Responsive

# Optimized Replenishment Planning for Retailing Companies

Optimized

Agile

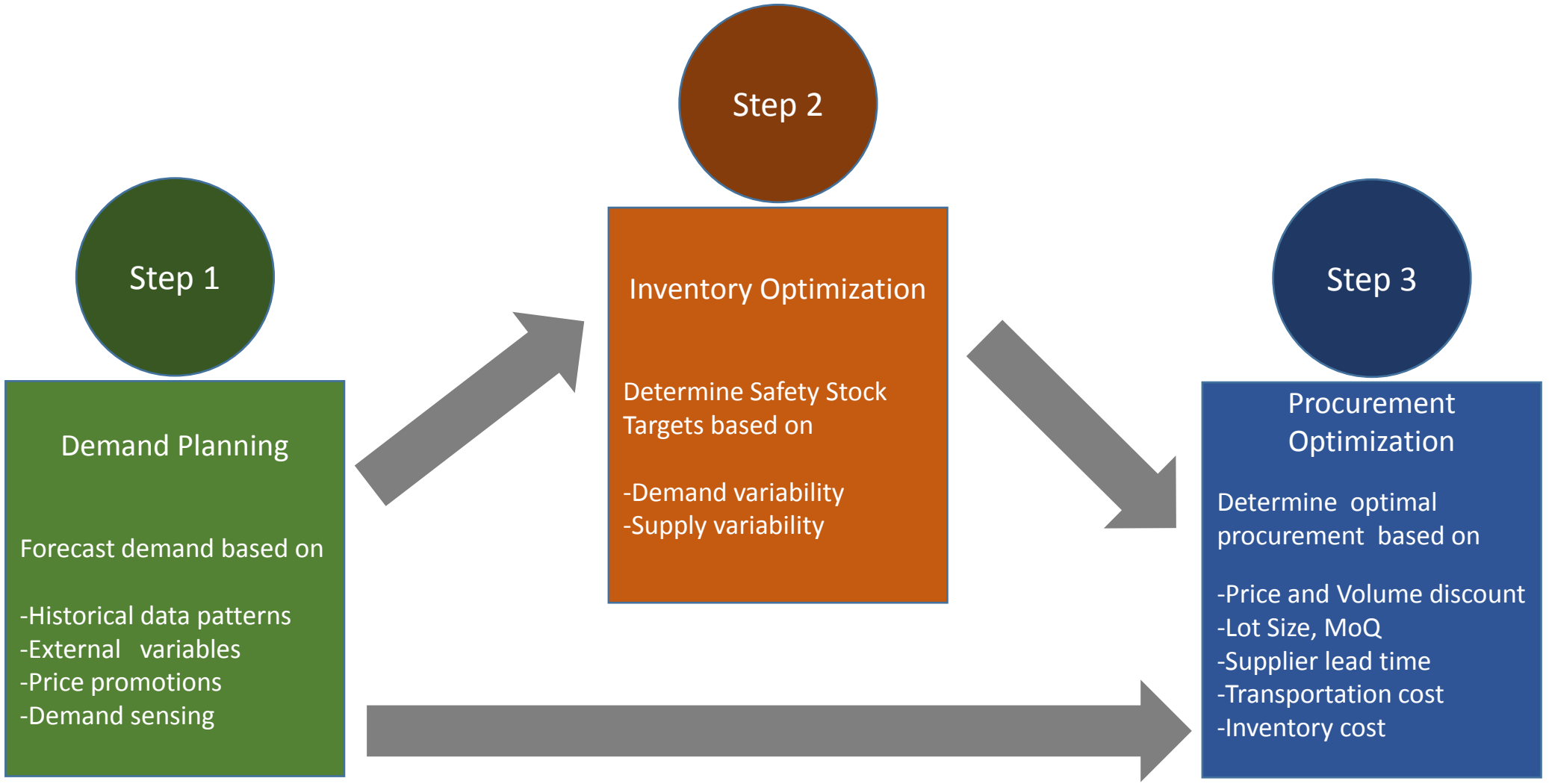
Velocity

Optimizing complex supply chains through cloud solutions

Saddle Point Technologies

Resilient

