Panel Discussion

DC of the Future… Today

Monday October 2, 2017

Technology of the future is here today. Listen to industry professionals discuss how they are effectively implementing industry disruptors. Learn how these cutting-edge companies are utilizing wearables, autonomous vehicles, additive manufacturing and other transformative technologies successfully.

2017 MHI Annual Report

The 2017 MHI Annual Industry Report, developed for the fourth year, reflects the views of 1,141 manufacturing and supply chain industry leaders on supply chain innovation

88% are manufacturers, distributors or service providers

50% of participants are executives holding the role of CEO, Vice President, or General Manager or Department Head
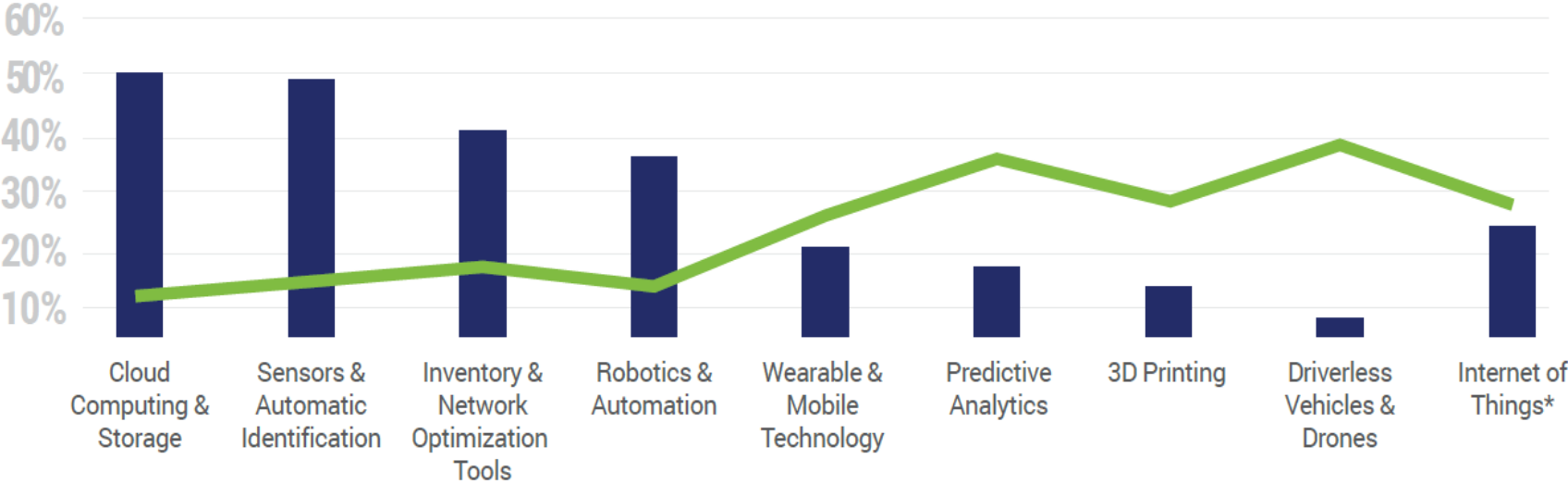
47% reporting annual sales in excess of $100 million, and 10% reporting $10 billion or more

Key MHI Insights

ADOPTION RATE — In-use Today — 5-Year Compounded Annual Growth Rate

Categories: Cloud Computing & Storage, Sensors & Automatic Identification, Inventory & Network Optimization Tools, Robotics & Automation, Wearable & Mobile Technology, Predictive Analytics, 3D Printing, Driverless Vehicles & Drones, Internet of Things*

