Solutions for Global Supply Chain Management

Best-of-Breed Supply Chain Suite – Add-on Expertise to ERP systems

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PERCITE BUSINESS OVERVIEW

Percite Advanced Technologies Ltd. develops and sells **SCMaster® Sphere** (Supply Chain Master), an expert platform for managing in-transit inbound (import) and outbound (export) shipments, targeted at large manufacturing Enterprises. To date, SCMaster has already been adopted by Global enterprises, which deploy SCMaster for their extensive supply chain operations.

THE PROBLEM & IMPACT ON PROFITABILITY

As the manufacturing world rapidly shifts into global sourcing in order to optimize costs, legacy ERP systems that were designed mainly to handle the domestic supply chain, fail to keep up with the spiraling complexities.

Various studies by Aberdeen Group as well as Percite's own customer data indicate that by implementing expert system such as SCMaster Sphere, a typical mid-size manufacturer (~ $200M - $2B YGR) can achieve savings of ~ 1%-2% of COGS, which is translated to $1M-$3M, increasing bottom-line profitability by 5%-8%.

UNIQUE VALUE PROPOSITION TO THE SHIPMENT LIFE CYCLE

SCMaster automates tedious and error prone purchase, import and export manual handling, and adds workflow control and intelligent engines to the shipment life cycle. The use of SCMaster takes away a layer of manual operations from the inventory management process, resulting in higher efficiency, less errors, increased profits and while seamlessly interacting with the ERP and carriers (such as couriers, ocean carriers and forwarders), achieves a dramatic cut of human effort of the buyers, schedulers and shipping teams involved in this process.

SCMASTER PRODUCT SUITE – AN EXPERT EXPORT/IMPORT ERP LOGISTICS EXTENSION

SCMaster Sphere is Multi ORG, Multi ERP, and **supports Corporate BI analytics**, including inter-company transactions offset for logistics and logistics-financial transactions.

SCMaster was designed for Large, Global Multi Organizations who strive to control and audit their overseas transactions from a holistic, singular point of control.

SCMaster is an expert platform with interfaces to the organization's ERP system, and its carriers' electronic or automatic feeds. A behind-the-firewall gateway integrates the ERP with the SCMaster platform. SCMaster Product Suite has been in production for more than 5 years, executing over 15,000,000 transactions!

SCMaster - All-In-One Synergy

SCMASTER IMPACT ON PROFITABILITY

Various studies by Aberdeen Group as well as Percite's own customer data indicate that by implementing expert system such as SCMaster Sphere a typical mid-size manufacturer can achieve the following benefits:

➢ **Reduce Inventory Costs (saving 0.5% of COGS)**: Significantly reduce superfluous re-ordering, excessive inventory levels, acquiring inventory too early, and receiving delays.
➢ **Reduce Overhead cost (saving 0.75% of COGS)**: Significantly reduce labor-intensive processes associated with managing suppliers, payment disputes and shipment delays.
➢ **Reduce Manufacturing downtime (saving 0.25% of COGS)**: Significantly reduce downtime caused by late shipments and quantity mismatch with MRP plans.
➢ **Increase customer satisfaction** by maximizing customer order fill-rate and, as a result, enhance cash flow and reduce penalties and delinquencies.
➢ **Intercepting up to 6% overcharges on Overseas Shipment Freight bills,** contributing additional **0.5% COGS savings**

THE TEAM

The top four team members bring over 110 years of experience in Supply Chain Management solutions and enterprise SaaS software. The Team has ERP, Forwarding, EDI, Import and Export Knowledge, acquired with large projects such as:

- **KLA Tencor**   Inbound shipment eFreight Audit
- **Marvell Inc**   Inbound and Outbound shipment management and eFreight Audit
- **TowerJazz Semi Conductors**   Inbound and eFreight Audit
- **Motorola Solutions**   Inbound and eFreight Audit
- **Champion Motors**   2nd largest car dealer In Israel - inbound material management
- **Plasan Sasa**   Supply Chain – Logistics and EDI vs. Navistar, Oshkosh
- **Orbotech**   Global Intra-Company Shipping and eFreight Audit
- **ECI**   Drop, Inbound and Outbound Shipping Management
- **Comverse**   Outbound Logistics/Financial

BLUE CHIP CUSTOMERS

SCMaster has been in production for over 5 years. Existing customers include blue ribbon enterprises such as: **Home Center IL.** ($0.2B), **Elbit Elisra** ($0.4B), **Marvell** (NASDAQ:MRVL, $3.2B), **KLA Tencor IL** (NASDAQ:KLAC, $2.8B), **PALRAM Industries** (TASE:PLRM, $0.4B), **Plasan SASA** ($0.4B), **Comverse** (NASDAQ:CMVT, $1.6B), **Orbotech** (NASDAQ:ORBK,$0.5B), **ECI** ($0.5B), **Motorola Solutions** (NYSE:MOT,$0.4B), **RH Electronics** (RHE:TASE, $150M), **USR Electronic (**$120M**), Champion Motors** ($1.5B) **& TowerJazz Semiconductors (**TSEM:TASE, $0.6B**).**