# Replenishment Planning Process



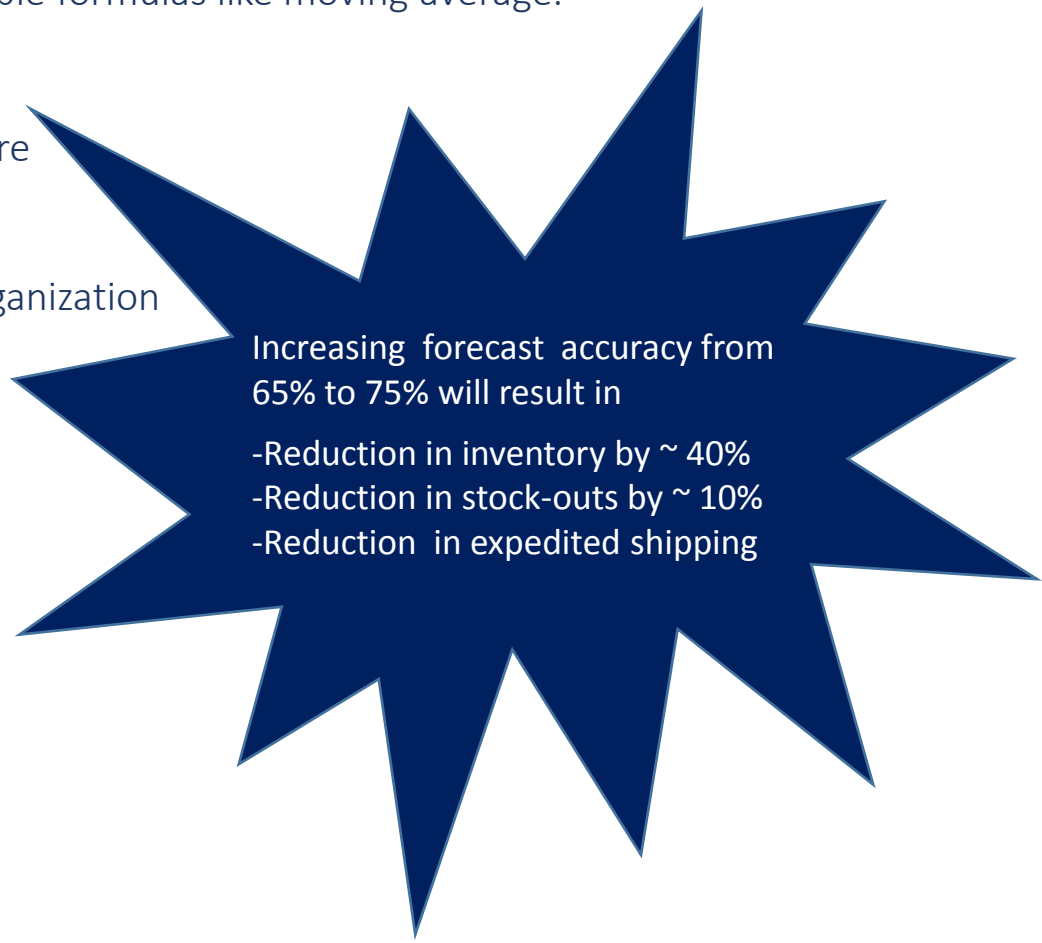
# Business case for Demand Forecasting

Demand forecasting is the starting point for any supply chain planning process.

In most organizations, demand planning is done in spreadsheets by using simple formulas like moving average.