* First year of data

Key MHI Insights

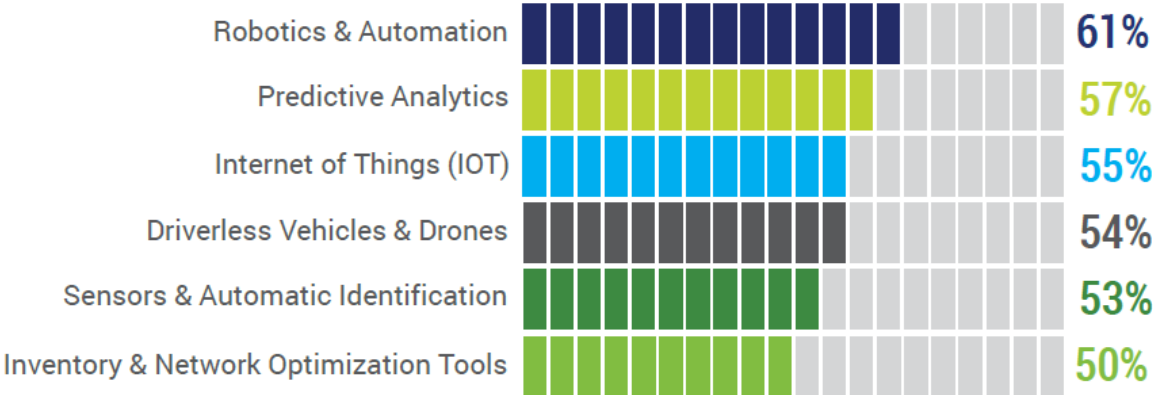**80%** Believe the digital supply chain will be the predominate model within 5 years.
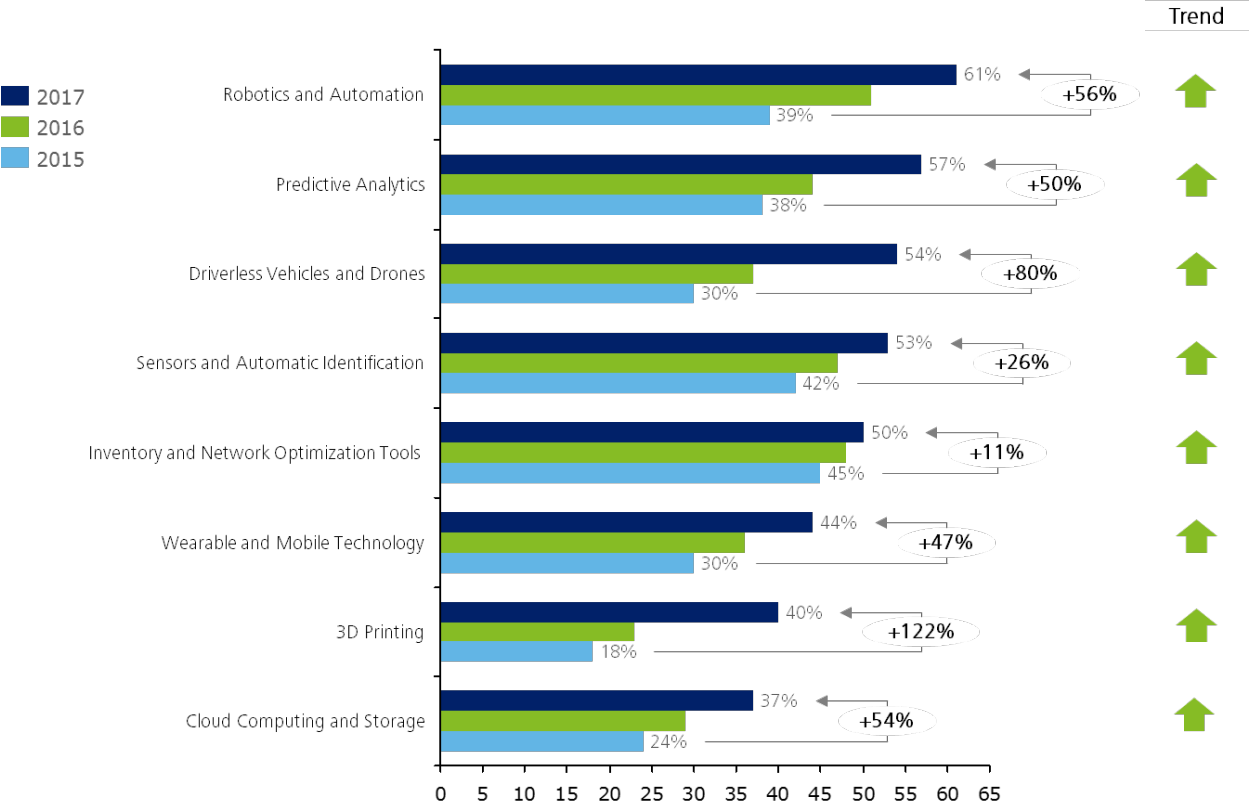
Say it is today. **16%**

DISRUPTIVE TECHNOLOGIES
Top 6 out of 9

Potential to disrupt or create competitive advantage.

