



Improve supplier performance with zuppli

- service specification

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Introduction

This document details the zuppli service – its purpose, operation, pricing and use by clients. This document reflects the zuppli functionality and operation that is correct at the date of publication.

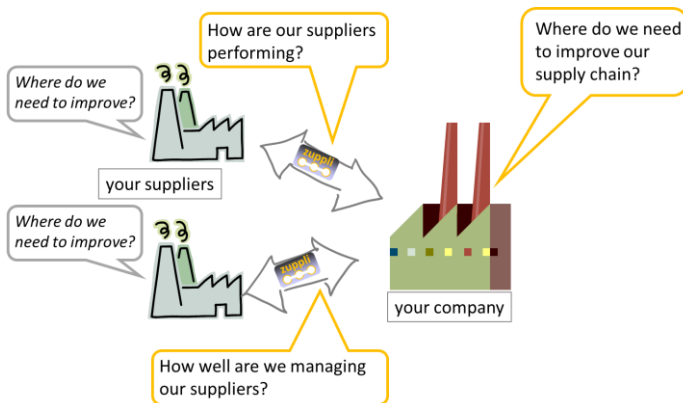
What is zuppli and who is it for?

zuppli is a cloud-based service with the objective of helping businesses improve their supplier performance through improved transparency. It is currently targeted on product-based businesses such as manufacturing, distribution and maintenance and repair operations seeking to improve their supplier performance.

Conventional supplier assessments are used to monitor supplier performance and identify improvement needs. But these are time consuming and people-intensive. Because of this, they typically involve very few suppliers – often just key ‘Category A’ suppliers. Also such assessments focus only on suppliers (not both ends of the inbound supply chain) and participation brings little value for suppliers.

zuppli does away with the typical elements of supplier assessments such as interviews, questionnaires, ad hoc spreadsheets and time-intensive processes for collecting, analyzing and reporting. zuppli’s automated workflow, including chasing and escalation, allows many more suppliers to be assessed quickly and cost-effectively. zuppli’s supplier anonymity encourages ‘straight talking’ to provide real insight on issues that suppliers experience in working with your business. zuppli’s focus is to provide you and your suppliers with both the incentive and the key information to drive focused improvement and thus raise the performance of suppliers.

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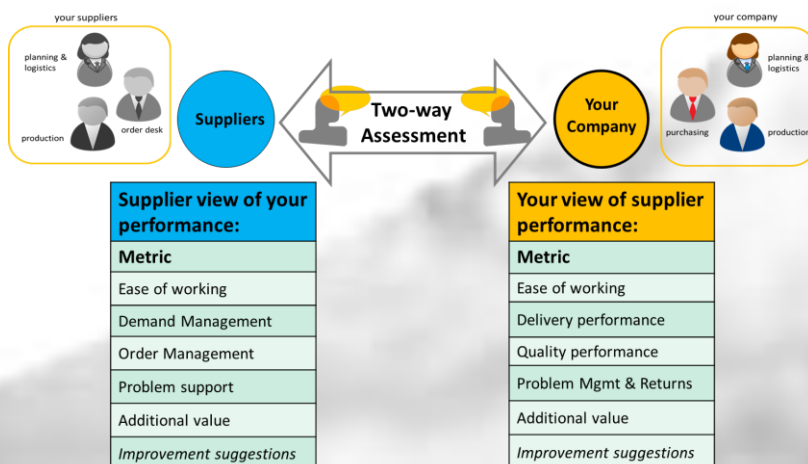


What is unique about the zuppli service?

zuppli goes back to basics. It considers the inbound supply chain as a collection of people working in different businesses and seeks to link them, so that their voices can be heard across the chain. This provides the foundation for collaborative improvement. Effective collaboration requires respect, information and ‘straight talking’ by both sides.

