

The World's Most Efficient Pair of Jeans

Ironing Out the Wrinkles of a Complex Supply Chain to Generate a Strategic Advantage

In today's global economy companies are sourcing product from virtually every country imaginable and the challenges of managing a complex supply chain are daunting. Few companies truly have a strategic plan for orchestrating a global physical and financial supply chain to maximize each link, step and process inside and outside the four walls of the company. With a presence in 110 countries and sourcing in approximately 45 countries, Levi Strauss & Co. has a global reach that few companies – if any – can compare to. The same can be said for its supply chain strategy.

Recognizing Opportunity

In early 2005 the apparel giant established a Global Sourcing Organization (GSO) to identify and capture opportunities for efficiency, savings and growth in its supply chain. The first step was centralizing its global presence and the processes behind it to better leverage the company's global investments.

Previously, suppliers had struggled to manage multiple relationships and processes within the global companies organization. This tended to complicate business relationships and create inefficiencies. The GSO recognized the need to standardize and control processes in the supply chain and the value of creating a paperless and

automated environment. Without better visibility and control of information it would be nearly impossible for Levi Strauss & Co to fully maximize the competitive advantage of its broad global footprint.

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Process Efficiencies and Standardization

Using a collaboration platform called TradeCard, the GSO saw an opportunity to streamline, automate and match the financial supply chain with the physical supply chain. Through TradeCard, Levi Strauss & Co. deployed a series of initiatives to achieve the following:

- Better visibility into all transactions for Levi Strauss & Company and its suppliers
- Automation in the financial supply chain to reduce overhead, improve visibility and reduce cost of goods
- Centralized cash management and forecasting processes to ensure best use of capital
- Standard internal processes and business controls for SOX compliance

Operating numerous brands in different countries, with different systems and different stakeholders, poses enormous complexity.



Standardization of processes across transactions was a foundation for efficiency and growth for the Levi Strauss & Company supply chain. Automating purchase order collaboration, for example, removed paper, saved time, eliminated errors,

and allowed purchase orders to be standardized for all countries and vendors. Just as important was the impact on its relationships with vendors. When Levi Strauss & Co. automated processes from purchase order through settlement, vendors were paid on time and they had visibility into transactions to know when, where and how they would get paid. Orders and payments now occur in a clear, transparent environment.

Standardization and automation also played a big role in customs compliance. Creating a standardized invoice for the U.S. made a huge impact on Levi Strauss & Company ability to track and report accurately, which helped ensure accurate filings with U.S. customs.

Today, all parties have access to the same supply chain data. All key information is available to address vendor questions. Transparency helps maintain positive relationships, particularly during the recent recession when both buyers and suppliers focused heavily on cash flow.

Tying Together Technology

As is the case at most global companies, each country across the Levi Strauss & Co. landscape tended to have its own way of doing things – including technology. A vast array of back-end systems and technology infrastructure existed at one point. And a massive rip-out-and-replace project was not an option. But the GSO had a plan.

The software-as-a-service platform from TradeCard interfaced easily with existing technology systems in place at Levi Strauss & Co., including



multiple instances of SAP, and allowed supply chain data to flow seamlessly regardless of country, language, time zone or technology system. This strategy also allowed Levi Strauss & Co. to tie in all key suppliers and other trading partners, including logistics and customs brokers, onto one system. Its goal of centralizing sourcing and payments became obtainable.

“The TradeCard platform has helped provide transparency across our supply base on procurement spend-by-vendor. Although this sounds very basic, we can now retrieve this information in a matter of minutes versus in the past, when this was a very manual and time consuming process supported by numerous Excel spreadsheets and templates. Each quarter I get a report on spend-by-vendor and the relating trends. This information helps us make better decisions surrounding our strategic vendors and accompanying strategy.”
Walter Ettlin, VP Finance, Global Sourcing Organization

Collaboration with suppliers and trading partners could occur in one centralized database. The web-based platform removed barriers for even small suppliers with just a few hours of training.

The platform did more than eliminate paper and connect trading partners. It allowed sourcing to be more hands-on. As a result, the supply chain organization was able to do more with fewer resources. It was also able to consolidate multiple finance operations into one global shared service center in Asia.

Today's global supply chains are becoming more and more complex. For many, a massive global footprint becomes an overwhelming obstacle. Levi Strauss & Co. took an innovative, proactive approach to take control of its supply chain. Flexible technology, document & workflow automation, tight collaboration with suppliers and a clear vision have been the formula for supply chain success for this leading global brand.

The Details: A Snapshot of Benefits Achieved at Levi Strauss & Co.

- Improved & standardized global business processes and business controls
- Established a supply chain "global shared services center"
- Improved visibility into transactions and suppliers
- Automated posting of invoices into SAP
- Obtained better visibility into outstanding payables and cash flow
- Automated direct procurement AP process
- Reduced the number of manual steps and processes for matching AP invoices
- Extend days payables
- Simplified SOX compliance
- Activate an automated Early Payment Discount Program that could be self-funded or bank funded



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