Caltech
Airgas
Town Hall
Meeting
August 27, 2019
Agenda

• Welcome
• Introductions
  – Caltech
  – Airgas
• Highlights of Contract Changes
• Airgas High Level Overview
• Discussion of Cylinder Rental Audit
• Discussion of Airgas punchout and self service options
• Q & A Session
Airgas Town Hall

Caltech Representatives

- Tina Lowenthal, Director of Procurement Services
- Monica Marquez, Associate Director of Purchasing Services
- Genelle Vinci, Contracting Manager
- John Onderdonk, Senior Director for Facilities Services and Planning
Airgas Town Hall

Airgas Representatives
- Karen Gilgenbach, Area Vice President – LA Basin Area
- Nick Srott, Los Angeles District Manager
- Stefan Hurwicz, Vice President of Sales
- Jannine Quezada, eBusiness Manager – West Region
- Luis Cervantes, Cylinder Control Manager
- Brian McLaughlin, Cylinder Control Manager
- Melissa Henrie, Account Manager
Highlights of Contract Changes

• **WE HEARD YOU!**

• **Effective October 1, 2019:**
  - Each cylinder will be assigned an annual cost of
    - Industrial $47.45, which is $0.13/day x 365/days
    - Specialty $80.35, which is $0.22/day x 365/days
  - Cylinder rental fees will be paid annually, upfront, for the number of cylinders that each Ship-To has on hand based off the Annual Airgas Audit.
  - Airgas will send the annual invoice to each Ship-To on October 1st of each contract year.
  - Airgas will assess all Ship-To’s on a bi-annual basis to ensure the amount of cylinders on hand is within a +/- 10% tolerance
  - If any Ship-To has more than a 10% increase of cylinders on hand, Airgas has the right to reassess their annual rental rate before the next due date for the annual rental bill
  - Dry Ice Rider now incorporated
  - Beverage Carbon Dioxide now incorporated
Highlights of Contract Changes

– Adding “Ship-To Number” to the Airgas Cylinders Ship-To

![Shipping Information]

Ship To
Lab: Vinci Lab
Bldg: Keith Spalding
Rm: 123
Contact Name: Genelle Vinci
Ship To Number: 123456
391 S Holliston Ave
Pasadena, CA 91106-3410
United States
High Level Overview

Airgas Overview - Unparalleled Distribution Platform

- **Largest Gases Platform in the U.S.**
  - Leader in the U.S. gas market
    - Leading position in U.S. packaged industrial, medical, and specialty gas market
    - One of the largest producers of bulk atmospheric gases
- **Leading U.S distributor of welding and safety products and services**
- **Cylinder plant operations: 344 plants nationwide**
  - ~1.2M industrial cylinders filled per month
  - 11 Acetylene Plants
  - ~100k Acetylene cylinders filled per month
High Level Overview

Airgas Overview- Full Range of Gas Supply Modes

Enables our customers to optimize their production processes and reduce total costs

Packaged Gases
- Cylinders
- Dewars

Bulk Gases
- MicroBulk
- Bulk, Tube Trailers

Onsite, Pipeline (ASUs)

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Feedback from Caltech

• “My lead times are long”
  – As of October of 2018 we made certain changes to bring down the leadtimes
  – We did a manual weekly check of gases that had had longer leadtimes in the past
  – We started receiving a list of anything that was held up from shipping for any reason
  – We also measured the leadtimes for several end users by pulling the order date and ship date from our system- ship date is signed by Caltech, and in all cases we saw improvements

Comment from end user: “We have definitely seen a big improvement. Lead times since last November have been quite good, typically 5-10 days, which is completely adequate for our needs. Thank you so much for your effort to alleviate the backorder issues!”
High Level Overview

"The cylinder processing fee is more than rent was"
- Overall the cylinder processing fee reduced the cost to Caltech
- However, it saved money for labs that did not have cylinders that turned
- BUT it cost more for labs that had high usages
- We think we have a better solution

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High Level Overview

- “My cylinder balance is wrong”

Possible Causes
- Cylinder assigned to the wrong account at order entry
- Cylinder not ending up in the lab that ordered it
- Cylinder at dock (not in lab yet or not returned to Airgas yet)
- Issue with barcode / improper scan on return / typo

Solution: Eight Airgas employees to physically audit every lab for a week to identify the right serial numbers in each lab and correct any errors
High Level Overview

