FIND YOURS.

CONSULTANT, INTEGRATOR, OEM: WHOM DO I ENGAGE AND WHEN?

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Objectives

• How do I know when to ask for help?

• Who are the potential partners for my project and where do I find them?

• What are the differences and how to determine best fit?
Assessment of project and desired outcome(s)

• Preparing/identify an opportunity to engage others
• What is the driving force behind the project? ROI, volume, brand acquisition
• Expected outcomes from the engagement?
• Budgetary constraints?
• Looking for a short or long term partnership?
• Who are the project stakeholders? Do they know our business
• Who are the management stakeholders? What’s important to them?
What is an Integrator, Consultant, OEM?

• **Systems Integrator** - is an individual or business that designs, engineers, installs and commissions logistics systems for clients by combining equipment, controls and supply chain software products.
Systems Integrator – Quick overview

• Difference scales of integrators local, national, global, with and without software

• Committed to a single OEM or numerous partners

• Buying power with national integrators, most experience, top buyers from the OEMs

• Local integrator can provide cheapest cost, used equipment, minimal T&E

• “One throat to choke” – committed to overall process and flow
What is an Integrator, Consultant, OEM?

• **Consultant** - A consultant is usually an expert or an experienced professional in a specific field and has a wide knowledge of the subject matter (come in all sizes - sole proprietorships, small businesses, multinational corporations)
Consultant – Quick overview

• Network analysis & design
• Business case justification, focus on analytics to drive process
• Library of solution sets, great presentation skills
• Design & engineering study for RFP
• Can make something simple complicated
• Cost begin on day 0, identifying opportunity
• Strong expertise in change management
• Very good at navigating the technology stack and the implementation phase of pulling them all together
What is an Integrator, Consultant, OEM?

• **OEM** – an individual or company that manufactures certain types of logistics equipment and then supplies these to distributors and/or end users.
OEM – Quick overview

- Product experts
- Partner with other OEMs for overall better solution?
- Factory to feed – truly an objective / independent approach?
- Stand by the equipment not the process or overall flow
- Are you the little fish in big ocean?
## Choice of Integrator, Consultant, or OEM

<table>
<thead>
<tr>
<th>Capabilities/Characteristics</th>
<th>Large Consultant Firm</th>
<th>Large Integrator</th>
<th>Tier I OEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engagement Initiation</td>
<td>Proposed, paid</td>
<td>Pro bono</td>
<td>Pro bono/Promo &quot;free&quot; studies</td>
</tr>
<tr>
<td>Geographic Presence</td>
<td>National and Global</td>
<td>Local &amp; National, few Global</td>
<td>Local, National, Global</td>
</tr>
<tr>
<td>Data Analytics</td>
<td>High</td>
<td>High to Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Supply Chain Network Modeling</td>
<td>High</td>
<td>Low to Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Transport Modeling</td>
<td>High Expertise</td>
<td>Low</td>
<td>Very Low to None</td>
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<tr>
<td>Project Ownership</td>
<td>Commercial</td>
<td>End-to-End</td>
<td>Equipment</td>
</tr>
<tr>
<td>End-to-End Solution Development</td>
<td>High</td>
<td>Medium</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Simulation tools</td>
<td>Varies</td>
<td>Varies</td>
<td>Strong</td>
</tr>
<tr>
<td>Technology Stack Change Management</td>
<td>High Experience/Expertise</td>
<td>Medium</td>
<td>Medium to Low</td>
</tr>
<tr>
<td>Equipment Expertise</td>
<td>Low</td>
<td>Medium</td>
<td>Very High/Manufacturer</td>
</tr>
<tr>
<td>Four Wall Equipment Supplier</td>
<td>Low</td>
<td>High</td>
<td>Low-Medium</td>
</tr>
<tr>
<td>Equipment Procurement</td>
<td>Bid Process</td>
<td>Bid Process &amp; Partner Agreements</td>
<td>Manufacturer</td>
</tr>
<tr>
<td>3rd Party Equipment Procurement</td>
<td>Bid Process</td>
<td>Purchase Burdened + Margin</td>
<td>Manufacturer</td>
</tr>
<tr>
<td>Works well with others</td>
<td>Commercial</td>
<td>Partnered</td>
<td>Commercial &amp; Partnered</td>
</tr>
<tr>
<td>Go-Live End-to-End System Expertise</td>
<td>Paid/Fee Based</td>
<td>Present</td>
<td>When Problems Arise</td>
</tr>
<tr>
<td>Service &amp; Support</td>
<td>Low to None</td>
<td>Medium</td>
<td>High</td>
</tr>
</tbody>
</table>

