

Welcome to "**Pinnacle Buzz**" – a quarterly newsletter designed to keep you informed on the latest developments in strategic sourcing, procurement, macro-economic and key commodity trends with a special focus on low cost countries.

Thank you for your tremendous response and feedback to the previous editions of the buzz which is very much appreciated. In this edition, we have focused on topics viz. Global Supply Chain Integration, Turkey (Europe's manufacturing powerhouse) and Oil freefall which can be useful for you. Moreover, there are articles on Turnarounds over the past Year incl, Political revolution in INDIA (NAMO factor) and Pinnacle's Japan entry.

We greatly value your interests and opinion, and you have been identified as a key stakeholder. As such we have included you on our mailing list for this edition. If you do not want to continue receiving this quarterly newsletter then please send us an email with an unsubscribe note. We are also open to and shall very much appreciate your candid feedback.

Yours Sincerely,
Himanshu Kapoor

Inside the issue

I	<i>Global Supply Chain Integration</i>
II	<i>Turkey - Europe's manufacturing powerhouse</i>
III	<i>How \$50 Oil Changes Almost Everything</i>
IV	<i>Make in INDIA – MODI fied sentiment</i>
V	<i>Pinnacle Rise – Japan Entry</i>

I. Global Supply Chain Integration

Supply chain integration is a close alignment and coordination within a supply chain, often with the use of shared management information systems (MIS).

Benefits of Supply chain integration include Operational Excellence & Flexibility, Inventory Management and Enhanced Profitability & Forecasting etc. thereby adding value to overall Supply Chain.

But it is easier said than done say Global research experts. There are several roadblocks to conquer before we reach a self-sustained “supply chain integration” network with biggest challenge being visibility. Others being lack of Performance, Skills & Capacity etc. (Fig. 1) –

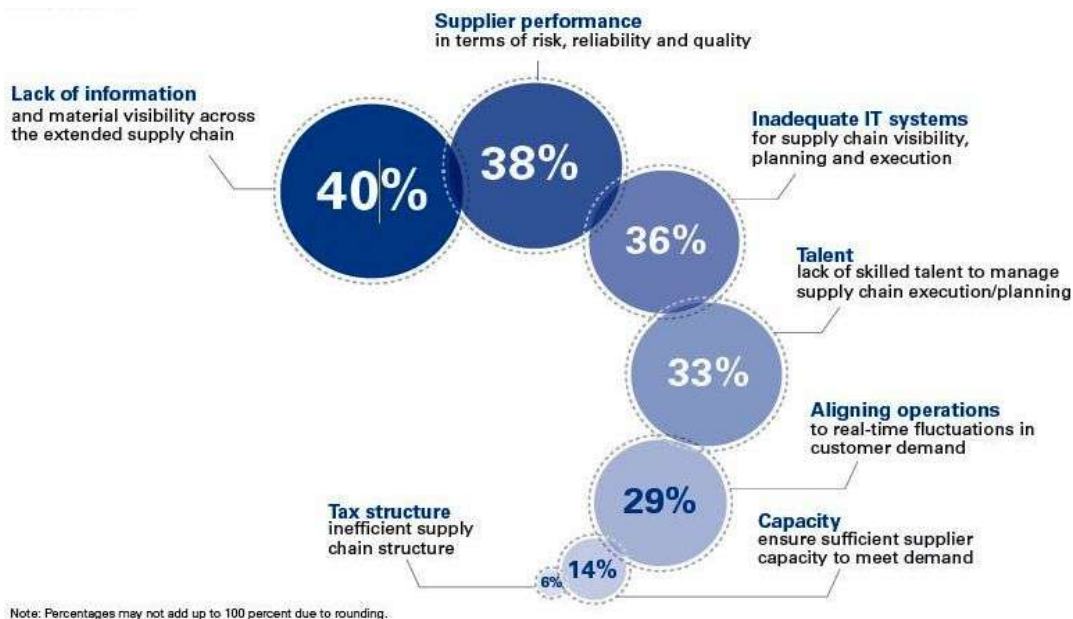


Fig 1 - Supply chain continues to face big challenges

In order to minimize &/or mitigate these risks to achieve effective Integrated Supply Chain, Manufacturing Companies will need to Improve Innovation, Communication, Partnerships and Cooperation within & outside of Organizational boundaries (Fig. 2) –