How the current ORDER process works

**Step 1:** Log into TechMart via access.caltech.edu

**Order Received in SAP under SH 3390820**

1) Lab Name
2) Building Name
3) Room Number

- eBusiness Team uses Shipping Instructions (Notes) to determine the actual SH account

- Match found based on Shipping Instructions provided
  - No Match found. Need to call buyers to confirm Lab Name, Department & Room

- Locate SH based on information provided or create new SH account

**Step 2:** Click on the Aligas punch-out file

**Step 3:** In the Aligas punch-out look for products as follows:

- Option #1 Click the PRODUCTS button
- Option #2 Enter the product name or part number in search field
- Option #3 Click on SHOP NOW button to locate your product

Once the product is identified, enter Qty field and ADD TO CART

Select CHECKOUT to get to the Shopping Cart page

Review the Shopping Cart and select CHECKOUT to punch in to TechMart

Order Released to Plant for Fulfillment

One important note: The cylinders are barcoded when they come in so they can be delivered to the person that ordered them, and so that when they are returned they are returned to the correct account.
High Level Overview

How the current ORDER process works—Why is my Ship-To important?

- The Ship-to is your Airgas account number
- Individual PI's may have multiple building locations, i.e. multiple ship to's
- This ship-to can be coded in our system for multiple rooms within one building
- If the order is not matched with the correct ship to, the product will bill to the incorrect account
- If you ship to a room number that is not in our system, it will not be filled until we can confirm with the end user

**THIS IS WHY IT IS IMPORTANT FOR YOU TO BE FAMILIAR WITH YOUR SHIP-TO**

*If you do not know your Airgas ship-to number email: melissa.henrie@airgas.com to obtain*
High Level Overview

How the current DELIVERY process works

All barcodes are scanned on and off the ship-to account at the central receiving dock.

Facilities will pick up cylinders with tags that read EMPTY (non-standardized).

Order receipts, Invoices, and Proofs of Delivery can be found in the Airgas punch-out.
High Level Overview

Why do we deliver this way?

- The end users don’t have to mark their returns or call in special returns
- The serial numbers allow them to be returned against whatever account they were ordered from
- Avoids this:
High Level Overview

WHY BARCODE CYLINDERS & PHYSICAL AUDITS

WITHOUT BARCODES

WITH BARCODES

Caltech
High Level Overview

WHY BARCODE CYLINDERS & PHYSICAL AUDITS continue...

• **Airgas to perform bi-annual audits by section (Q2 & Q4)**
  - Campus has been divided into five sections
  - Audit one section per week at one time
  - Audit all sections in the same month

• **Purpose**
  - Ensure accurate billing of rental charges
  - Ensure accurate cylinder balances by lab acct
  - Identify any areas that need attention such as new Ship-To acct or add notes to existing accts
High Level Overview

Going forward- PLANT LEADTIME IMPROVEMENTS

- Enlisting New Communication Channels
  - Inventory Coordinator/Sales scheduling
  - Coordinator/Dispatcher
  - 2-way system
  - Plant Outsourcing
  - CalTech/Airgas Customer Representative
  - Dedicated role
High Level Overview

Going Forward—THE LAB NAME/Ship-to

When ordering gas through Techmart...

...Add your specific location’s Ship-to, to the Lab Name entry field!!

If you do not know your Airgas ship-to number email: melissa.henrie@airgas.com to obtain

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High Level Overview

Going forward- Airgas PODs

• POD’s (Proof of Delivery) are available at the Ship-to account level through the Airgas punch-out
• You can also sign up to receive a digital copy of PODs straight in your inbox!
  • Sign up at https://www.airgas.com/digitalPODs-West, you will need your Ship-to (SH) account number
High Level Overview

Going forward- Lease Process

- It is more like rent in that it is based on number of cylinders on hand versus the cylinder processing fee
- Each end user would be given a quote for a lease based on the number of cylinders they have on hand
- They can increase this or decrease this based on what they think they will need on balance prior to writing a PO
- The end user submits a PO to pay for their cylinder balance on hand for the upcoming year
- Every quarter Airgas will analyze this by ship to (end user account) and meet with Caltech to discuss any shifts over 10%
- Additional cylinders can be leased if needs change
High Level Overview

Example of a quote for leases

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Advantage:
- Budget ahead of time
- Only one invoice a year
- No more processing fee

Disadvantages:
- Number of cylinders on hand has to stay somewhat consistent for maximum savings
Airgas Punchout demo
Q & A Session