In all-too-many supply chains, communication between suppliers and their customer is limited to the requirements of daily business. There is too little sharing of performance information and straight-talking to proactively drive improvement. zuppli addresses the challenges of engaging with suppliers to improve the performance of the shared supply chain – in a time and cost-effective way.

zuppli allows you to assess (and be assessed by) your suppliers, to provide a ‘two-way’ view of your inbound supply chain. This information provides the foundation for driving improvement – in both suppliers and how you manage the supply chain. A high-performing supply base cannot be achieved by only focusing on supplier practices and performance – it also requires excellence in the way the inbound supply chain is managed. Good performance in supply chain management by the lead business provides a solid foundation for suppliers to perform well.



The metrics used in the zuppli two-way assessment



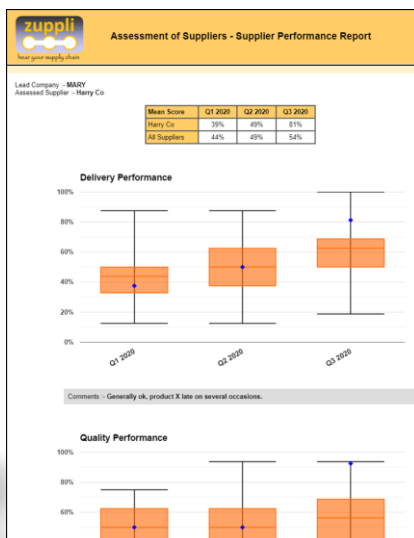
How does zuppli operate?

zuppli operates a quarterly assessment cycle of your inbound supply chain, working to a fixed calendar. At the start of each assessment, zuppli automatically emails the nominated assessors in your company and connected suppliers. Assessors rate the performance of those suppliers/customers they are responsible for by selecting the link in the email which takes them to an online assessment form. Assessors score the performance of each supplier/customer using the defined scoring grids in the form. The assessment focuses on 5 key metrics (see diagram above). zuppli automatically chases assessors to complete assessments if needed. At the end of each assessment zuppli automatically generates reports on the quarterly performance of the inbound supply chain. This includes supplier performance and your performance in supply chain management – as assessed by your suppliers. Individual suppliers that participated in the assessment receive a report on their comparative performance together with comments and suggested improvements. By using both assessor anonymity – to encourage openness – and sharing comparative feedback, zuppli uses this ‘peer pressure’ to drive focused improvement in suppliers and your own business.

What do you receive from the zuppli service?

The zuppli service provides client businesses with the following deliverables during each 12 month service term:

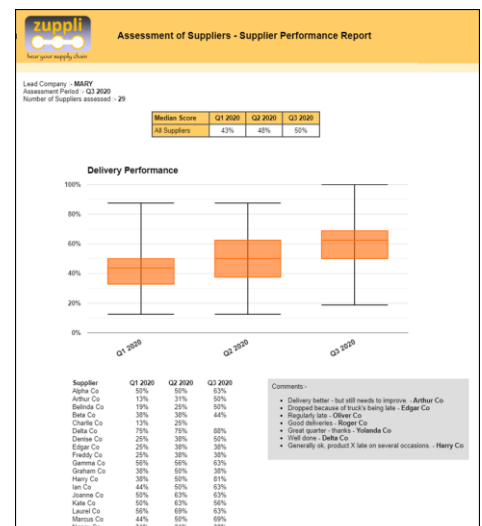
- Configuration of the business and its connected suppliers in zuppli as a standalone supply chain. This covers the address details, SIC code and contact details of the nominated assessors for each supplier and your business.
- Participation in four zuppli quarterly assessments for your business and the suppliers you included in zuppli. Assessments are scheduled to run between the 8-19th of January, April, July and October each year.
- Receive zuppli quarterly performance reports. Three types of report are provided each quarter:



