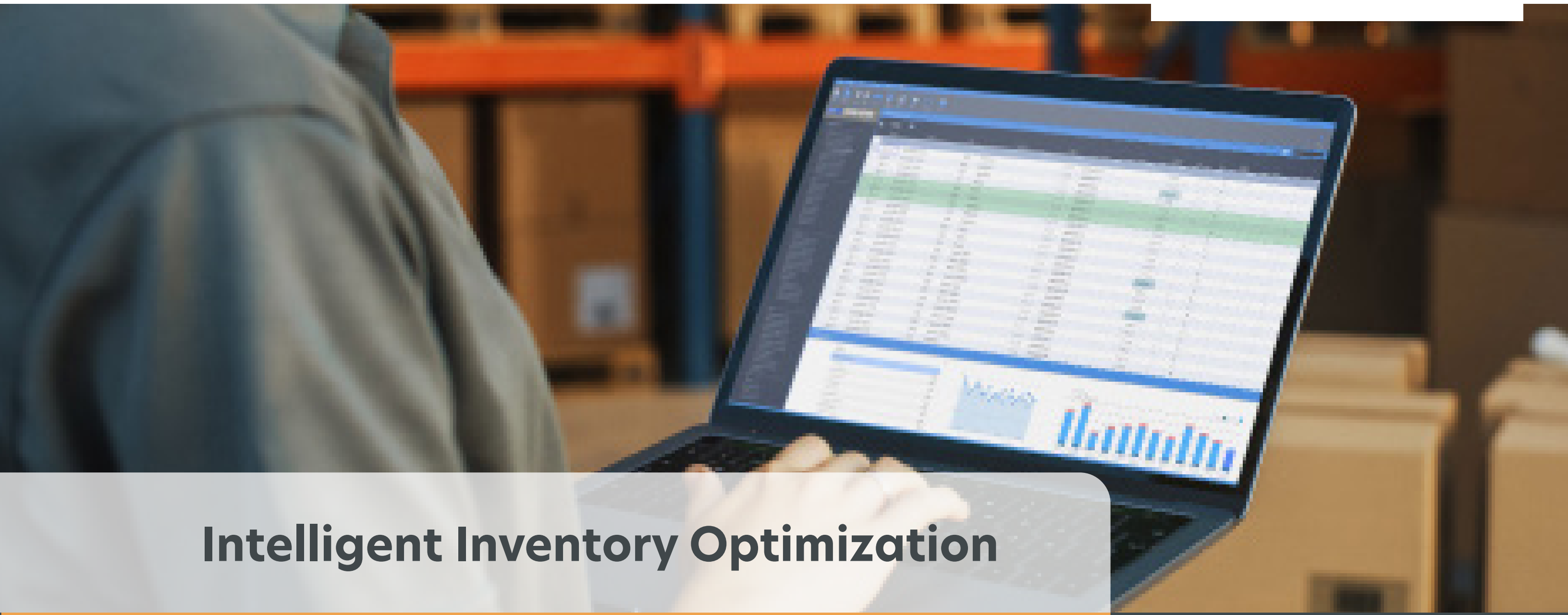


Intelligent Inventory Optimization

# INVENTORY **BENCHMARK**

Don't leave your inventory efficiency to chance during these turbulent times.

Formulate your inventory investment strategy with actionable insights provided by 4R Inventory Benchmark (4RIB).

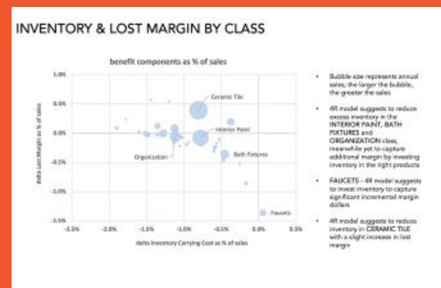
# How efficient is your inventory?

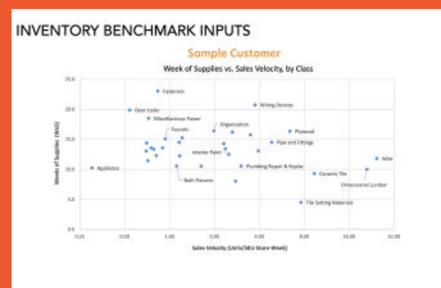
Inventory efficiency is how effectively retailers use inventory to balance customer demand and overhead costs, like warehousing and distribution, to manage profitability.

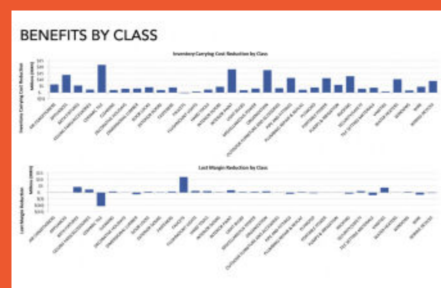
Good efficiency means retailers have the right product, at the right place at the right time with minimal stockouts and overstocks. Poor efficiency, on the other hand, means retailers tend to regularly have lost sale opportunities due to out-of-stock or excess inventory which leads to costly storage fees and potential price declines due to product obsolescence.

Retailers need a better understanding of their inventory efficiency to most effectively formulate their inventory investment strategy to drive profitability.

**Inventory efficiency is critical to retail success and profitability:**




# Why measure inventory efficiency and benchmarking?

Today, retailers have excess inventory, as long-delayed orders of items that were popular during the pandemic are arriving at their warehouses and stores.

