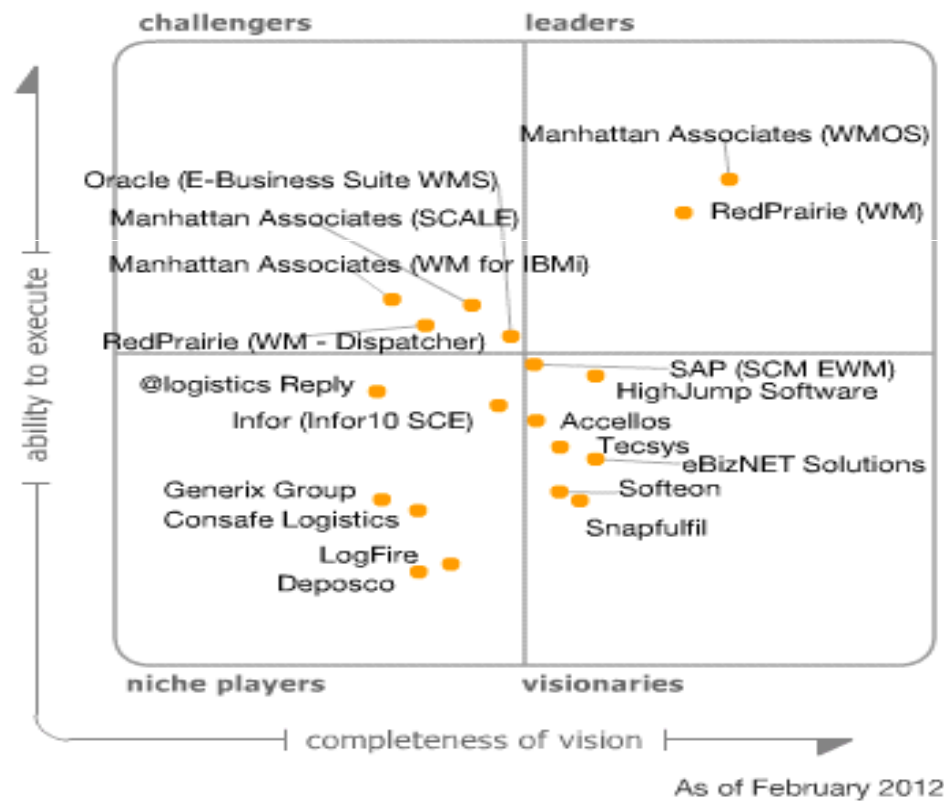
Integration

IT solutions are determined based on the requirements of the customer and the operational solution being deployed to meet these needs.

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# Exel's Solution

## → Gartner Magic Quadrant



Source: Gartner (February 2012)



## Exel's Solution

### → Exel brings a structured approach to:

- Warehouse System Configuration
  - Concepts of locations, zoning, sequencing rules
- Test scripts and key focus areas for review
- Standard Operating Procedures (SOPs) and Work Instructions (WIs) tailored for [REDACTED]
- Understanding key functional/system alignment for areas of Receiving, Replenishment, Waving, Picking, QC, and Loading
- Training
  - Leverage Exel's experienced [REDACTED] super-users from other sites to the assist with the start-up
  - Access to Exel's training library and methodologies tailored to [REDACTED]
- User Certification and Best Practices
- Go-Live Support and Issue Resolution

