



“As companies turn to outsourcing to get the most out of their capital dollars, supply chain control gets more complex with the introduction of partners such as contract manufacturers and distributors. Fogbreak creates visibility into partners’ operations and integrates contractual agreements to provide the risk control that ...executives need.”

– Vinay Asgekar, AMR Research



Driving Financial Discipline Into The Supply Chain



Liability and Flexibility



Liability and Flexibility

Rapid changes in demand and supply create liability with suppliers through change orders, changing buffer stock levels, new lead-times, expedites, engineering change orders, and canceled purchase commitments. At the same time, these fluctuations require improved responsiveness and flexibility of the coordinated supply chain to effectively meet customer requirements. With all this complexity, how can supply chain professionals prioritize day-to-day activities to best meet strategic objectives for cost and delivery? How can companies mitigate risk while improving the responsiveness of their supply chains?

Fogbreak Has the Answer

Fogbreak is the first enterprise software company that helps drive financial discipline into the supply chain of global manufacturers. Fogbreak's Supply Chain Risk Management applications uniquely combine codified agreement information with transactional ERP data to deliver the transparency and predictability needed for maximum cross-enterprise performance. This break-through combination empowers supply chain professionals to:

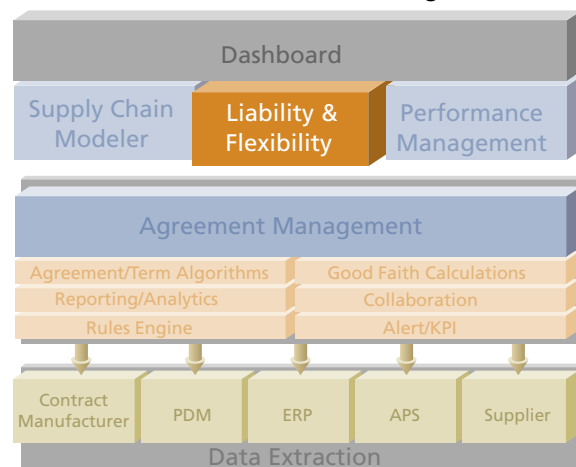
- *Optimize the financial performance of their supply chain decisions*
- *Maximize supply chain flexibility and minimize liability*
- *Align supply chain strategy with tactical execution*

The result is measurable improvement in reducing material acquisition cost, reducing excess and obsolete inventory, ensuring continuity of supply, and drastically improving productivity across the supply chain.

Fogbreak's Liability and Flexibility Application

Fogbreak's Liability and Flexibility application drives supply chain operations to ensure maximum flexibility and minimum liability.

Solution Architecture Diagram



Capabilities

Report and Manage Supply Chain Liability

- Analyzes last-time-buys at end-of-life based on purchase commitments to reduce excess and obsolete inventory
- Enables “What-if Planning” to evaluate possible scenarios and alternative action plans to limit liability and reduce material acquisition costs.
- “Good Faith” reporting provides best estimate of current supply chain position when transaction data from suppliers is unavailable
- Provides financial assessment of buffer stock and vendor-managed inventory (VMI) liability
- Measures and manages off-balance sheet liability at multiple levels
- Generates demand and supply waterfall reports tracking volatility against configurable baselines

Reduce Material Acquisition Costs

- Ensures immediate contract price compliance for newly negotiated price reductions on both currently released and future purchase orders
- Tracks cancellation and reschedule privileges across contract time periods
- Justifies outstanding E&O inventory issues with customers and suppliers
- Evaluates new product introductions to limit E&O inventory

Consolidate operations and increase effectiveness

- Prioritizes MRP action report for cost and expiration date at the component, sub-assembly, or product level
- Manages supply chain events with alerts and notifications by integrating trading partner
- Evaluates cut-in date of Engineering Change Orders based on agreements with suppliers and contract manufacturers

Benefits

Reduce inventory:

- Reduce liability ownership of buffer stock and VMI inventory
- Reduce excess and obsolete inventory resulting from engineering change orders and product transitions
- Lower off-balance sheet liability with outsourced partners

Reduce material acquisition costs:

- Reduce expedite, cancellation and reschedule costs
- Ensure timely cut-in of purchase order (PO) price reductions
- Recover PO purchase price variance (PPV)
- Minimize scrap cost from product transitions and engineering changes

Improve productivity and decision making:

- **Executive Management:** Drive financial discipline into the supply chain through improved transparency and predictability of cross-enterprise financial performance
- **Commodity Manager:** 25 percent average reduction in time spent on tactical supplier management activities
- **Operations Finance:** 80 percent average improvement in speed and accuracy of liability forecast reporting
- **EC analyst:** 70 percent average improvement in time required to evaluate financial implications of implementing engineering change orders.
- **Buyer/Planner:** 30 percent average productivity improvement through MRP action prioritization



System Requirements

- **Operating System:** Microsoft Windows 2000, Linux or Sun Solaris
- **Database:** Microsoft SQL Server 2000 or Oracle 9i
- **Client:** Microsoft Internet Explorer 5.5 or higher



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