1	Understand product cost & profitability to support growth and performance across the enterprise.
2	Continuously evaluate model for innovation, effectiveness & return on investment.
3	Leverage partnerships & collaborative business models to create synergies across the value chain.
4	Utilize technology & build trust to create better visibility & transparency across the supply chain.
5	Create synergies to address the "disruptive complexity" caused by the accelerating pace of change, advances in manufacturing process, material science, decision-support tools and break through innovation.

Fig 2 - Five key Take-aways for manufacturers

II. Turkey - Europe's manufacturing powerhouse

According to data recently released by the Turkish Exporters Assembly (TIM- <http://www.tim.org.tr/en/>), Turkey's exports reached an all-time high in 2014, hitting USD 157.6 billion. Having risen by 4 percent over the preceding year's figure of USD 152 billion, majority of the country's exports i.e. 78.8 percent, constituted industrial products.

With USD 22.2 billion, automotive products topped the list of Turkish-made products shipped abroad, which is followed by ready wear-textiles and chemicals having respective figures of USD 18.7 billion and USD 17.8 billion.

Main recipients of Turkish exports during the last year lined up as Germany, Iraq, Britain, Italy and Iran.

Large investments in the manufacturing sector contributed most to Turkey's positive FDI track record during which a general decline in FDI projects was observed in the Central and Eastern European (CEE) region.

One of Turkey's goals is to reach USD 500 billion in exports by 2023, the centenary of the foundation of the Turkish Republic.

III. How \$50 Oil Changes Almost Everything

Brent crude, the international benchmark, fell below \$50 for first time since 2009. Prices dropped 48 percent in 2014 after three years of the highest average prices in history.

Industries such as petrochemical and fertilizers, which use crude oil or its derivatives as feedstock will inevitably benefit from the declining oil prices. On the contrary, it will prove detrimental to industries—biofuels, alternative energy, etc.—that usually benefit from high crude oil prices (Fig. 3) –