The benefits of using a cloud based consensus demand forecasting solution are

- Consistent and single data view for multiple stakeholders across the organization
- Better forecasting accuracy using advanced forecasting algorithms
- Aggregated/disaggregated view of the data for better decision making
- Planning for new products without a history
- Price based Promotions planning
- Demand sensing for competitive intelligence

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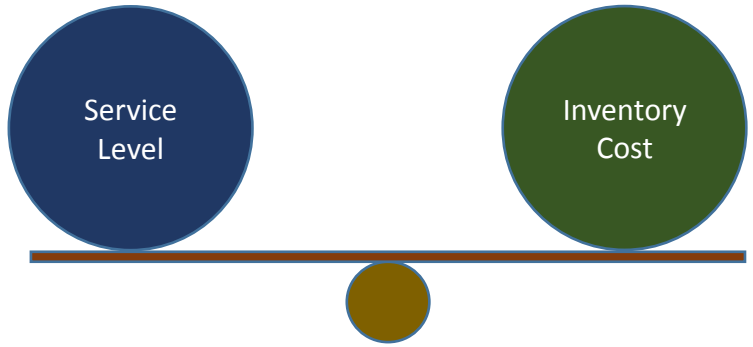
# Business case for Inventory Optimization

Inventory optimization determines the optimal level of safety stock so that the inventory costs are minimized for a particular service level.

In most organizations, target stock calculations are based on Days of Sales Inventory and are determined based on trial and error.

The benefits of using a cloud based inventory optimizer solution are

- Determining the optimal level of target stock or safety stock for a given SLA
- Using demand variability and supply variability to determine the safety stock
- Seamless integration with upstream and downstream planning modules

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# Business case for Procurement Optimization

Procurement optimization determines a global optimal procurement plan for the entire organization.

In most organizations, procurement planning happens in silos where only price discounts, lead times etc are considered. The impact of procurement on other parts of the organization are ignored thereby resulting in huge inventory write-offs.

The benefits of using a cloud based procurement optimizer are

- Considers all aspects of the supply chain to generate optimized procurement plan
- Constraints like minimum order quantity, lot size, transportation capacity, procurement and transportation lead times are considered
- Costs like fixed and variable transport cost, procurement cost, volume discount and inventory carrying cost are considered

# Case Study of UK based Manufacturer and Retailer

## About the Client

- UK's leading manufacturer and distributor oils and fats.

