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MANUFACTURING PLANNING

Demand Planning

Challenge: Accurately predicting customer demand in a hyper-evolving market

Today's companies are continually challenged to accurately predict the demand for their products and services. Some of these challenges include increasingly demanding customers, omni-channel expectations from the end consumer, shopping influenced by mobile access, social media sentiment, frequent need for promotions, fluctuating pricing strategy requirements, shortened product lifecycles, expanding product configuration options in manufacturing, rationalization of assortments in retail, and so on. Seasonality, halo, and cannibalization effects are becoming harder to analyze, and the volatility of demand keeps on increasing to further complicate the forecasting process. Methodological considerations such as correctly interpreting demand history, applying the most appropriate forecasting method and tuning forecasting algorithms add even more complexity.

Never before in history has the individual consumer held so much power and influence over the market, chiefly driven by advances in personal technology. Companies need to become more customer-centric in order to turn the resulting challenges into opportunities. It is not an easy task, but to be successful, companies must have the ability to accurately anticipate not only which products will sell, but also when, where and how many of the products will sell. Costly mismatches of demand and supply can result in missed sales opportunities, lost profits, excessive expediting costs, too much or too little inventory, poor customer service, lost market share and erosion of shareholder value. To address these issues, industry leaders are embracing the reality that demand drives the customer-driven supply chain and that, where possible, demand visibility needs to extend down to the consumer
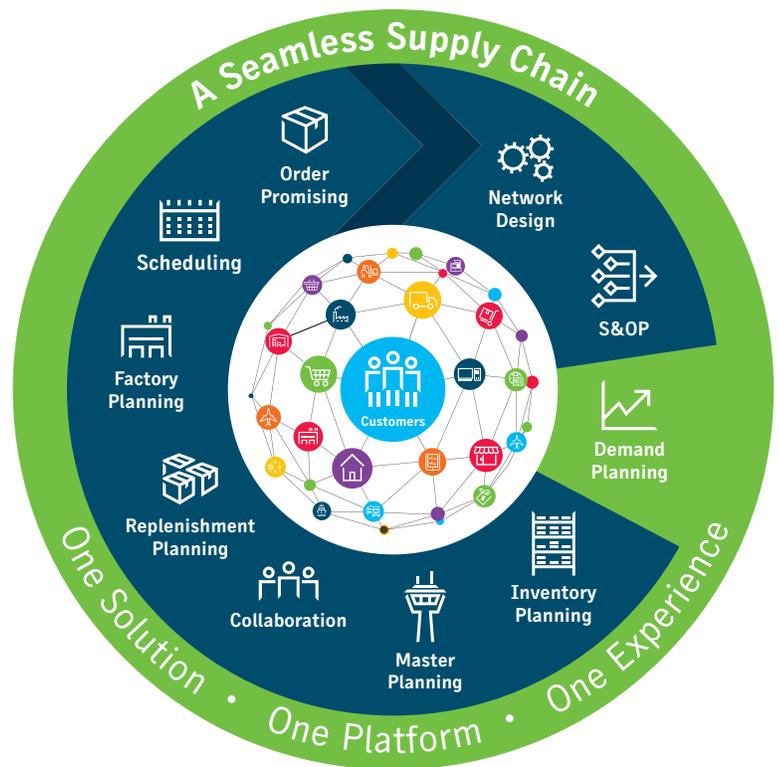
◆ Key Benefits:

- Delivers integrated demand management capabilities to accurately predict demand down to the lowest level and to drive highly optimized supply chain decisions

- Creates an accurate, consensus demand plan for each product, channel/customer and location intersection and makes large volumes of products manageable and predictable

level. Companies are realizing that they need to align their operations with customer and end-user demand signals in order to make better supply chain decisions. This requires a solution that provides one synchronized view of demand across various parts of the organization and beyond. Moving to this integrated planning framework requires a robust solution that can deliver a consolidated forecast with the highest accuracy.

Solution: JDA Demand

Part of JDA's Manufacturing Planning solution, JDA® Demand provides a comprehensive answer to the most complex challenge faced by companies today. The solution's unmatched scalability can handle hundreds of millions of stock-keeping units, and its industry-leading functionality can predict future demand down to the lowest levels in the supply chain. Its multiple forecasting methods increase demand visibility across the entire trading network, enabling companies to accurately predict demand across all types of products including fast-moving, slow-moving, lumpy, short lifecycle, trending, steady, highly seasonal and causal-driven.

Moving to a synchronized view of demand

JDA Demand includes best-of-breed capabilities, leveraging our depth and breadth of experience from several hundred deployments across diverse industries for more than 25 years. JDA Demand enables users to achieve superior forecasting performance, inventory investment optimization, revenue and profit goal realization, and process efficiencies. True demand-driven accuracy is achieved via various capabilities, including auto-cleanse history, flexible multi-level and multi-channel forecast management, advanced statistical algorithms, demand classification, lifecycle forecasting, seasonality profiling and adjustments, lifecycle planning, data-driven events, promotion and event data management, and consensus forecasting and collaboration.