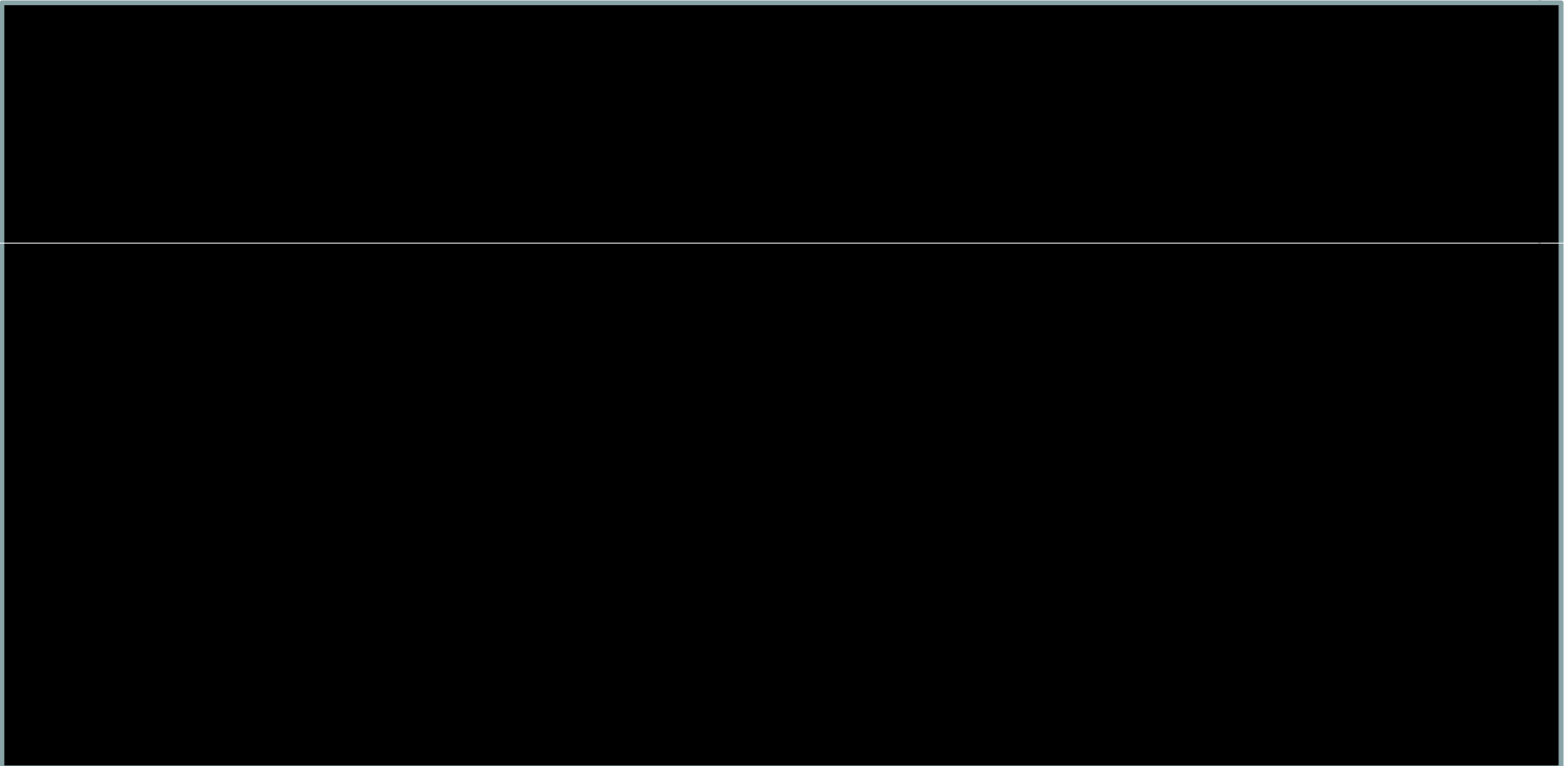


Certain customer information redacted



## Exel's Solution

### → Exel's Manhattan WMS Installations

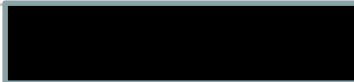




Certain supplier / vendor information redacted



## Exel's Solution



### Labor Management System

- ✓ Track and review employee performance
- ✓ Quantify lost time costs
- ✓ Assign activity based costs



#### → Labor Hours Reporting

- Direct Labor
- Indirect Labor
- Units per Hour
- % Travel Time

#### → Labor Cost Reporting

- Average Cost/Labor Hour
- Average Cost/Throughput

#### → Pick Quality/Errors

- Pick Errors/1000
- Chargeable Pick Errors/1000
- Pick Error Percentage

#### → Operational Measures

- Planned vs. Actual Staffing Comparison
- Expected vs. Actual Indirect
- Expected vs. Actual Performance
- Planned vs. Actual Labor