PERCITE BUSINESS PARTNERS

Large ERP integrators such as **MalamTeam**, VARs, such as **Benefit IT**, promote **SCMaster Sphere** with targeted verticals, such as manufacturing companies and the AUTO industry for the expertise of SCMaster to support complex EDI, P2P processes (Procure to Pay) and OTC (Order to Cash) transactions.

StoreNext and **Nipendo** - B2B and EDI infrastructure providers are also coupled with Percite e-Commerce offering on large EDI transactions with Percite customers and their business partners.

CUSTOMERS CASE STUDY – RH ELECTRONICS

SCMASTER MODULES – PO ECOLLABORATION, IMPORT, ORACLE APPLICATIONS ERP FINANCE (AP)

RH Electronics is an EMS Mfg. (Electronic Manufacturer Subcontractor). RH YGR is ~ $150MM, serves the Israeli market, has ~ 600 vendors (worldwide and Israel).

On an annual basis, RH generates ~ 40,000 POs (PO Headers – Standard and Release) with ~ 165,000 lines, which are managed by ~ 20 buyers and schedulers.

Each line might be changed (due to MRP runs) ~ 5 times in its life cycle.

Before SCMaster:

RH suffered from ~ 5% errors in the receiving process due to the following reasons:

Profile	Pain	SCMaster
Electronic High Tech contract manufacturer	**5% errors in PO lines**	**Reduced errors to 0.5%**
$150M in revenue		
22 buyers	**Production impact**	
40,000 PO headers/year		
165,000 PO lines/year		

- Early shipments, due in later date – resulted in warehouse overload, early AP transaction to vendor (affecting pay-terms).
- Late shipments – affecting production lines and BOM issues
- Un-matched quantities as of production plan, due to changes of PO revisions, which never arrive to vendors, due to lack of buyers to communicate these changes to vendors
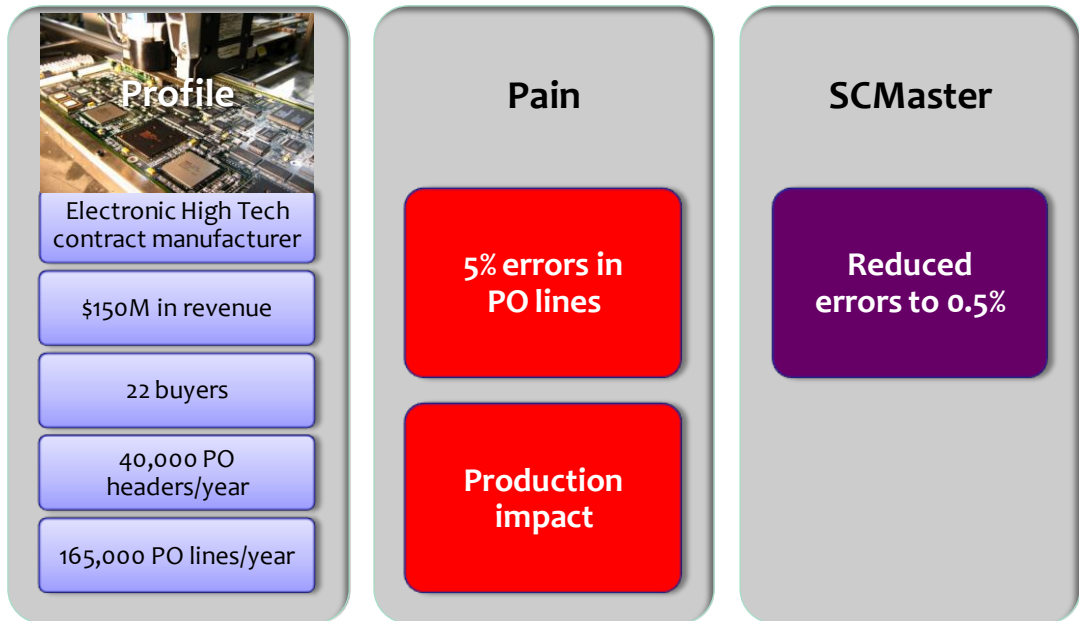
After SCMaster:

RH reached an exceptional 0.5% error rate in receiving.

All Freight Invoices (arriving from Forwarders) are posted automatically in RH OA AP, relieving excessive human resources from doing so.

