

Distribution Channel Optimisation For MedTech Company



ABOUT THE CLIENT



Our client is a private equity-backed global medical devices company. The client with 3 manufacturing facility spread in southern states of India, sells a broad range of medical devices and consumable products (81 SKUs) including wound closure products, minimally invasive products through 19 CFAs across 18 States with manufacturing facilities.



BUSINESS CHALLENGE

Our client has multiple factory locations spread across southern part of India and wanted to optimize the distribution network. The client required assistance in designing an agile distribution network tool robust enough to provide decisions on optimal center for distribution keeping in mind the varied nature of products, medium of transportation, current and future GTM strategy

● Cost to serve impact with changing GTMs

● Agile distribution channel tool

● Analysis of Distribution centers

● Channel control

● Network Design – optimal warehouse, mode & medium of supply

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DISTRIBUTION NETWORK OPTIMIZATION

Our Approach

AS-IS Mapping



- Development of an 'AS-IS' questionnaire & data templates
- Retrieve historical data on
 - Route to market model, ship-to addresses,
 - Origins of shipments, carriers used, and costs
 - Warehouse data - size, capacity, fixed/ variable costs, etc.
- Data check in terms of consistency, completeness and quality
- Align with process owner on the understanding and data completeness



Design and Testing

- Chart out the various scenarios of distribution
 - Factories to its distribution centers (1st leg, fixed delivery cost),
 - Between distribution centers, and
 - From distribution centers to end customers (2nd leg, distance-based costs)
- Mapping of demand, frequency of orders and quantity, service levels
- Design the TOOL with current footprint/ volumes and setting up parameters (FTL/PTL/Costs/ truck capacity/ constraints) to test scenarios
- Extend the TOOL for all the scenarios using metrics like Estimated lead time (ELT) by products and orders, Number of vehicles used for transportation, Vehicle utilization rates
- Evaluate the distribution network in terms of footprint, operational costs & logistics performance

Robustness of the distribution tool

- Re-run the scenarios in the TOOL along with process owner's requirements and GTM
- Assess the impact of changing the business parameters on the operational costs & logistics performance
- Calibration of simulation model with real-life figures
- Develop step by step process on "HOW TO USE" the tool including assumptions, input parameters etc.,
- Sign off from the process owner on the robustness and agility of the TOOL

BUSINESS IMPACT & VALUE CREATION



Distribution Optimization



- 1 Distribution tool that supported decision making by evaluating cost to serve and impact on service
- 2 Illustration of existing and potential future network design
- 3 Scenario generation and evaluation based on user defined parameters and interdependent variables
- 4 Center of gravity analysis based on volume and distance from point of distribution
- 5 Potential to build on existing tool and scale to meet business complexities

ABOUT US

Headquartered in Gurgaon, Valueonshore Advisors is a specialized professional service firm managed by the Big 4 alumni and industry executives. Our portfolio includes multi-billion-dollar companies, mid-cap public, and pre-IPO companies that range from late stage to early stage. We are a trusted, preferred partner for various multinational and Indian clients who engage us for our functional expertise, industry knowledge, and for our objective solutions for complex problems.

If you need any further information on our services, please contact us:

Shubhangi Bhargava

Director, Operations Consulting
shubhangi.bhargava@valueonshore.com



Krupa Ruparel

Vice President
Krupa.ruparel@valueonshore.com



OUR OFFICES

Gurugram – Enkay Tower

Enkay Centre, Wing A,
Second Floor, Plot No A,
Vanijiya Nikunj, Udyog Vihar,
Phase V, Gurugram-122016

Hyderabad

CWS One, Plot No: 40, 41 & 42,
Survey No: #54 Kondapur,
Serilingampally,
Hyderabad, Telangana 500084

Mumbai

1202, The Summit-Business Park,
Off Andheri Kurla Road, Andheri
(East), Mumbai- 400069.

Gurugram - Ocus Technopolis

Third Floor Tower A, Ocus
Technopolis, Golf Course Road,
Sector – 54, Gurugram - 122002

Bengaluru

No.42/1, 3rd Floor,4th Cross,
CMH Road, Indiranagar 1st Stage,
Bengaluru - 560038.

USA

8851, Belday St, Cypress, CA, 90630