# Exel's Solution

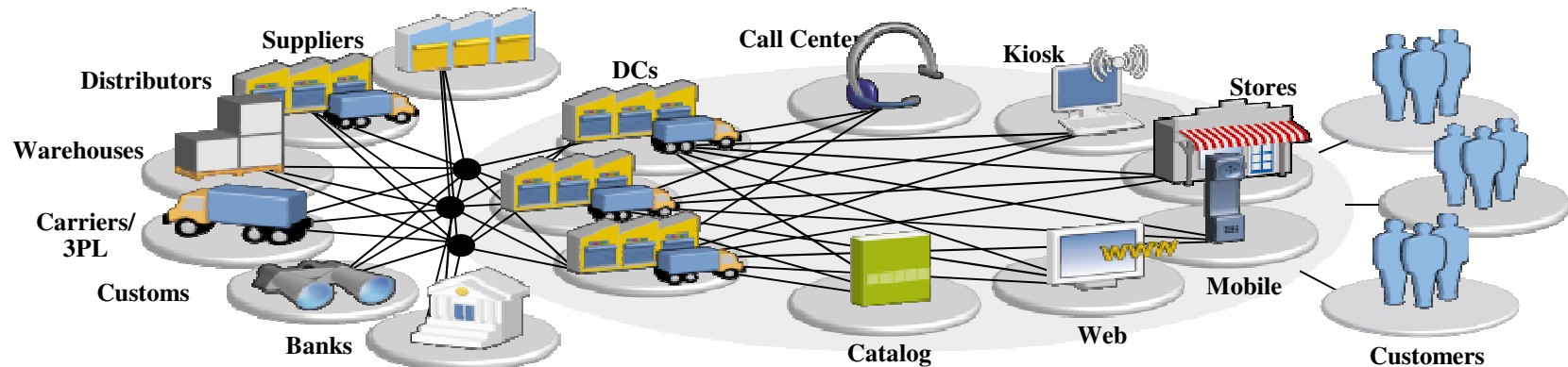
## → Distributed Order Management

### Features:

- Repository of all order activity
- Backorder Management
- Order Sourcing
- Vendor ASN creation portal
- Order consolidation

### Benefits:


- Only shippable orders dropped to WMS
- Ability to perform credit checks
- Web based visibility to order and inventory status across the network
- Ability to manage by exceptions via queues





## Exel's Solution

### → **Publisher**

-  Baseline Reports
  - Inventory Activity, Outbound Orders, Receipt Report, Partial Shipped Orders, Order Activity, Warehouse Damage Report
- Single URL for all users
- Excellent report formatting, scheduling and distribution capabilities
- Wide range of output options with PDF, HTML, Excel, PPT and RTF
- Custom Report Capability
- Feature/Functionality of the site can be expanded to meet customers needs
- Document Repository
- Content Management (Check In / Check Out Features)



Certain commercial information redacted



## Exel's Solution

NHSLC Internet Ordering

NHSLC Host Systems

NHSLC Provided  
Systems

Exel Provided  
Systems

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## Strong Business Fit Between our Organizations

- Can assist NHSLC with achieving its goals
  - Unique commercial model
  - Flexible approach
  - Commitment to continuous improvement
  - Innovation and best practices
- Our capabilities create certainty
- Exel is willing and able to invest capital
- Relationship management