PLEASE NOTE: These are general characteristics, there are always exceptions
Comparison of Steps

Integrator/OEM – Design/Build

- PARTNER SELECTION
- DEVELOP CONTRACT
- DESIGN & ANALYSIS
- DESIGN REFINEMENT
- PROJECT DEVELOPMENT

Consultant

- DESIGN/CONSULTING
- PREPARE RFQ
- SOLICIT/COLLECT BIDS
- EVALUATE PROPOSALS
- NEGOTIATE CONTRACT
- PROJECT DEVELOPMENT
- CHANGES FROM BID-RFQ GAPS

COST VALIDATION
Speed of your project

OEM/Integrator

Consultant

MONTHS

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

DEVELOPMENT

DESIGN

CONTRACT

PARTNER SELECTION

RFQ

BIDS

BID/VENDOR EVALUATION

DEVELOPMENT

CHANGES

- DELAYED R.O.I.
- ADDED P.M.
- COSTS

FIND YOUR WOW
Who owns the Risk?

Consultant Model

- Owner
- Consultant
- Corporate Eng.

RISK

Designer

Needs

Specifications

Provider(s)

Proposal

Change Orders

- Built to a response to a designer’s specification

Integrator/OEM Model

- Integrator assumes all risk
- No “handoffs”

RISK

Client

Interactive

Integrator/OEM

Interactive

Needs
Scenario 1

• Project
  • Adding a singles processing line to packout area

• Impact
  • Low capital expenditure to create additional capacity within packout

• Stake Holders
  • Mgmt: Dir/Gen Mgr
  • Operational: Packout Sup(s)

• Systemic Scope
  • New order activation
  • Order batching
  • Additional pick workstream
  • Additional pack workstream

• Mechanical Scope
  • Divert and logic from existing conveyor/sorter
  • Conveyor install
  • Pack Station(s)
  • Merge and logic into existing conveyor/sorter
Scenario 1

• Logical Path
  • OEM

• Decision Criteria
  • Localized scope
  • Existing/established facility
  • Limited systemic integration
  • Extension of current solution
Scenario 2

• Project
  • Incorporating an AS/RS Goods to Person solution into an existing operation

• Impact
  • Medium capital expenditure to add space and processing capacity to an existing facility

• Stake Holders
  • Mgmt: Pres/VP/Dir/GM
  • Operational: GM/OM/Sups

• Systemic Scope
  • New logic to direct material in/out of AS/RS
  • Integration with AS/RS
  • Additional pick workstream

• Mechanical Scope
  • Significant design
  • Minimal permitting
  • New rack, conveyor, and equipment install
  • G2P Station(s)
  • Merge and logic in/out of existing conveyor/sorter
Scenario 2

• Logical Path
  • Integrator

• Decision Criteria
  • Analysis/Solution necessary to determine form & fit
  • Existing/established facility
  • Extensive system integration
  • Addition of new technology and processes to current solution
Scenario 3

- **Project**
  - Network design and turnkey new build of 3 facilities

- **Impact**
  - Large capital expenditure that will change most of the aspects of a supply chain

- **Stake Holders**
  - Mgmt: Board/CEO/Pres/VP/Dir/GM
  - Operational: VP/Dir/GM/OM/Sups

- **Systemic Scope**
  - New (possibly not all) ERP/OMS/WMS/WCS/WES
  - Full design of all logic and processes

- **Mechanical Scope**
  - Significant design/procurement
  - Permitting
  - New rack, conveyor, and equipment install
Scenario 3

• Logical Path
  • Consultant

• Decision Criteria
  • Multi-facet Supply Chain analysis necessary
  • Facilities location and sizing
  • Extensive change management
  • Entirely new solution
Key Takeaways

• Gain alignment internally on expected outcomes, desired/required timeline and budget first

• There are many options/alternatives for consideration – “One size does not fit all”

• Proper due diligence during the partner selection process is critical to ensuring project deliverables meet expected outcomes
For More Information

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