Technology	Percentage
Robotics & Automation	61%
Predictive Analytics	57%
Internet of Things (IOT)	55%
Driverless Vehicles & Drones	54%
Sensors & Automatic Identification	53%
Inventory & Network Optimization Tools	50%

Key MHI Insights – Trend of Being Disruptive or a Competitive Advantage

Key MHI Insights – Most Likely to Introduce Capabilities

Capability	In-use today	1-2 years	3-5 years	6+ years
Inventory and Network Optimization	41%			95%
Cloud Computing and Storage	50%			92%
Internet-of-Things (IoT)	24%			92%
Sensors and Automatic Identification	49%			91%
Predictive Analytics	17%			89%
Robotics and Automation	37%			80%
Wearable and Mobile Technology	22%			80%
3D Printing	15%			62%
Driverless Vehicles and Drones	8%			58%
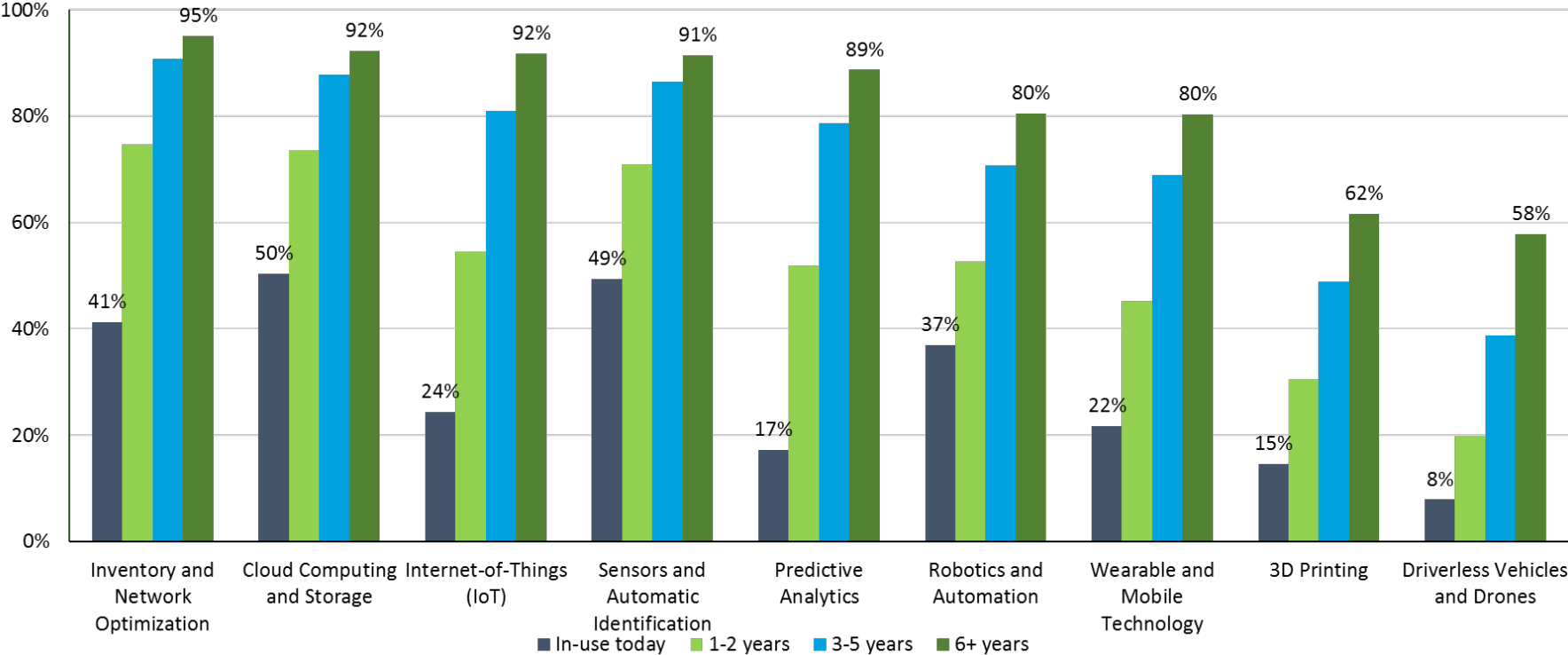
Key MHI Insights

