

**PRODUCT & CUSTOMER  
PROFITABILITY**  
*Solutions Data Sheet*

Supply Chain leaders should develop a structured approach to understand the financial impact of serving customers, determine the contribution margin, include the financial drivers as a primary variable in the analysis, and understand opportunities based on service capacity.

River Logic's Digital Planning Twin™ unveils the true profitability of each product. By creating an end-to-end analysis, companies can identify the right mix of products they should manage in their supply chain based on product profitability and capacity considerations.



# KEY DECISIONS

## PORTFOLIO OPTIMIZATION:

Identify the right mix of products the company should manage in their supply chain based on Product Profitability and Capacity Considerations.



## VALUE IDENTIFIED:

- ↑ productivity & margins
- ↑ production throughput
- ↓ operational costs

## COST TO SERVE:

Understand financial impact of serving customers; determine the margin of contribution, includes financial drivers as a primary variable in the analysis, and understand opportunities based on service capacity.



## VALUE IDENTIFIED:

- ↑ Productivity & margins
- ↑ Margins (ultimately ↑ structural EBITDA and ↑ free cash flow)

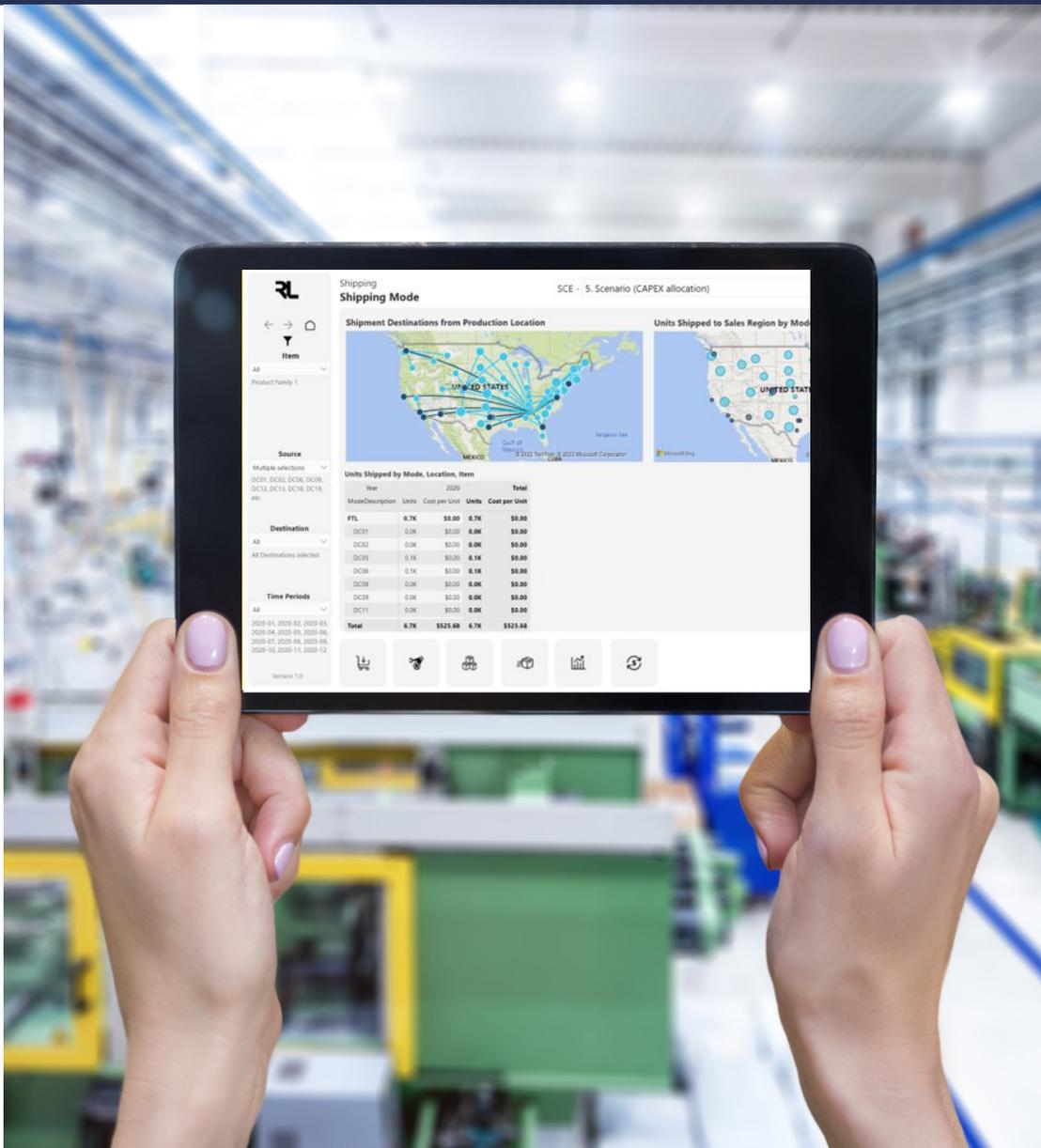
## SERVICE LEVEL STRATEGY

Determine overall optimal inventory position and service levels given network and inventory conditions. Define an appropriate service level and how quickly can you satisfy your customers in line with keeping your costs in check.



## VALUE IDENTIFIED:

- ↑ Inventory throughput
- ↑ Return On Assets
- ↓ Working Capital



## QUESTIONS:

River Logic can address these industry questions with industry answers:

- Are we losing market share because we do not have the right products?
- What products within our portfolio contribute most to the margins?
- How can we improve Customer Lead times?
- What is the optimal cost-to-serve?
- What other opportunities do we have based on service capacity?

# REAL WINS

## TRONOX

### THE CHALLENGE:

A multi-billion dollar, globally integrated Mining and Chemical company operating almost two dozen mining sites and processing facilities with thousands of employees.

The primary product has about 20 code variations that are determined by purity, size, weight, and other chemical characteristics.



## THE SOLUTION:

- River Logic's Digital Planning Twin™ provided Tronox with a monthly planning solution that can look across a 24 month horizon to help the company determine which products are most profitable per product and per customer basis.
- Long-term planning supports strategy across a 30-year horizon.
- Ability to determine trade-offs between upstream and downstream processes, in order to realize net improvements across the entire value chain.