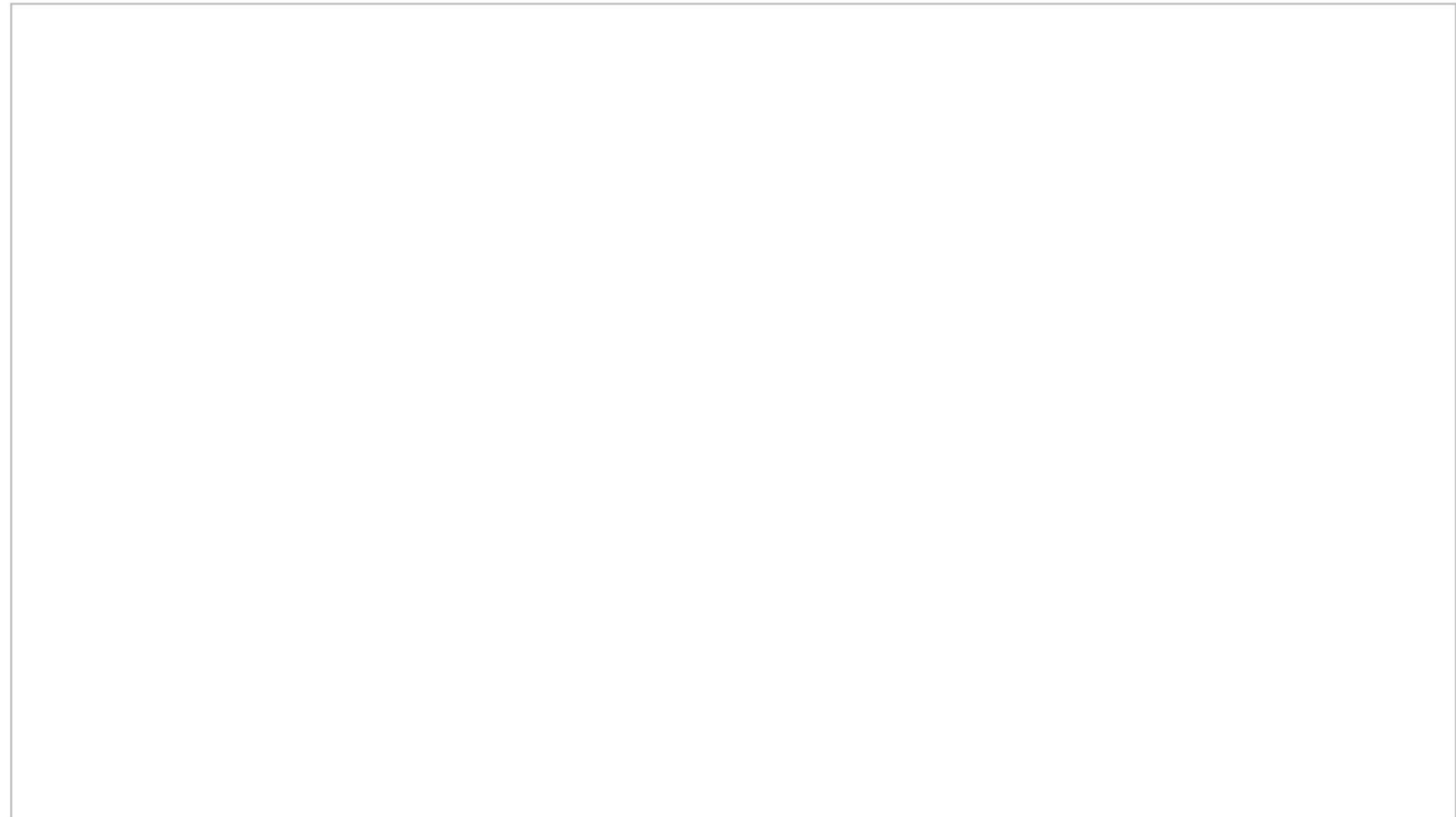
## Next Steps

→ NHSLC visit Exel sites

- Edmonton, Alberta



# Appendix

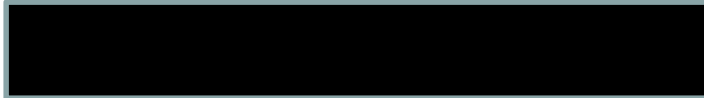




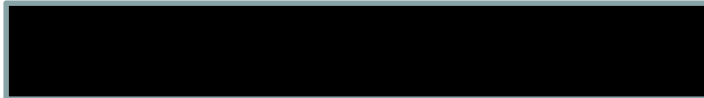
Certain customer names redacted



## Exel's Capabilities: Automation / Mechanization



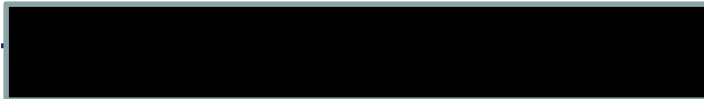
- Mini-load, A-frame, goods to man, robotic palletizer



- Mini-load



- Mechanized sortation systems for case and unit picking
- Mechanized flow-through for fast moving inventory