Individual supplier performance report



Lead - Supply Chain Management report



Lead – Overall supplier performance report

- A *supplier performance report* provided to each supplier that participates in the quarterly assessment. This report shows their score against each metric provided by your assessor, together with any comments and improvement suggestions made. The report also provides a quartile score for each metric that shows how the supplier performed in the quarter (and the previous two quarters) relative to the other suppliers connected to your business via zuppli.
- A *supply chain management report* for the supply chain Lead (i.e. your factory, warehouse or other location that manages the suppliers). This provides scoring on the Lead company as the ‘Customer’ of the suppliers on how well it is managing the supply chain as scored against the 5 metrics. Quartiles will show the spread of supplier ratings for the quarter and the previous quarters, together with comments and improvement suggestions made. Importantly the suppliers’ scoring and comments are anonymous to ensure that suppliers can provide frank and honest feedback.
- An *overall supplier performance report* for the Lead. This details the scoring of all the suppliers made by your assessors during the period and any comments and improvement suggestions made. As well as the quartile diagrams, scoring of each supplier is given for each metric. This report provides a detailed record of supplier performance each quarter.
- A detailed zuppli user manual in PDF format for use internally and also to make available to your suppliers. This manual details the operation of the service and also provides guidance on how to best utilize zuppli to drive improvement.
- An online training session to familiarize you and your nominated assessors with the zuppli service and an additional online training session for suppliers. A pre-recorded training video may be offered as an alternative.

- A short online readiness review with you prior to the first zuppli assessment.
- Email support to you covering any updates to assessor contact details, addition of new suppliers to the zuppli service and planned changes in suppliers for the next service year.

How is the zuppli service priced?

zuppli's pricing is based on the number of connected suppliers in a supply chain to a client's site, with a discounted structure. So the charge for the first few suppliers in a connected chain is more than the later suppliers due to the discount bands. We have compared zuppli pricing against the cost of performing the service manually and our analysis shows that a zuppli-enabled assessment is around half the cost of a typical manual spreadsheet-based assessment. And zuppli also provides anonymous supplier feedback to your business – something not available in a manual assessment. Contact us for a quote on your proposed supplier network.

Note that zuppli's definition of a supplier is a physical location where the production or distribution of a product is performed. So a large supplier may have multiple locations. Each supplier location is distinct for zuppli as its operation and performance will differ. So each supplier location will have a unique address and assessor details in zuppli and will represent additional connected suppliers for pricing purposes. The same logic applies for a client site – so if you wish to connect two of your factories and their suppliers to zuppli, there will be two separate supply chains to be connected and assessed on zuppli.

If you wish to add additional suppliers to the zuppli service during the 12 month term of the service contract, Codexx will quote a price for the additional suppliers based on the current pricing table. This price will cover the remaining period on the existing zuppli service contract, and the price will be pro-rated to the number of quarterly assessments remaining. For example, if two of the quarterly assessment periods remain on your current service contract, then the quoted price for the additional suppliers would be 50% of the full yearly service price.

How do you get started with zuppli?

Connecting to zuppli is quick and easy. Once you have signed up for the zuppli service, we will send you the supply chain configuration spreadsheet for you to complete. You will need to provide the address of your business site and the SIC (Standard Industry Code) covering the activities performed on the site, together with the name and contact details of the person who will be our prime liaison for the service (aka 'zuppli coordinator').

Then you need to add the suppliers you wish to connect to zuppli. For each supplier you will need to add the company name and site address (from where shipments to you are performed) and their SIC code. You will also need the name and email address for your assessor who will score that supplier in each assessment and the assessor in the supplier who will score your business in each assessment. You should consider having one assessor for 5-10 suppliers. (Assessors will typically be working in functions such as Purchasing, Logistics, Supply Chain or Production).

Once this information is complete, you return the spreadsheet to us and we will calculate the fee for the 12 month service based on the pricing table and send you an invoice. We will check the spreadsheet to ensure your supply chain details are complete. Once we have received payment we will add your supply chain to zuppli ready for your participation in the next assessment.

To help you prepare for the zuppli service and the first assessment, we will send you a detailed user manual. This can be shared internally in your business and should also be sent to all your suppliers to be connected to zuppli. We will also run a short online training session with your people and can also run a separate one for your suppliers. Prior to your first assessment we will also hold a short 'readiness review' with your zuppli coordinator.

zuppli helps you improve supplier performance – find out more

zuppli was developed from our experience in manufacturing and supply chain improvement since 2002. Our work showed us the need for a simple and collaborative approach for monitoring and improving supplier performance. If you are interested in the potential for zuppli in your business, contact us for a discussion and demonstration.

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