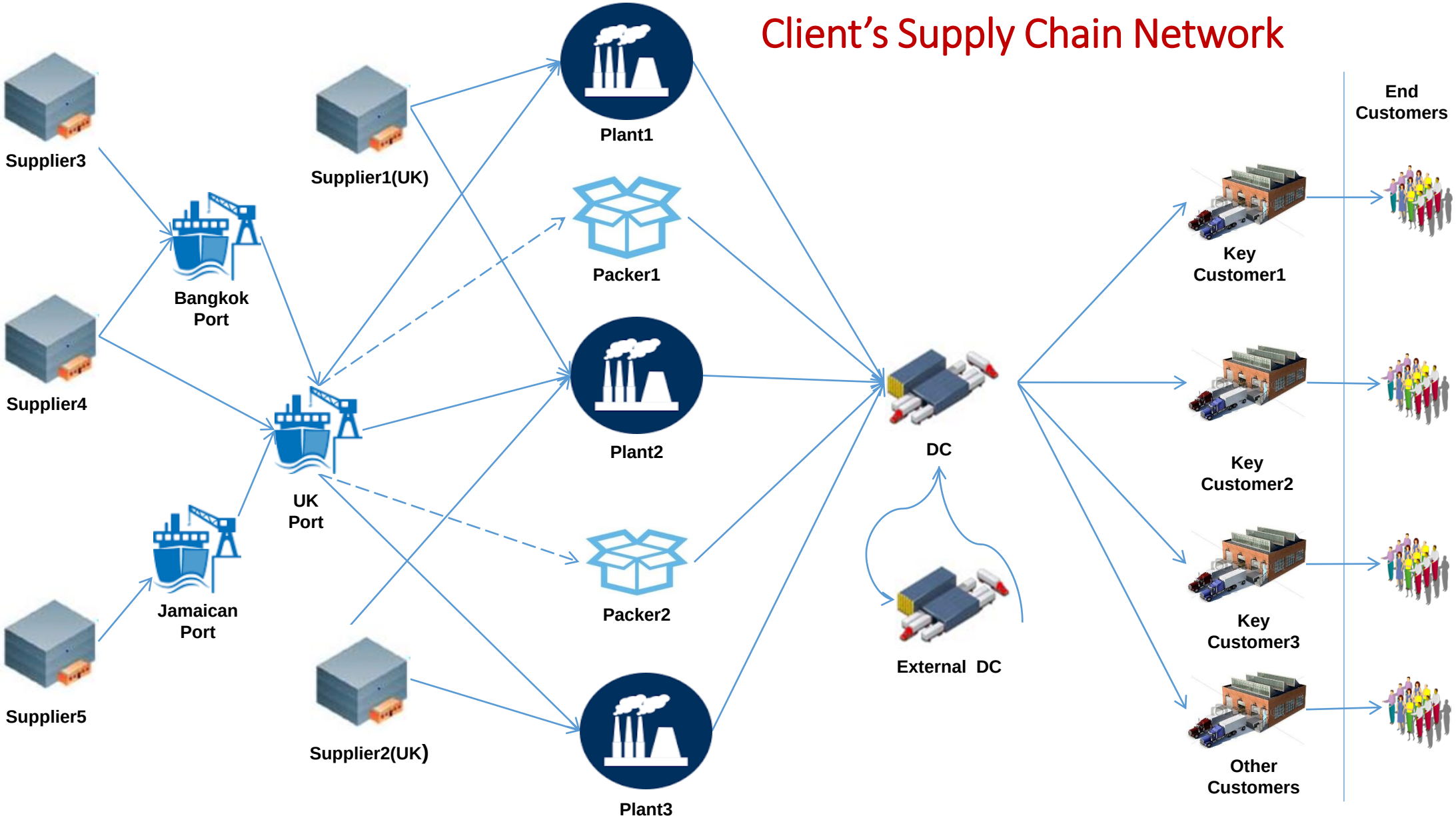
- Annual turnover of ~350 million USD.

- Imports, packs and distributes a wide array of food products to manufacturers, retailers and wholesalers throughout the UK and rest of the world.

Focus of the deployment

- 500 SKUs (Repacked)
- 500 SKUs (Manufactured)
- 40 Suppliers across the world
- 3 Manufacturing plants in UK
- 2 Packaging centers in UK
- 2 Distribution centers in UK

# Client's Supply Chain Network



# Case Study of UK based Manufacturer and Retailer

## Business Problem

An ERP backend was in place. Most of the transactions were automated

The entire replenishment planning was being done manually using spreadsheets and home grown tools

Forecasting was being done using judgment and 3 months moving average at the retailer level

Inventory targets were set as DSI based on trial and error

Promotions for Ramadan and Diwali were based on forecasts from retailers

Procurement planning was based on spreadsheet based planning. It was done without considering any constraints and costs other than procurement cost

## Project Objective

Automate and optimize the entire production and replenishment planning process for their entire operation and update the backend ERP with the optimized plans.

