



GLOBAL RELIEF NETWORK

2005 COMPUTERWORLD HONORS CASE STUDY

GOVERNMENT & NON-PROFIT ORGANIZATIONS

A NEW SOFTWARE SOLUTION ALLOWS NOT-FOR-PROFIT ORGANIZATIONS TO DISTRIBUTE FOOD, CLOTHING, BUILDING, MEDICAL AND EDUCATIONAL SUPPLIES TO THE WORLD'S NEEDY USING EFFICIENT INVENTORY MANAGEMENT AND DISTRIBUTION TECHNIQUES HERETORE USED PRIMARILY IN THE FOR-PROFIT WORLD. [20055410]

A Search for New Horizons



SUMMARY

While for-profit enterprises deploy state-of-the-art technology to ensure the most efficient delivery of goods, not-for-profit organizations traditionally are left struggling when it comes to distributing food, clothing, building, medical and educational supplies to the world's needy. Often, the problem facing relief agencies is not a lack of donated goods—it's the difficulty in getting those goods to people in need. It's a major problem that came to light following the December 2004 Tsunami. In total, an estimated \$6.2 billion of donated medical supplies and 96 billion pounds of food never make it to the people who need them each year, simply because the technology and skills required for effective distribution are prohibitively expensive for non-profit organizations. Enter Aidmatrix, a not-for-profit that is delivering what aid workers need most: supply chain management that's comparable to the best available in commercial enterprises. With roots in the i2 Foundation, Aidmatrix is a cooperative effort including such corporate sponsors as Accenture**, Sun Microsystems, Oracle, Dell and i2 Technologies. Aidmatrix provides both technology solutions and skilled resources to speed the delivery of humanitarian aid—and reduce waste—not just during disasters but on a day-to-day basis. At the heart of the ambitious project is Global Relief Network, the first Internet-based IT solution to match up surplus food, clothing, medical supplies and other relief materials to organizations like America's Second Harvest, the nation's largest hunger relief organization, which distributes surplus food to more than 23 million hungry Americans each year. Aidmatrix's successes include AgencyExpress, a web-based software application designed with America's Second Harvest to enhance the efficiency of relief agencies' ability to order items from their local food bank, and DonorExpress, a solution that adapts i2 supply chain software to fit America's Second Harvest's complex distribution network. DonorExpress replaces an antiquated system of phone calls, faxes and emails to help Second Harvest and more than 175 regional food banks receive donations from major food manufacturers. Since its inception in 2000, Aidmatrix has helped improve the lives of 37 million people—a figure that will almost double by the end of 2005, thanks to the tireless effort of an army of volunteers and its corporate sponsors, who are applying leading-edge technology and skilled resources to a challenge that is unmatched in its importance.

Robert Carrigan,
Chairman of the Chairmen's Committee

Ron Milton,
Vice-Chairman of the Chairmen's Committee

Dan Morrow,
Chief Historian

APPLICATION

The figure is staggering. More than 840 million people suffer from hunger. More than 200 million children do not receive proper medical care. By dedicating itself to leveraging the Internet and state-of-the-art technology to the daunting challenge of relieving hunger and other needs, Aidmatrix has demonstrated that corporations care—and are willing to act. Aidmatrix is the first non-profit organization committed to developing supply-chain management solutions to increase efficiency and reduce waste in the delivery of humanitarian aid.

Since 2000, Aidmatrix has relied on technology and the skills of its corporate partners to dramatically improve the distribution of food, clothing, medical supplies, building and educational materials to those in need through its Global Relief Network. With Aidmatrix's AgencyExpress software application, relief agencies now can order items from their local food banks quickly and efficiently. With Aidmatrix's DonorExpress, food banks can electronically link to corporate donors, seamlessly tracking down donations. Such initiatives are only the beginning for Aidmatrix. Financed by a \$1 million grant from the Accenture Foundation, (a) as well as other corporate contributions, Aidmatrix is embarking on the most ambitious effort to date to leverage technology to help those in need.

Aidmatrix is:

- Expanding the deployment of its highly successful hunger relief solutions to 30 additional US

cities and conducting a pilot test with agencies outside of the US.

