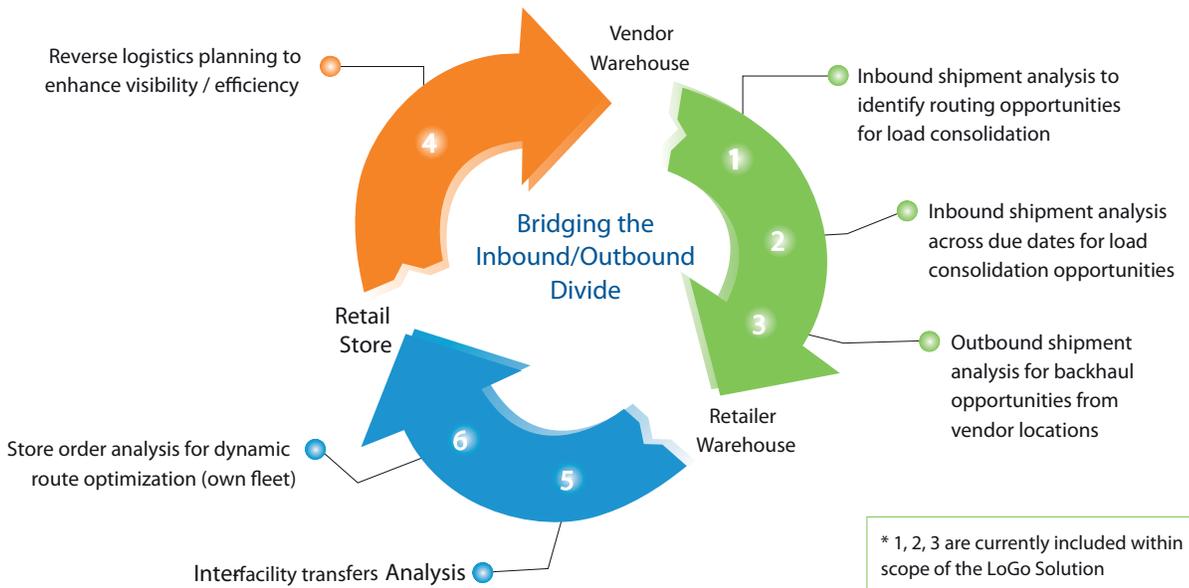# Logistics Optimization Solution - LogO
Reducing item landed cost

Controlling supply chain costs is a focus area for most retailers. However, reducing inventory to achieve the same only increases the movement of goods resulting in higher transportation costs that tends to erode benefits realized by inventory reduction. Economic and market factors, such as interest rates and oil prices, have escalated fuel prices and further aggravated the situation. Reducing overall item landed cost directly impacts margin growth for a retailer. However, since most buyers are silo-ed by item/departments, their buying decisions are sub-optimal from a logistics perspective. This lack of internal visibility, across buyers, and their decisions (on requested delivery dates) is one of the root causes for a higher item landed cost.

Infosys Logistics Optimization Solution - LogO

Infosys realizes that the biggest opportunity to reduce item landed cost lies in inbound transportation (vendor to warehouse) where traditionally retailers have exercised lesser control. Infosys' Logistics Optimization solution proposes a paradigm shift by asking retailers to take control of inbound transportation - meaning negotiating the cost of goods (COG) separate from freight.

Infosys' LogO solution uses patented processes and algorithms to proactively identify load consolidation opportunities during the PO planning/ creation stage itself. During the planning stage, Infosys' patented LogO solution pre-optimizes the data set that is input to TMS and therefore supplements TMS to ensure savings are maximized during execution. Consequently, retailers are enabled to reduce total landed cost over and above what a TMS is able to achieve during the execution of inbound transportation.
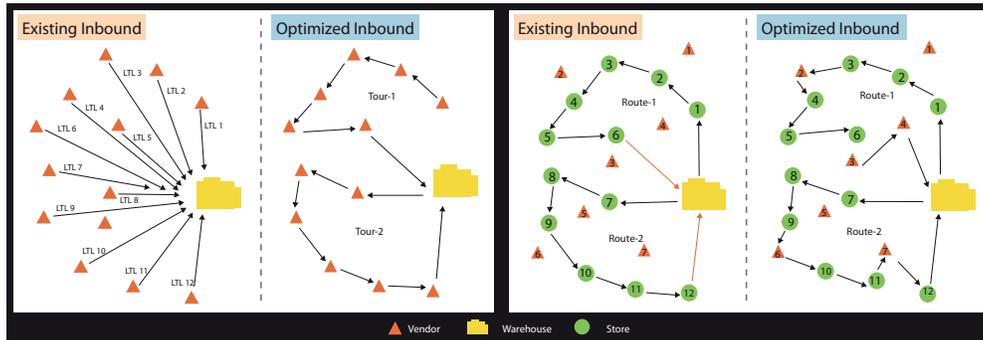

Solution Benefits

- Estimated annual cost savings of $100K-$200K in landed costs per billion dollars in sales
- Estimated annual labor cost savings of $100K-$200K
- Improved receiving efficiency[*]
- Improved asset utilization

[*] *The 1999 Van Drivers Survey estimated that reducing loading, unloading, and wait time by 10% would allow carriers to earn an additional $156 million in profits*

Solution Functional Descriptor

Infosys' LogO solution acts as a pre-processor to the order management system. It involves an optimization engine that clusters POs created by buyers within the retail organization and tweaks the delivery dates using patented temporal and spatial proximity algorithms to drive load density to a specific date. Key features of the solution include:

- Ease of implementation - the solution's footprint is internal to the retail organization with little collaboration expected from external trading partners
- Does not duplicate the functionality of a TMS; rather enhances a TMS to perform better

- Requires minimal investment, with relatively short implementation and payback period
- Low on change management as most PO's are verified by buyers prior to being dispatched to suppliers

Infosys Retail & CPG Practice

Our Retail & CPG Business Unit provides business solutions to the industry's leading firms to enable them to become more competitive. Our client base spans all major segments of the value chain, from leading retailers to distributors and CPG manufacturers.

The 5000+ strong practice provides services that include business process conceptualization, process engineering, package selection and implementation. We are an active member of EPCglobal and ARTS (Association for Retail Technology Standards).

Allied Services

Business Consulting

Provides you with strategic differentiation and operational superiority, assessments, proprietary industry analyses & projects structured around beating the competition.

Business Intelligence

As data volumes grow, extracting knowledge from the data will be a challenge. Our business intelligence solution is designed to deliver that power to you enhancing your customers' experiences, by designing real-time data warehouses.

Enterprise Application Integration

Make the whole of your IT applications much greater than the sum of their parts. Infosys can leverage the Global Delivery Model (GDM) to deliver immediate and dynamic productivity growth like no one else can.

RFID Implementation

The success of your RFID program depends on selecting the right processes and technologies. Our RFID reference architecture and phased approach mitigate your risks and ensure seamless integration with your existing enterprise systems.

Infosys ® | Building **Tomorrow's** Enterprise

About Infosys

Many of the world's most successful organizations rely on Infosys to deliver measurable business value. Infosys provides business consulting, technology, engineering and outsourcing services to help clients in over 30 countries build tomorrow's enterprise.

For more information about Infosys (NASDAQ:INFY), visit www.infosys.com.