- The customer can represent all its manufacturing processes in a single intelligent model, including financial components at every step of the way.



## THE IMPACT:

River Logic's Digital Planning Twin™ enabled Tronox to find:

- \$45-\$80M in NPV Improvements, realized within the first 6 months since deployment. This represents 3%-5% improvement.
- Ability to make decisions on profitability taking into consideration products and customers allowing for better forecasting.
- The utilization of a single, visualized view of the entire end-to-end process enabled the company to simplify a very complex planning process.

# REAL WINS

## MCKEE FOODS

### THE CHALLENGE:

McKee Foods is a Fortune 1000 manufacturer of consumer products that owns several well-known consumer brands and serves most segments of the North American market.

- Develops, manufactures, and distributes most of the products it sells
- \$1.3B in revenue
- 6,700 employees
- Needed to answer the following questions:
  - How can we maximize profitability of the product portfolio?
  - Where can we add or subtract capacity to maximize ROIC and profits?
  - Which manufacturing plants should make certain products?
  - How can we balance cash flow and inventory turns?

One of the key values from River Logic is the ability to bring our functional teams data that they can make actionable...We want them to understand the opportunity cost of producing and selling one more or one less of that product, and River Logic enables that for us.”

*Lewis Belknap* - , VP Planning, McKee





## THE SOLUTION:

McKee Foods built five models with River Logic:

- A long-range planning model to evaluate strategic issues (e.g., capacity, capital expenditures, and product portfolio).
- A medium-range planning model to determine inventory strategy and tactical issues, including which plants should make certain products.
- An operational planning model to define production sequencing and shift scheduling.
- A distribution model to determine the optimal distribution strategy.
- A truck loading and handling model to maximize efficiency and minimize costs.

## THE IMPACT:

**The ROI increased from 1,000% to 2,000%.**

There was **\$5M improvement in profit** from medium-range and truck-loading models.

One plant manager recommended McKee Foods transfer an entire product line to another plant based on profit impact. Prior to River Logic, it was assumed that a plant capable of making a product should do so in order to serve customers close in proximity. This wasn't the case!

Models resulted in better and faster decisions and insights that transformed the way McKee Foods makes decisions. For example, management now understands that only a system-wide view of financials and operations—one that includes business constraints—yields the best decisions.