- Developing advanced technologies for the improved and increased collection and distribution of food
- Building a basic medical supply chain solution to collect surplus medical products and efficiently donate them to leading medical relief charities
- Developing a Disaster Relief solution, including providing wireless integration components, so that “first-in” disaster evaluation teams can check the donor database with handheld devices, speeding the delivery of aid to the disaster scene.
- Creating a program that adds Enterprise Application integration for food suppliers.

When it comes to helping improve lives, Aidmatrix demonstrates that corporations can do far more than merely donating money. These programs are being brought to life by corporate partners who draw on years of expertise, best practices and technology know-how to deliver supply chain solutions to for-profit organizations. For example, Accenture, which in April, 2004 became Aidmatrix’s lead corporate sponsor, is committing core skills and volunteer time that Aidmatrix will need as it expands its relief efforts globally. Aidmatrix has tapped the expertise of retired Accenture partners who have helped the organization with critical program management and strategy development.

BENEFITS

Aidmatrix is bridging the critical gap between donors with available food, medical and disaster aid, with relief agencies in need of those supplies. To date, 37 million people have benefited from Aidmatrix’s efforts, and by the end of 2005, Aidmatrix’s supply chain solutions are projected to impact the lives of an additional 27 million people, when the program is expanded globally. During one 18-month period alone, Aidmatrix solutions have delivered more than 220 million pounds of food to 23 million people in the United States.

The same powerful supply chain management technology that drives billions of dollars of returns in the for-profit world is being put in the hands of thousands of individuals and agencies who can leverage it to serve millions of people in need around the globe. Each member of the value chain—from corporate employees who manage surplus products to the front-line aide delivery workers—is being educated in best practices for supply chain management. Equipped with both leading-edge technology and best practice skills, Aidmatrix and Accenture are positioning nonprofits and their donors to achieve the same kind of high-performance results that turn businesses into market leaders. In this case, “high performance” means eliminating waste and inefficiency to end the suffering of millions of people.

With Aidmatrix’s help, corporate donors now can more easily get their food and other supplies in the hands of agencies and food banks that need them, for speedy distribution. The corporate donors also receive better tools and information to receive the full tax, marketing and other benefits due them for their philanthropic activity. At the same time, agencies and food banks can more quickly determine what supplies are available, and rapidly move to have those supplies delivered when they are needed. This coordination of food and supplies happens over the Internet and involves such advanced technology as wireless communications. For example, Aidmatrix is developing the wireless capability for disaster relief workers to use handheld devices to access donor databases. The end result: quicker delivery of food to disaster victims. Just as important, a range of participants—from corporate donors to relief agencies—now are trained in sophisticated supply chain management techniques, skills that will help them over the long-term, wherever and whenever they choose to deliver humanitarian aid.

IMPORTANCE

Leading-edge technology is the driver behind Aidmatrix’s campaign to transform the supply chain for humanitarian aid. With its latest grant, Aidmatrix has created a three-phase implementation for its ambitious Global Relief Network, which links donors such as restaurants, food producers and pharmaceutical manufacturers with local relief agencies and such clearing houses as the Red Cross, The National Association of Free Clinics and America’s Second Harvest. Through the Global Relief Network, this project puts powerful technology into the hands of thousands of individuals who can leverage it to improve the lives of tens of millions of hungry, hurting people.

- Phase One has extended and enhanced the existing Food Relief component, regionally and internationally, by adding Enterprise Application system integration for suppliers who use the SAP and similar supply chain systems. The solution enables pooled purchasing capabilities and allows relief organizations around the world to more efficiently match food supplies with need through demand-driven distribution capabilities. Initially the solution is being implemented at three regional centers in

Europe through the European Federation of Food Banks.

- Phase Two involves the design and building of the basic medical supply chain solution, using the Food Relief component as a template. The solution will include aid delivery support in the US, India and Africa, and will include capabilities to match programmed giving and surplus supply of pharmaceuticals, medical supplies and durable medical equipment donated by suppliers in the United States and Europe with relief agencies throughout the world. The solution also will match relief agency needs with available supply. The pilot project alone will impact approximately 1.5 million people.
- Phase Three further develops a pilot version of the Disaster Relief component of the global network by adding wireless-enabled capabilities. This equips “first in” disaster evaluation teams with wireless connectivity to the donor database, speeding the delivery of aid to the disaster scene. In addition, not-for-profit employees receive training on the Internet and handheld devices, along with education in supply chain best practices.