During this time, consumer buying habits have changed, inflation puts pressure on spending budgets and the focus on spending has shifted. Retailers need to make smart decisions to improve their inventory efficiency.

An inventory benchmark will provide retailers baseline guidance on where and how they should strategize their inventory investment policy to deal with the excess inventory while keeping well in-stock the necessary items.

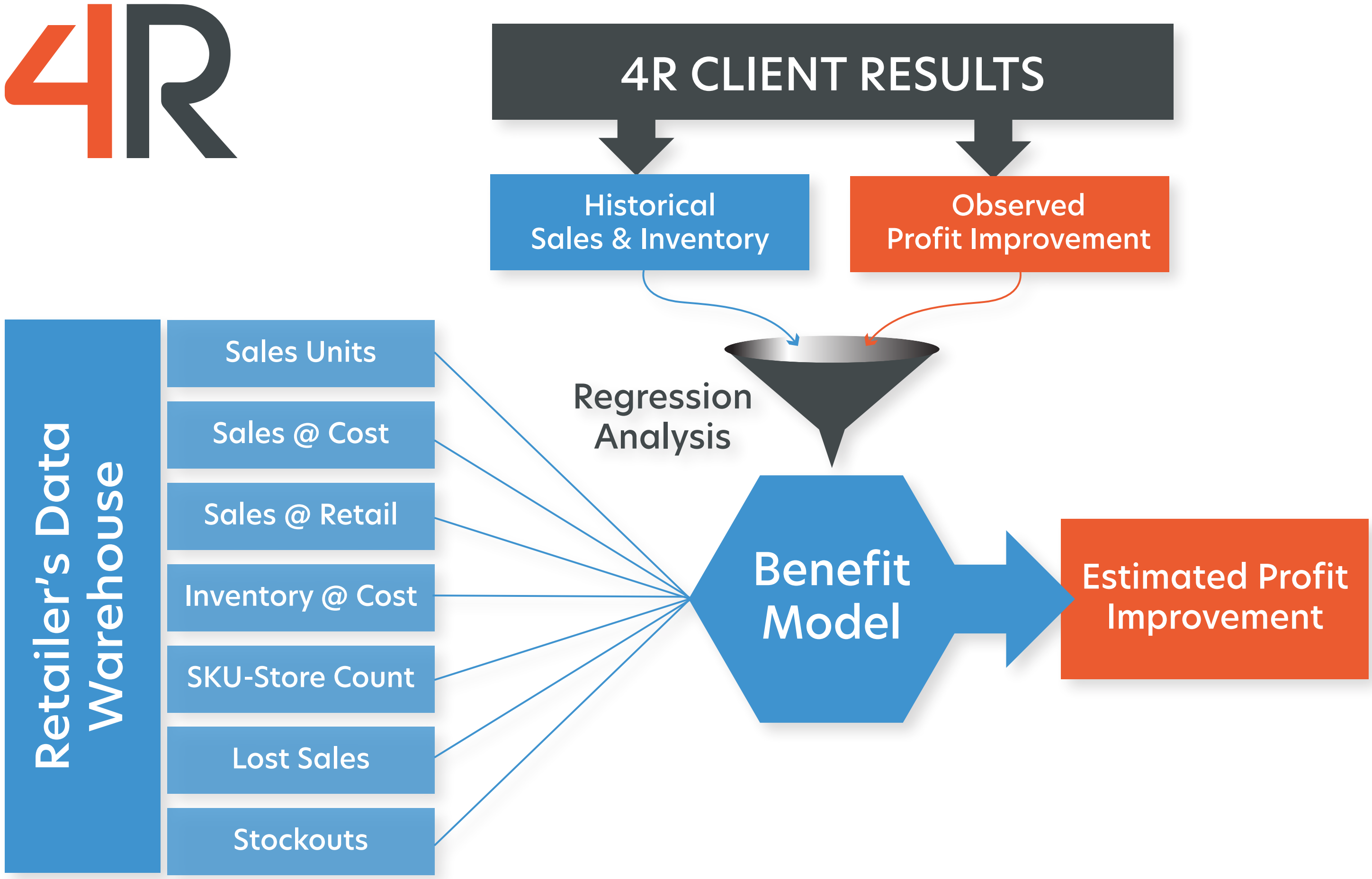
# The 4R Inventory Benchmark (4RIB)

The 4R Inventory Benchmark runs a retailer's existing supply chain characteristics and summarized historical sales and inventory data through a proprietary model comprising over a decade of 4R client data and experience to provide a high-level assessment benchmarked against similar retailers. The benchmark estimates the profit improvement that would be achieved using the 4R solutions for planning and replenishment.

4RIB provides a directional range of benefits without requiring too much time, resources and IT involvement.

The results of this model are directional in nature, designed to indicate how much potential exists for improved profitability. This is generally followed by an Inventory Productivity Analysis (IPA), which provides a more precise measurement using simulations based on detailed historical data.

The benchmark would help retailers re-formulate their inventory investment strategy, pinpointing categories that need to burn off inventory, categories that need to keep high in-stock, or categories that simply need to rebalance inventory from one region to another. Retailers can pick categories with high profitability improvement opportunities as part of the scope for further analysis.




# The 4R Difference is in Our Science

With more than a decade of experience working with a wide variety of retailers, 4R has accumulated a wealth of data about how our solution improves performance.

We have used that data to build a mathematical model that estimates profit improvement based on certain key metrics. We extract those metrics from the data file you supply, and plug them into the benefits model, which then estimates the incremental margin dollars and inventory cost change that the business would realize.

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