- ASRS



Certain customer names and vendor / supplier names redacted



## Exel's Capabilities: Demand Management

### → Examples of Demand Management Services

Customer	System	Interface	Demand Planning	Replenishment		Results	
				Number of Vendors	500	Service Level (Ending: 98.6%)	4.6% increase within the first two years
				Number of SKU's	9,000	Inventory Dollars	39% reduction within the first two years
				Number of DCs	1	Inventory Days On Hand (Ending: 19 DOH)	40.9% reduction within the first two years
				Daily Suggested Orders	50	Forecast Performance	30% improvement within the first two years
				Number of Vendors	40		
				Number of SKU's	400		
				Number of DCs	2	Inventory Days On Hand (Current: 70 DOH)	15% reduction within the first two years
				Daily Suggested Orders	10	Forecast Performance	30% improvement within the first two years
				Number of Vendors	575	Service Level (Current: 97%)	3% increase within the first two years
				Number of SKU's	7,300	Inventory Dollars	12% reduction within the first two years
				Number of DCs	2	Inventory Days On Hand (Current: 28.5 DOH)	20% reduction within the first two years
				Daily Suggested Orders	40	Forecast Performance	19% improvement within the first two years
				Number of Vendors	6	Service Level (Current: 99.8%)	2% increase within the first two years
				Number of SKU's	320	Inventory Dollars	22% reduction within the first two years
				Number of DCs	1	Inventory Days On Hand (Current: 9.4 DOH)	16% reduction within the first two years
				Daily Suggested Orders	10	Forecast Performance	20% improvement within the first two years

## Increasing Revenues: Digital Ad Network

→ Currently piloting screens in Alberta and shortly Saskatchewan

### Brand Spots

Video-based ads or messages are featured in 15-second spots.



### Sponsored Weather

Provided as a sponsor opportunity, local time and weather is proven to hold shopper's interest.

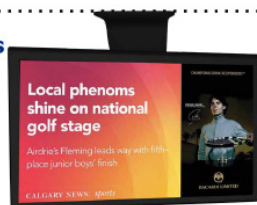


### Social responsibility messaging.

Because targeted messaging is proven to be effective in influencing shoppers, it can also have a positive effect when promoting responsible consumption messaging.

### Sponsored Local News

An RSS feed of Local news keeps shoppers' attention, making it a perfect place for sponsorship.



### Responsibility Adverts

Responsible drinking content that reaches consumers at one of their most influential points.



### Increased revenues.

Research has shown that digital displays at retail increase customer basket size by an average of 12%. States and provinces can expect to increase revenue through premiumization.

### Pricing Promotion

For promotion periods, or simply pure brand exposure, a pricing spot can steer purchase behavior.



### Sponsored Mixology

Preview and Recipe Key to educating consumers toward trial and consumption, our video recipes can create confidence for at-home mixology.





Certain customer logos redacted



## Some of Exel's Customers

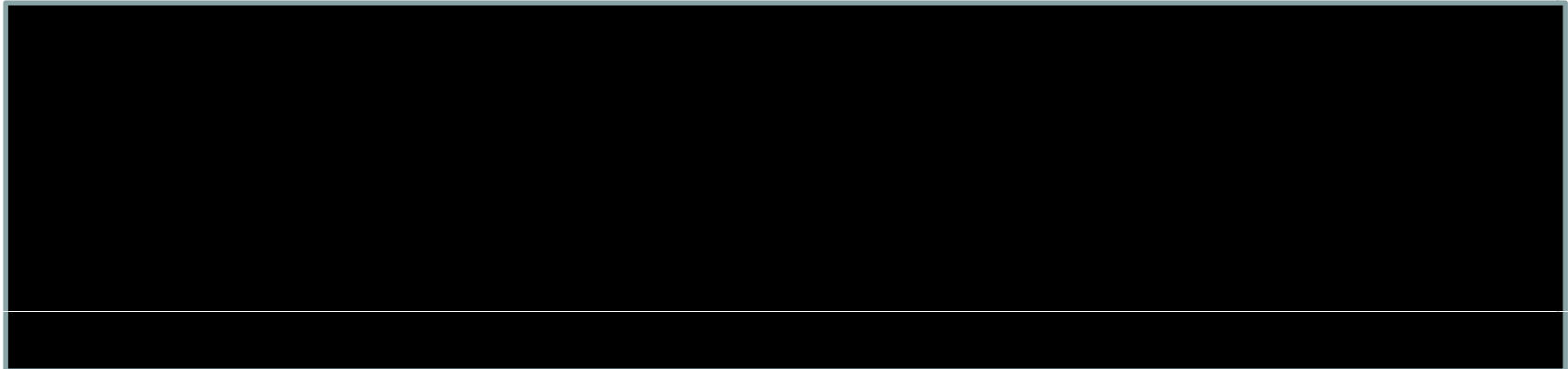
Retail			
Consumer			  
Chemical / Energy			 
Automotive / Industrial			 
Life Sciences			 
Technology			
Exel Direct			 
Exel Transportation			