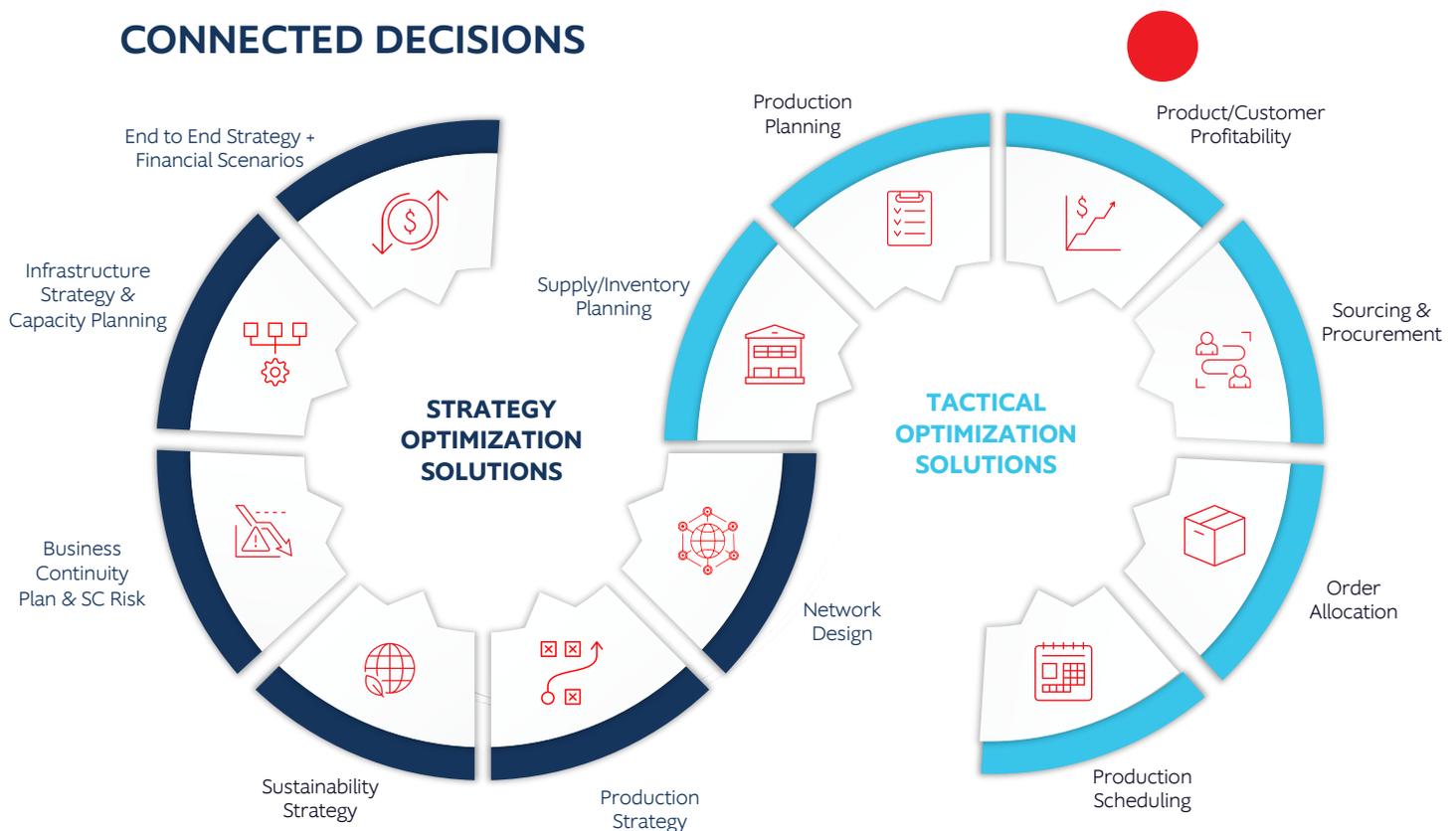
**Transformational insights** were uncovered by management.

## THE RIVER LOGIC DIFFERENCE

At River Logic, we understand the industry. Knowing the market allows us to bring value. River Logic can address these industry questions with industry answers. The foundation of our technology is a digital planning twin of your end-to-end business as it exists today – including all financial complexities, constraints, and KPIs. Powered by optimization, you can run unlimited strategic, tactical, and operational scenarios to balance complex trade-offs and maximize the value of your decisions.

River Logic enables connected decision-making across the enterprise, empowering supply chain executives to have a strategic view of the business that extends to the tactical and operational levels of planning.

## CONNECTED DECISIONS



That is why we are: **REAL DECISIONS. OPTIMIZED.**  
Get in Touch with Us, we are Happy to help!



**LET'S SET UP A 15-MINUTE  
INTRODUCTORY CALL.**