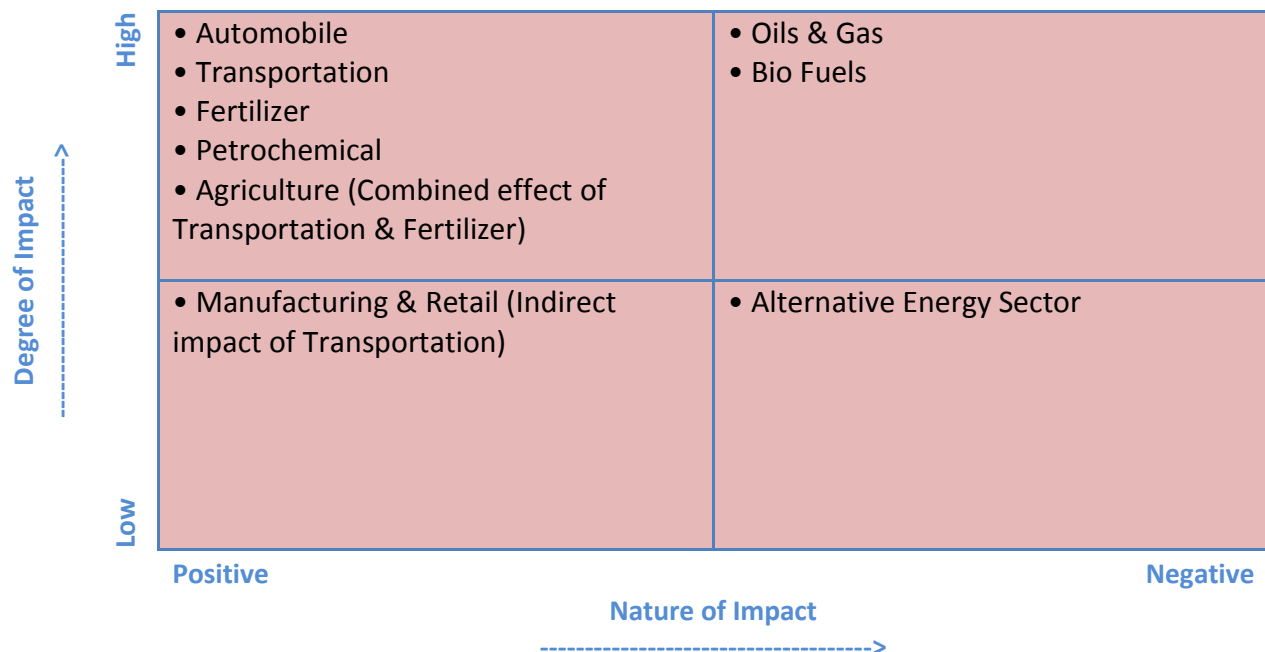
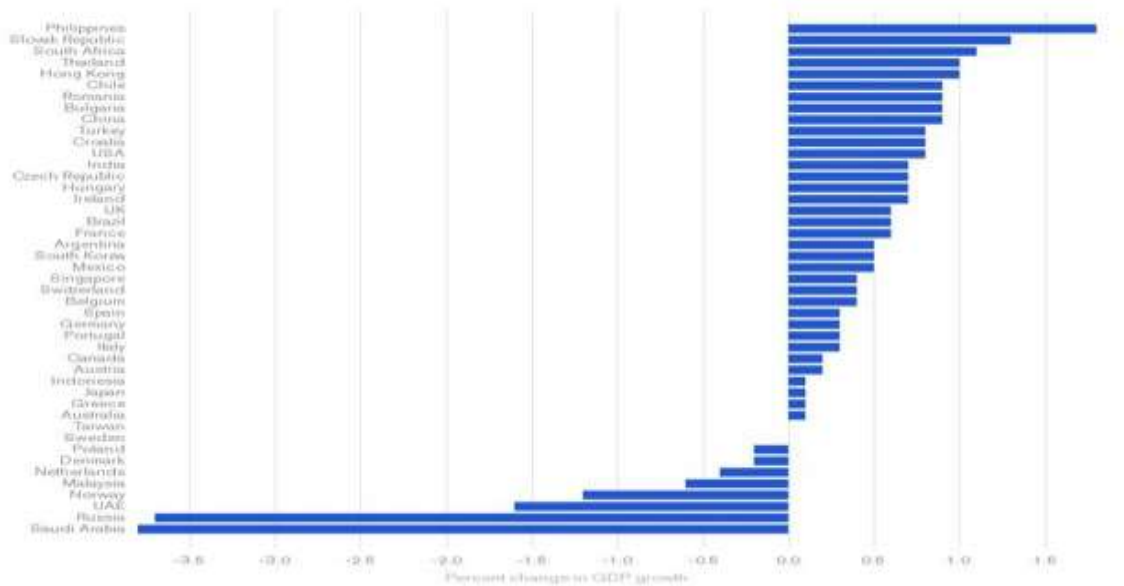


Fig 3 – Impact of declining Crude Oil prices on various Industries – TSC Analysis (Technical Service Contracts: Iraq’s recent service contracts with International Oil companies)

This biggest collapse since the 2008 global recession is shifting wealth and power from autocratic petro-states to industrialized consumers, which could make the world safer. Surging U.S. shale supply, weakening Asian and European demand and a stronger dollar are pushing oil past threshold after threshold to a five-and-half-year low, with a dip below \$40 a barrel “not out of the question” (Fig. 4) –

This is Your World on \$40 Oil

Effect on GDP growth in 2015-'16 of oil at \$40 a barrel vs. \$84



Source: Oxford Economics Ltd.

Bloomberg

Fig 4 - Oil prices are the big story for 2015. “They are a once-in-a-generation shock and will have huge reverberations.”