All Customs Declarations are automatically posted in RH OA AP, saving late VAT posting (interest) and relieving excessive human resources from doing this tedious job.

Most overseas Vendors Invoices are automatically posted throughout PO Match into OA AP, with user approval only, thus reducing also AP resources and mistakes.

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CUSTOMERS CASE STUDY – PLASAN SASA

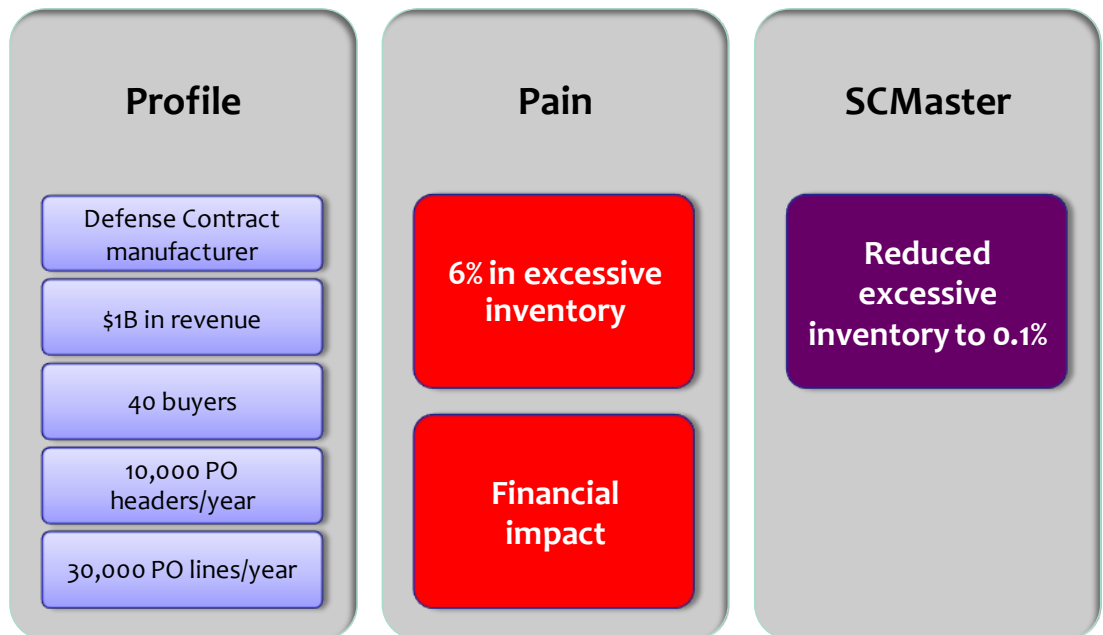## SCMASTER MODULES – PO ECOLLABORATION, IMPORT, EXPORT, ORACLE APPLICATIONS ERP FINANCE (AP)

Plasan SASA is an armored vehicle Mfg., which produces large amounts of kitted vehicle parts to the US army and others as well.

Plasan is a Project Driven Mfg. and last project was in a ~$1B magnitude. Plasan has ~ 600 vendors based in North America, Pacific, Europe and Middle East.

Plasan has 10,000 POs a year with ~30,000 lines.

They have ~ 50 – 100 Export shipments a month (multi delivery shipment), with tedious paperwork, and ~ 100 import shipments a month.
They are operating their shipments (inbound and outbound) with four different forwarders.

Profile	Pain	SCMaster
Defense Contract manufacturer	**6% in excessive inventory**	**Reduced excessive inventory to 0.1%**
$1B in revenue		
40 buyers		
10,000 PO headers/year	**Financial impact**	
30,000 PO lines/year		

Before SCMaster:

Plasan suffered in a former $600MM project with excessive $40MM un-allocated inventory – tedious manpower put into the purchasing process and manual management of Importation and Exportation documentation and management (especially with "drawbacks") and accounting related tasks.

After SCMaster ($1B project)
Un-allocated inventory went down to an unbelievable figure of ~$1.5Million – less than a friction of the COGS.

All vendors, in virtually no time, responded their promise date, while **SCMaster uploaded their responses to Plasan ERP system**, while re calculating the Actual Receiving Date (ERP Promise Date) – as per logistics mapping, thus providing planners much better visibility.

Exceptional vendor responses (earlier than or later than allowed or later than MRP Horizon threshold) were validated and returned to vendor for better try.

All of freight invoices (inbound and outbound) were captured electronically from forwarders and posted into Oracle EBS AP.

All of CUSDEC (Customs Declarations) were automatically (EDI) captured and posted into ERP AP.
SCMaster repository was disclosed to Oracle OBIEE Analytics (BI) to give a holistic view of Plasan Supply Chain Costs and other KPIs, which are not stored in their ERP repository.

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