ORIGINALITY

As the first not-for-profit organization to offer an Internet-based, supply chain management solution to increase efficiency and reduce waste in the delivery of humanitarian aid, Aidmatrix is unique. To our knowledge, this is the first global relief solution to aid in the quick delivery of humanitarian aid. Aidmatrix represents the first non-profit organization that donates commercially proven software in a hosted environment to facilitate the delivery of a variety of humanitarian aid items.

Among the original elements is AgencyExpress, a web-based software application designed by Aidmatrix and America’s Second Harvest to enhance the efficiency of agencies’ ability to order items from their local food bank.

In the supply chain of hunger relief, food banks act as regional distribution centers; they regionally store large bulk donations and aggregate smaller mixed-item donations. Each food bank maintains relationships with the agencies that directly provide food to those in need. The agencies use their local food bank as a main supplier.

Prior to implementing AgencyExpress, the typical workflow for an agency to order from a food bank was time-consuming and often ineffective. Agencies were sent a weekly or daily snapshot via fax of the total food bank inventory. The agency then ordered by either sending a return fax or placing a phone call to the food bank. The agency or phone order taker must manually account for the rules concerning the agency’s maximum order quantity limit, credit limits, etc. In addition, since significant inventory changes may have occurred following the last snapshot, agencies were required to go through several iterations of making alterations to their order. Once the order process was complete, the agency then used local grocers to purchase any missing required items.

By using AgencyExpress, agencies now have 24/7 access to an online ordering system that provides real-time visibility of their inventory. The program processes all of the food banks’ order rules, so that users place accurate orders based on the currently available inventory. As a result, AgencyExpress enables agencies to spend more time and money on their core competencies of helping those in need.

In order to ensure proper implementation of this tool, Aidmatrix and Accenture have developed a mutually beneficial program in conjunction with AgencyExpress. Accenture volunteers provide AgencyExpress training to agencies working with local food banks, such as shelters, soup kitchens, food pantries and daycare centers. This program serves an important need and is an excellent outlet for employees who wish to put their training and consulting skills to work for the good of local citizens that need help most.

Another original element is DonorExpress. In the spring of 2002, Aidmatrix partnered with America's Second Harvest (A2H), the largest domestic hunger relief charity to tackle a daunting issue – how can A2H leverage the Internet to more efficiently and effectively distribute 400 million pounds of donated food and grocery products to 216 food bank and food-rescue affiliates nationwide? At the time, A2H used an antiquated system of phone calls, faxes and emails to receive donations from major food and grocery manufacturers such as Kraft, ConAgra and General Mills and then distribute those goods to affiliates across the country.

America's Second Harvest and Aidmatrix adapted i2’s existing supply chain software to fit A2H’s complex distribution system. The result was DonorExpress, a free, easy-to-use web-based solution that allows A2H and their network of donors and affiliates to process product donations online. None of the other domestic hunger relief charities, including Feed The Children, Mazon, and Share our Strength, have an online system to process food and grocery product donations.

The originality of DonorExpress lies in the transaction-level process support for managing food donated through the charitable distribution process. In this sense it is far more difficult, and has far more impact, than other Web-based projects that steer money to charities via direct donation or share-of-transaction-fee arrangements. Modernizing a large, complex distribution network such as America's Second Harvest's is a complex task, and DonorExpress is the only instance we know of where this has been accomplished in the non-profit sector.

Recently, Aidmatrix has enabled A2H to further differentiate DonorExpress by working with donors to build direct interfaces between corporate donors' internal Enterprise systems and the back-end databases that support DonorExpress. This bypasses the Web interface entirely, allowing for direct system-to-system donation processing.

What's also original: Aidmatrix has tapped the expertise of retired Accenture partners who have helped the organization with critical program management, strategy and implementation advice. In addition, they help Aidmatrix staff gain mindshare for their solution offerings.