The first step to achieving one synchronized view of demand is an accurate statistical forecast that also incorporates human and event intelligence. By facilitating and incorporating this consolidated view into the supply chain, industry-leading companies are better equipped to satisfy customers and end consumers while benefiting from lower total supply chain costs.

- Rapidly responds to shifts in demand from new product introductions to end of life, driving high customer satisfaction levels

- Improves communication, alignment and commitment across the enterprise through collaborative demand planning, supported by key performance indicators and workflow management

- Incorporates user-defined measures, such as consensus numbers, customer forecast, inventory positions, point-of-sale data, social media data and syndicated data — essentially any set of time-phased data that can be materially significant to drive the demand management process

- Leverages multiple history streams, robust forecasting algorithms, causal factors, promotional information and event data in order to improve forecast accuracy, minimize inventory carrying costs and reduce lost sales

- Elevates the role of the demand planner by taking care of the necessary legwork, including the classification of products based on demand patterns, the application of machine learning to simulate and predict the right levels to forecast, the automatic application of the most suitable statistical forecasting algorithm, and the ability to tune advanced parameter settings as needed

- Differentiates demand driven by external factors (such as price effects and promotions) from demand history, providing the foundation for a more accurate baseline forecast

- Empowers demand planners with a flexible and consolidated view to enable quick analysis and efficient demand planning

Making better business decisions with a consensus demand plan

JDA Demand provides progressive companies with the ability to input accurate demand plans directly into the supply planning process. It leverages promotions and pricing information to dynamically adapt forecasts, and drives the distribution and deployment plans to ultimately satisfy the end consumer.

Users can gain additional insight into the future demand picture through collaboration and communication with internal stakeholders and external trading partners. By employing mobile capabilities, manufacturing and wholesaler field sales teams are able to better leverage enterprise data and support higher levels of interaction with their trading partners and internal teams, driving agility and increased efficiency for all parties. By collaboratively aligning processes and plans with their most important partners, sharing key data streams such as customer demand signals on a regular basis, and building a consensus demand plan, companies can mature toward driving true supply chain synchronization.

Real results

Companies that implement JDA Demand can realize significant benefits across their global operations, including the following results achieved by existing JDA Demand customers:

- Improved forecast accuracy up to 20-25 percent by leveraging statistical analysis capabilities, demand stream segmentation and forecasting at multiple hierarchical levels

- Increased demand visibility across the trading network with consensus demand plans that align trading partners with a shared forecast

- Addressed localized seasonal demand variations throughout the selling season or fiscal year

- Reduced supply chain cost with a more accurate, stabilized forecast, driving inventory management efficiencies

- Optimized inventory levels for bottom-line savings:
    - Decreased safety stock 4-15 percent
    - Decreased overall inventory 4-8 percent
    - Lowered on-hand inventory 1-4 percent
    - Reduced overstocks and out-of-stocks

- Improved service levels by 0.55 percent while reducing lost sales by 5-12 percent

- Increased sales up to 5 percent by better predicting and shaping consumer response to seasonality and trends

- Increased inventory turns 5-8 percent by smoothing demand variations across the trading network for increased synchronization and inventory availability

- Improved pricing and promotions strategies throughout a product lifecycle by helping planners determine which promotions to run for the most profitable results

- Enabled business planners to focus on what's most important by decreasing the cycle time for forecasting and planning

- Decreased required resources to manage detailed data such as item- and location-level profiles, statistical algorithms and parameters

- Reduced data storage and maintenance requirements by minimizing the need for multiple demand models

Greater than the sum of the parts

JDA has been providing manufacturers with proven best-of-breed manufacturing planning solutions for decades, with these solutions delivering results at more than 500 manufacturers across different industries in more than 38 countries around the world. Manufacturers can now leverage the entire JDA Manufacturing Planning solution to achieve even greater benefits, ease of implementation and lower total cost of ownership. JDA combines the world's leading forecasting technology with market-leading inventory planning, supply chain planning, factory planning and scheduling, order promising and S&OP capabilities, converged with a common data model and interfaces to enable integrated manufacturing planning in the cloud. JDA Manufacturing Planning solution components work together and provide critical inputs to streamline workflow and enable optimum performance unlike any other solution available in the market.

Further, JDA's unrivaled professional service and consulting expertise can guide you through your business transformation. JDA can help define where the greatest benefits can be achieved, create a realistic roadmap based on industry best practices and your unique company constraints, and help you develop a fact-based list of benefits and potential ROI. Only JDA can provide this unparalleled combination of business process breadth, functional richness, robust technology and industry expertise that makes the total value to you as a JDA customer much greater than the sum of the parts.

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