# Case Study of UK based Manufacturer and Retailer

## Solutions Deployed

- Demand Planner
- Inventory Optimizer
- Supply Network Optimizer

## Features

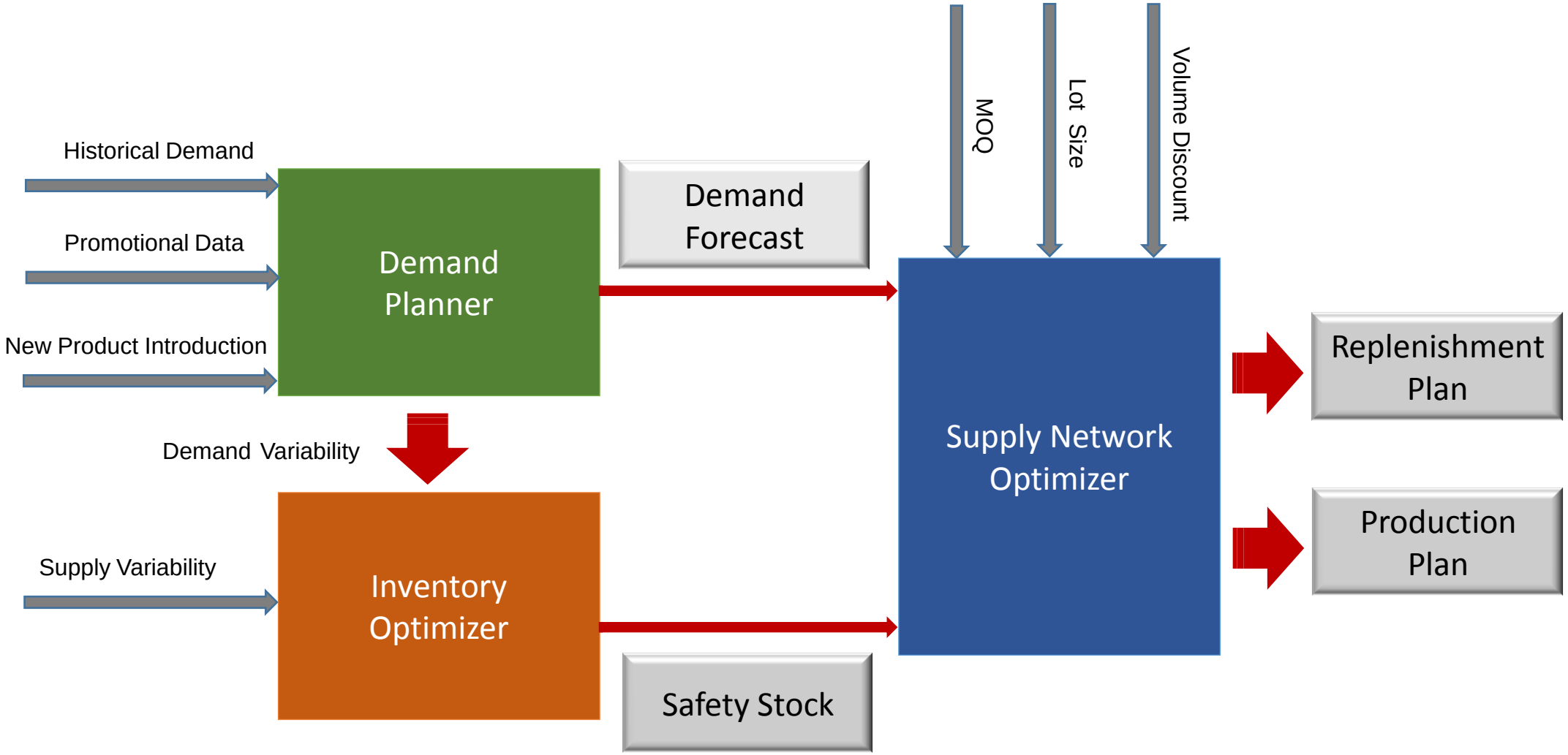
- Forecasting the demand using advanced statistical models and at an aggregated level

- Safety stock calculation at distribution centers based on the lead time and demand variability

- Procurement planning based on the forecasted demand, safety stock, minimum order quantity, lot size, fixed and variable transport cost, transportation capacity, procurement price, volume discounts, procurement and transportation lead times

- Production planning based on production and packaging capacities, BOM and Routing

# Automated and Optimized Planning Process



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