IV. Make in INDIA – MODI *fied* sentiment

www.makeinindia.com



A MAJOR NEW NATIONAL PROGRAM; DESIGNED TO FACILITATE INVESTMENT, FOSTER INNOVATION, ENHANCE SKILL DEVELOPMENT, PROTECT INTELLECTUAL PROPERTY AND BUILD BEST-IN-CLASS MANUFACTURING INFRASTRUCTURE. THERE'S NEVER BEEN A BETTER TIME TO MAKE IN INDIA.

-Hon. PM of INDIA, Mr. Narendra Modi (NAMO)

Mr. Narendra Modi (Prime Minister of India, elected in May'14), coined an international marketing campaign slogan “**Make in India**”, on 25 September 2014 to attract businesses from around the world to invest and manufacture in India to boost national economy. Various Manufacturing Sectors include **Automobile, Aviation, Biotech, Chemical, Construction, Defense, E&E, Oil & Gas, Ports and Energy.**

Mr. Narendra Modi in his “new manufacturing policy” addressed following hurdles to be overcome to boost manufacturing –

Smart Controls - Services of all Central Govt. Departments & Ministries will be integrated with the eBiz – a single window IT platform, **Smart Taxation** - Consolidation of Taxes to GST (Goods and Service Tax), More **Efficient usage of Electricity & Water, logistics and land** in manufacturing usage, Developing **Industrial Corridors and Smart Cities** (DMIC Delhi-Mumbai), **Liberalization of Policy in Defence sector and FDI cap raised from 26% to 49% (& even upto 100% in certain cases), 100% FDI under automatic route permitted in specified Rail Infrastructure projects** and many more...

The after-glow of Narendra Modi's election victory nearly six months ago helped India's lumbering economy register its fastest growth in two-and-a-half years in single quarter (Fig. 5) –

Growth	Annual 2014-15			Q4 FY2014			Q1 FY2015		
	Median	Min	Max	Median	Min	Max	Median	Min	Max
GDP	5.5	5.0	6.0	5.0	4.6	5.6	5.2	4.4	5.7
Agriculture & Allied	3.3	2.5	5.7	4.3	3.0	5.6	3.2	2.0	5.5
Industry	3.3	1.8	4.4	1.1	-0.8	2.7	2.0	1.2	3.2
Services	7.0	6.1	8.3	6.7	5.7	7.8	6.5	5.9	7.9

Fig 5 – FICCI Economic Outlook survey. All forecasts represent median values

According to Nomura, India could join an exclusive group of nine countries, whose annual gross domestic product (GDP) is above \$2 trillion (at 60 rupee per dollar). Following that, India's nominal GDP could finally breach \$3 trillion by fiscal year 2016-17.

V. Pinnacle Rise – Japan Entry

In JAPAN

It gives us immense pleasure to share that *Pinnacle Sourcing & Consultancy has added Japan to its presence in ASIAN region* with the addition of a full time resource located in *Otsu, Japan*. Our resource comes from manufacturing industry background and has good exposure to Sales, Business Development & Supply Chain functions.



Pinnacle Sourcing



Pinnacle's Vision - Begin with the End in Mind

A "Growing Organization" focused on "Continuous Learning & Improvement", having a "Solid Team" working in a "Fun Environment" & "Creating Value" for all Stakeholders through a "Principle Centered Approach"

Our Services

>> Strategic Sourcing Solutions
>> Global Supplier Database
>> Market Intelligence

>> Supplier Audits and Improvement
>> Virtual Purchasing Office

Reach Us

Pinnacle Sourcing & Consultancy Pvt. Ltd.

C-43 GF, Sushant Lok Phase II Sector 56
Gurgaon-122002, India

Phone

+91 124 410 9791/92/93 (India)
+1-973-879-5661 (USA)

Fax

+91 124 410 9790

E-Mail:

info@pinnaclesourcing.net
moniqued@pinnaclesourcing.net

We're on the Web - www.pinnaclesourcing.net