SPENDING

Companies spending on emerging technologies over the next two years.

$100 MILLION+ — 2%
$10 MILLION+ — 17%
$1 MILLION+ — 53%
-$1 MILLION — 47%
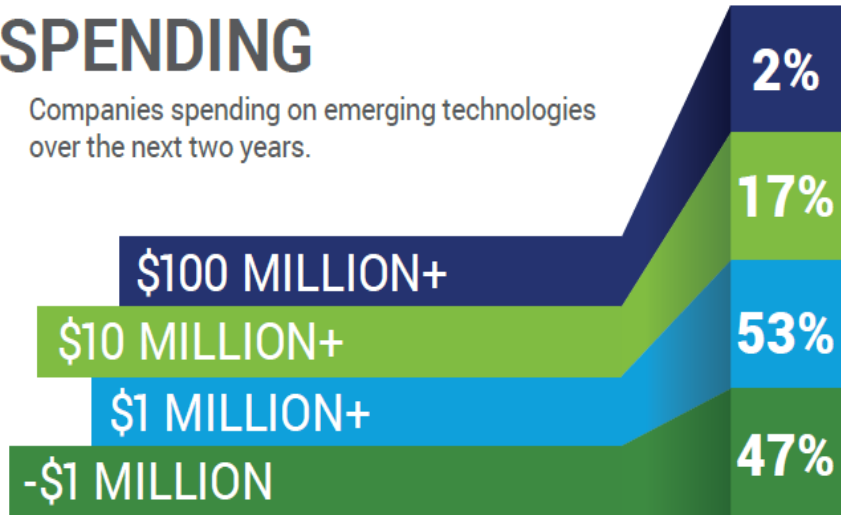
TOP CHALLENGES

63% Hiring and Retaining a Skilled Workforce

55% Customer Demand for Faster Response Times

53% Customer Demand for Lower Delivered Costs

BARRIERS TO IOT ADOPTION

56% Cyber Security

45% Lack of talent to utilize technology effectively.

44% Lack of a clear business case to justify investment

Today's Panelists: *DC of the Future… Today*

Panelists: Please introduce yourselves and provide an overview of your company, your current role, and your background

Matt Yearling
CEO
PINC

Melonee Wise
CEO
Fetch Robotics

Todd Farwell
Innovation Manager
Caterpillar, Inc.

Jason Morin
Regional Director, Lean / Continuous Improvement
Owens & Minor

Questions for Panelists

(For technology providers)

- What applications are you seeing your technology most used today?

- Where is the market headed for your business – what can we expect as your customers?

- Describe your experiences (case studies/ business cases) that help your customers justify their investment, i.e. business problem, how you solved it, and the ultimate benefits / value delivered.

- Looking at your market and customer base today, have you targeted specific industries?

Questions for Panelists

(For operators, but technology providers may also answer from their perspective)

- Broadly, what does the "distribution center of the future" mean to you?

- What technologies have you implemented or plan to implement, and why?

- How did you determine what technology(ies) have provided the 'biggest bang for your buck'?

- How are you prioritizing digital / IoT as you roll out your "DC of the future"? What are the biggest benefits, roadblocks? What are you focused on for the future?

- How have these newer technology implementations compared to more traditional implementations in the past (such as ERP)?

- What competitive advantage, if any, do you anticipate from investment in new technologies?

- What benefits, both qualitative and quantitative, have resulted (or do you anticipate) from your investment?