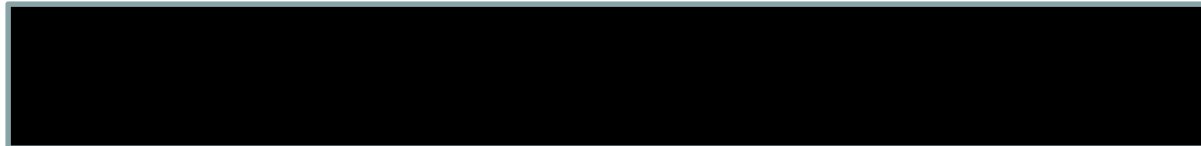
Certain customer logos and customer confidential information redacted



## Industry Specific Experience and Knowledge



**DIAGEO**



Tradeteam operates a multi-customer supply chain service for brewers, drinks suppliers, and retailers throughout the U.K.



Giorgio Gori holds a greater than 50% share of the global market for the cross-border shipments of wine and spirits





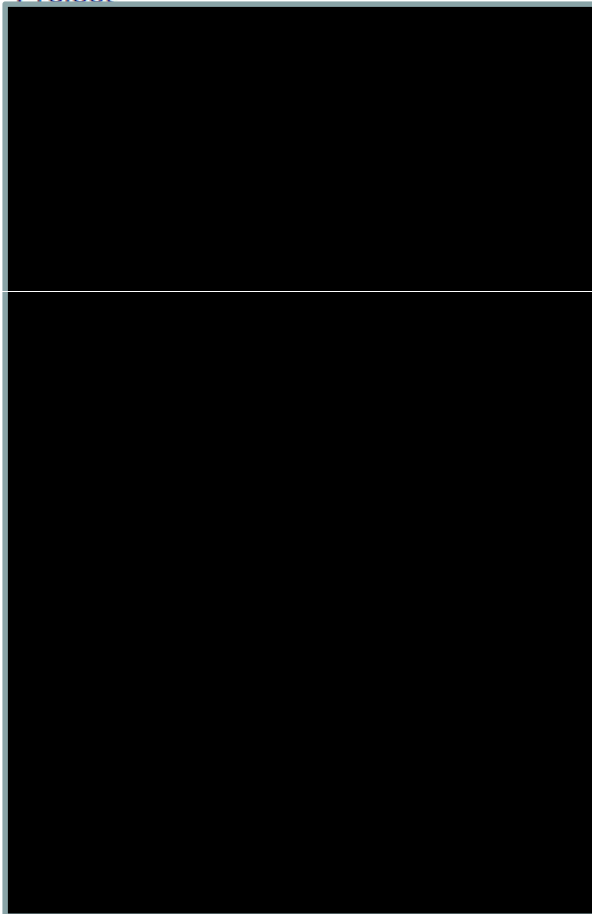
Customer confidential information redacted



## Exel's Solution

## Exel Development Projects

Project



Square Feet

350,000  
400,000  
420,000  
200,000  
600,000  
100,000  
225,000  
110,000  
90,000  
1,100,000  
412,000  
1,000,000  
830,000  
957,000  
470,000  
400,000  
800,000  
715,000  
150,000  
700,000  
300,000  
800,000  
450,000  
310,000  
501,000  
580,000  
736,800