SUCCESS

Aidmatrix's hunger relief solution has already facilitated the delivery of more than 600 million pounds of food to 37 million people by efficiently linking corporate food donors, individual donors and nonprofit agencies to regional and national food banks.

DonorExpress is used to connect corporate product donors (i.e. Kraft, etc.), America's Second Harvest National Office and more than 175 regional food banks across the country in an effort to provide daily humanitarian aid. In 2004, four major hurricanes devastated the state of Florida with an estimated \$7 to \$15 billion in damage. The destruction that resulted from Charley, Frances, Ivan and Jeanne created a need for a significant amount of crisis management and recovery assistance in the region and the strong logistics networks of DonorExpress and America's Second Harvest became a primary channel for aid relief. Through Aidmatrix's DonorExpress supply-chain technology, more than 5 million pounds of food moved through the logistics network to 17 food banks in the disaster area.

In terms of the successes as they relate to the plan;

I. Expanding the deployment of their highly successful hunger relief solutions to 30 additional US cities and pilot internationally

- In less than 12 months, the 30 US city goal was exceeded
- A pilot solution has been developed for Europe, awaiting deployment
- Aidmatrix raised funds for 10 countries through corporate Virtual Food Drives

II. Developing advanced technologies for the improved and increased collection and distribution of food

- Developed integration from Kraft Food's surplus inventory system directly to Aidmatrix' national food donation system, creating a single, continuous value chain link from Kraft's business systems to 200+ food banks
- Aidmatrix is completing development of a demand-driven allocation system allowing 215

America's Second Harvest food banks and food rescue organizations to choose the best mix of product for their constituents' needs

III. Building a basic medical supply chain solution to collect surplus medical products and efficiently donate them to leading medical relief charities

- Solution platform developed
- Aidmatrix will be piloting the solution with the National Association of Free Clinics in April of 2005

IV. Developing a Disaster Relief solution including providing wireless integration components enabling immediate collection of aid needs by field personnel

- The Aidmatrix national food donations system was used by America's Second Harvest to facilitate the delivery of more than 5 million pounds (over 200 truckloads) through 17 food banks to supply the hurricane relief efforts in the Southeastern US this fall
- Aidmatrix is also working with leading hunger organizations and government entities to determine the application of wireless technologies to reduce hunger through a variety of activities ranging from Surplus Food Rapid Response systems to Food Stamp Outreach programs.

DIFFICULTY

The challenge is daunting.

Food, medical and disaster relief agencies around the globe have tremendous difficulty in efficiently managing their supply chain. Not-for-profits usually cannot afford the supply chain technology that

allows them to most effectively coordinate demand with available supplies. Also, most agencies lack the skills to implement such solutions. But the need is immense. One in five children in the world is hungry and 40 percent of the food insecure in the US are children. Globally, one in six people have no medical care. Relief aid is available, but \$6.25 billion dollars of medical supplies and 96 billion pounds of food are wasted each year – just in the United States. Aidmatrix's vision expands and extends its technology solutions from its initial focus on food relief in the U.S. to global solutions that improve the coordination of aid throughout Africa, Asia, Europe, Latin America, as well as the United States.

While the task of coordinating such an important effort is difficult, as is the challenge of developing and implementing the technology solutions, other hurdles must be cleared. A major challenge faced by Aidmatrix involves computer training. Globally there are thousands of relief agency workers and volunteers that have never accessed the Internet and have never ordered or requested supplies from a computer system. Aidmatrix has had great success educating charities in the use of Aidmatrix Food Solution. The ability of agency staff to understand and embrace the solution is proven. The challenge continues as Aidmatrix faces the task of educating agency staff during future technology deployment in Europe, Latin America, and the United States.

The same educational requirements exist for the Medical and Disaster Relief components of the Aidmatrix solution. Medical Relief also requires the added challenge of training agency personnel in India and Africa. Fortunately, Aidmatrix has relationships and on-site volunteers ready to meet the challenge.

**^(a) References to Accenture include Accenture Ltd and its subsidiaries as well as independent charitable organizations that bear the Accenture name.