



ABC | Group
Asian Business Consultants

**WHAT IS ASSET
LIGHT SUPPLY CHAIN
MANAGEMENT?**

WHAT IS ASSET LIGHT SUPPLY CHAIN MANAGEMENT?



- ▶ Today, companies are seeking to maximize the value and efficiency of their supply chains amidst growing geopolitical risks, heightened supply chain complexity, and increasingly discerning customers.

With Asset Light Supply Chain Management Models, companies are able to retain key operational capabilities through the use of shared resources while eliminating or reducing (divesting) the number of fixed assets in any given region or function.

In addition to deploying Asset Light models in contract manufacturing, IT, and logistics, companies can now apply Asset Light models to supply chain management through outsourced staffing and management of supply chain functions within low-cost countries.

DID YOU KNOW...

Companies can now close foreign offices but still maintain operational capabilities often at a lower cost through the use of Asset Light Supply Chain Management Models

Companies can now access on-the-ground supply chain management support in multiple new markets with a single US-based provider



WHAT ARE THE BENEFITS?



By transferring supply chain management functions such as staffing (sourcing, engineering, quality, and logistics) and business processing to outsourced providers, companies can transition fixed costs to variable cost structures, reduce market risk, enhance agility across borders, and better focus on core capabilities.

Companies that have effectively adopted asset-light business models have strengthened their cost management and overall performance, resulting in higher total shareholder return over the past five years compared to their asset-heavy peers.

KEY STATISTICS

- ▶ Average 20% lower supply chain management costs
- ▶ 50% lower inventory holdings
- ▶ 3x faster cash-to-cash cycles



IS ASSET LIGHT SUPPLY CHAIN MANAGEMENT RIGHT FOR YOU?

When looking to adopt an Asset Light Supply Chain Management model, companies should first ask themselves:

- ▶ Is your supply chain operating at its full potential in terms of high-level performance, visibility, and return on invested capital (ROIC)?
- ▶ Does your existing supply chain team provide competitive advantages in relation to your peers?
- ▶ Is your foreign supply chain team fully aligned with your broader organization in supporting strategic initiatives?
- ▶ Is your supply chain well positioned to meet business needs for the next 3-5 years?
- ▶ Have you diversified your supply chain into new markets where you don't currently have an operational footprint?
- ▶ Have you made any significant organizational or business model improvements within your supply chain over the last two to three years?

If you are unable to answer “Yes” to the previous questions, then exploring an Asset Light Supply Chain Management Model could potentially unlock significant value within your organization.



WHAT WOULD ASSET LIGHT SUPPLY CHAIN MANAGEMENT LOOK LIKE FOR MY BUSINESS?



Broadly speaking, using an Asset Light Supply Chain Management model should improve operational efficiency, increase supply chain visibility, better control costs, and allow companies to more easily innovate and meet the needs of consumers.

On a day to day basis, an outsourced supply chain management provider will be able to integrate into a company's key processes and IT framework, and as is the case with our firm, clients are often able to retain their existing personnel in foreign markets to further support continuity of operations during and after a transition from a traditional "fixed" supply chain management model to a more agile Asset Light model.

At its heart, adopting an Asset Light Supply Chain Management model allows a company to reallocate time, energy, and resources from low value/transactional functions to high value tasks and their core business mission.



HOW DOES THE ABC GROUP HELP CLIENTS TRANSITION TO ASSET LIGHT SUPPLY CHAIN MANAGEMENT MODEL?



As the leader in outsourced supply chain management in low-cost countries, The ABC Group has a proven methodology to systematically transition supply chain responsibilities to our firm without negatively impacting client operations.

When a client looks to transition to an Asset Light Supply Chain Management Model, our firm first seeks to understand:

1. Current active markets and geographic reach
2. Supply Chain Size and Complexity
3. Underlying Business Processes and Infrastructure
4. Historic Staff Performance, Workload, and Organizational Structure
5. Short-Term Tactical Needs and Long-Term Strategic Goals

With a clear understanding of these broader supply chain fundamentals and processes, we are able to craft a client-specific transition roadmap. This roadmap is designed to ensure a swift transition while also safeguarding performance, maximizing value for the organization, and minimizing adverse impacts on operations.



CREATE A ROADMAP TO TRANSITION TO ASSET LIGHT SUPPLY CHAIN MANAGEMENT

The transition from a traditional asset-heavy supply chain management model to an Asset Light Supply Chain Management model should not be underestimated. Along with the need for a knowledgeable partner to navigate the complexities of Asset Light Supply Chains, such a transition also requires widespread buy-in from the organization for successful implementation.

Understanding the need to align multiple stakeholder interests, our firm takes a measured approach to both creating a transition roadmap and formally transferring operational responsibilities with continuity of operations front and center.

To begin this journey our firm conducts a review of a client's supply chain, processes, and historic data along with input from key stakeholders. It is only after our firm truly understands a client's supply chain that we are able to jointly craft a transition roadmap that takes into account strategic needs, operational risks, and is validated based on historical data.

With an approved transition roadmap in hand, our firm can then systematically transfer supply chain responsibilities on a rolling basis all while our US based team monitors KPI's to ensure operations are not negatively impacted during this transitional phase.



WHY THE ABC GROUP IS A LEADER IN OUTSOURCED SUPPLY CHAIN MANAGEMENT SUPPORT



The ABC Group has been successfully supporting publicly traded companies and fast-growing startups for over 20 years across Southeast Asia. While we are proud of our success, we never stop innovating and never lose focus on meeting the diverse needs of our clients.

To meet the supply chain challenges of today and more importantly tomorrow, our outsourced supply chain management support provides clients with:

1. Flexible fee structure tied to actual supply chain workload
2. Pathway to retain existing supply chain personnel while eliminating fixed overhead
3. Single US-based service provider with operations in multiple countries to support supply chain diversification

4. KPI and performance driven contracts to ensure supply chain remain aligned with broader strategic goals

While supply chains might not be straightforward, we are. As it has been for two decades, our clients' best interest is our only interest.

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