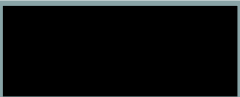




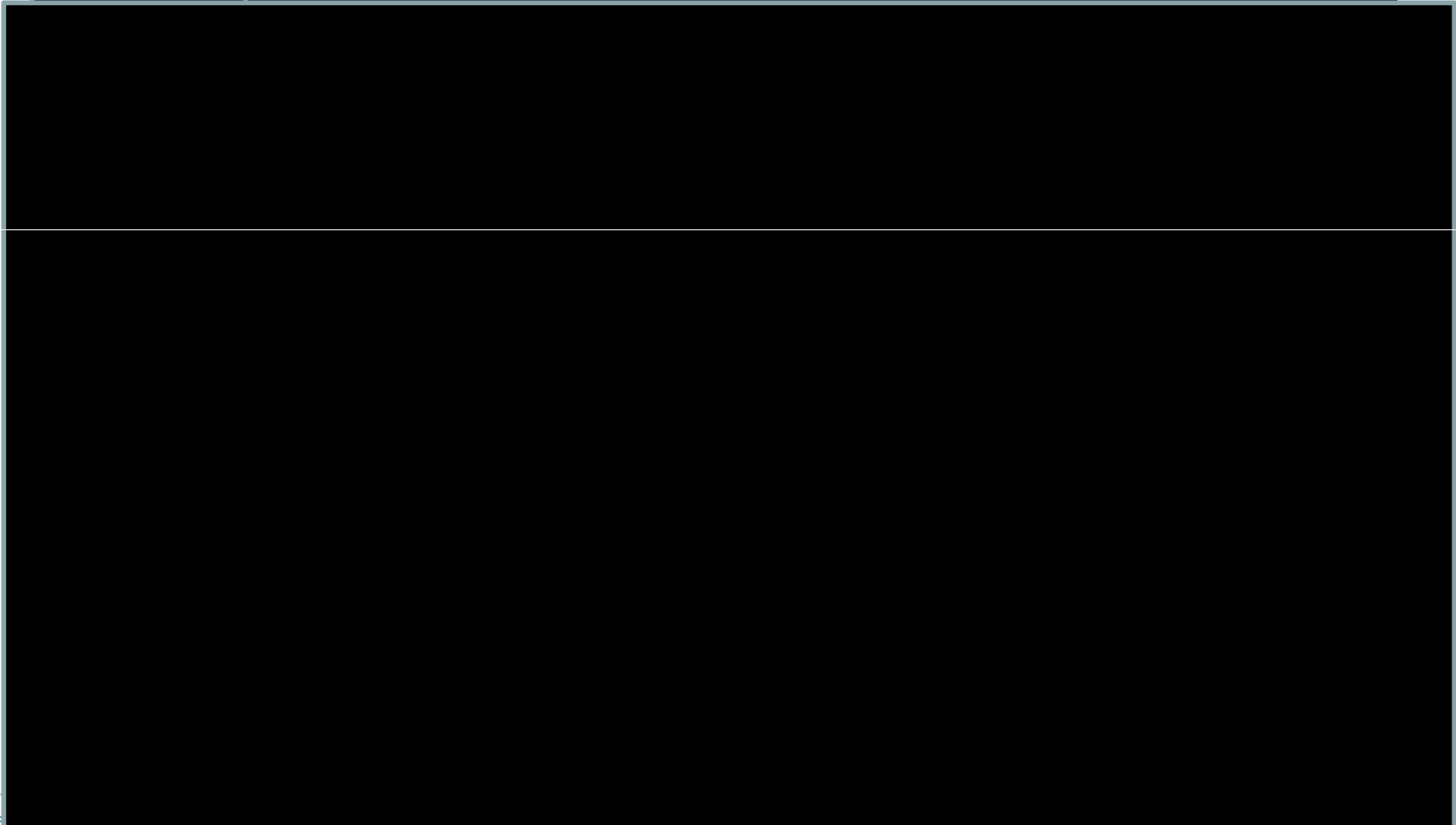
Confidential supplier/vendor information  
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## Exel's Solution



(general contractor) credentials

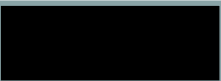




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## Exel's Solution



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