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Enjoy the View

Successful Forecasting & Demand Planning

"Developing a successful Demand Planning approach isn't just about the numbers for a planning system... it allows the supply chain an opportunity to 'sense and adjust' and ensures the needs of both your customers and your strategic goals are accurately reflected—getting it wrong is almost always costly! The consequences are all too often compromised service levels, missed market opportunities, increasin supply chain costs, expensive misdirection of critical resources and high levels of obsolete inventory..."

_ Ian Watson, Capgemini UK plc

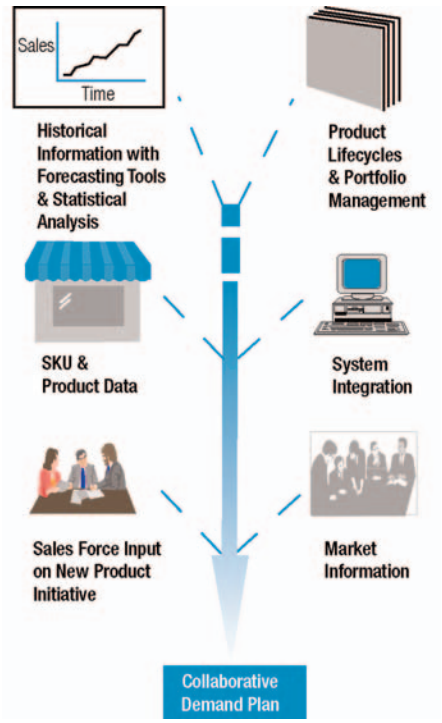
Capgemini has long helped our clients get this critical component of the planning process "right". Purists advocate ever increasing forecast accuracy, but with a perfect forecast unattainable, agility in response and pragmatism is still the watchword. Differentiated service and forecasting regimes create realistic statements of what will be required and remain key to successful supply chain alignment. Our demand planning approach is based upon proven hypothesis methodical analysis and modelling techniques. It has consistently delivered significant bottom-line benefits. It combines the rigour of our world-leading Operational Research team with the pragmatism and experience of our top-flight Supply Chain Consultants.

Incorporating joint teams of consultants and your own staff we can deliver a demand planning process which fits with your requirements in weeks rather than months.

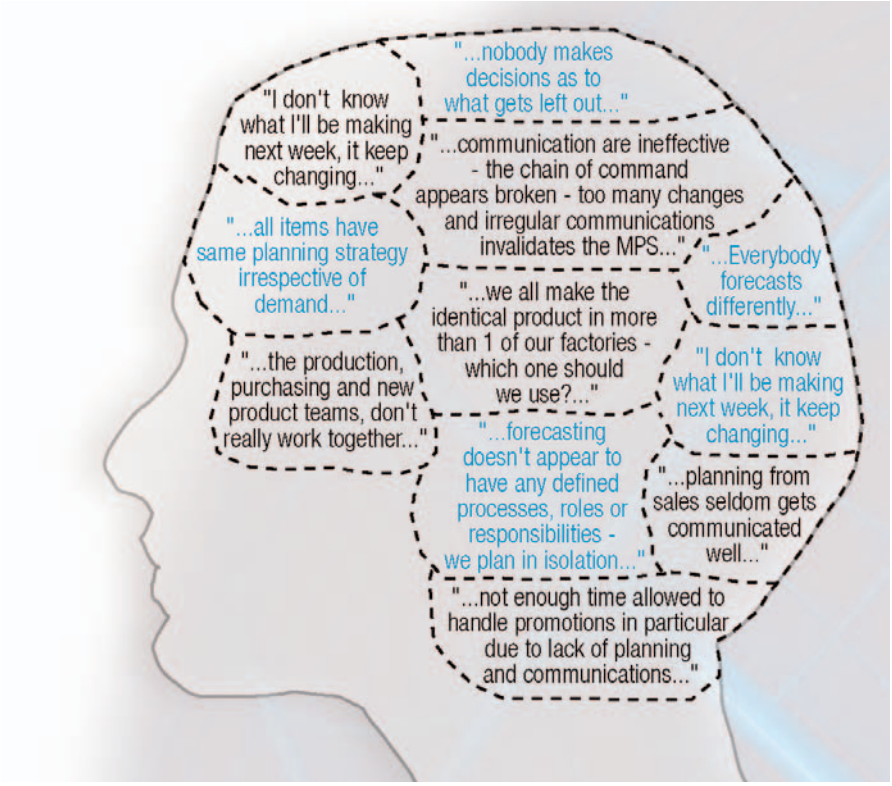
Our approach synthesises historical analysis and market information into a single set of demand plans by using up to date modelling and forecasting techniques which, when combined with mechanisms to deal with one off events or uncertainty, provide a robust and collaborative forecast with which to drive your supply chain activity. Just as importantly, we avoid the forecast accuracy trap, by careful product and customer and market segmentation.

Typically our portfolio of improvements includes:

The Collaborative Planning Process



Driving issues



- **Global Product and SKU analysis** — at a tactical level, product data is analysed to provide a clear viewpoint on the most effective level with which to build your demand plan. Focus can be adapted to provide top down allocation or bottom up aggregation ensuring that inventory is held only in the most cost effective manner and at the right level to support the supply chain's cost targets.
- **Historical Trend Analysis** — analysis is performed to highlight trends of market activity and seasonality. Data can be gathered together from all Business Units and functional areas to support an accurate and collaborative demand plan resolution which creates a common language and removes often inherent 'silo mentalities'.
- **Forecasting Tools** — powerful forecasting tools and methodologies are utilised in conjunction with extrapolated data to statistically refine the demand plan. This provides a robust model which can be interrogated and continuously improved to avoid "making the wrong product at the wrong time".
- **Product Lifecycle Analysis** — often, the biggest returns are realised (or missed) from familiarity with product lifecycle profiles. Incorporating these into the approach minimises risk of obsolete inventory and write offs and minimises misdirection of costly constrained resources.
- **New Product Initiatives and Promotions** — are captured to ensure that critical market launches are anticipated and planned for ensuring key revenue and margin opportunities are capitalised upon and costly supply chain reactivity is avoided during a ramp up to promotional activity or product inception.
- **What-if Modelling** — sensitivity analysis, business simulations and prototyping help challenge underlying assumptions, evaluate the sensitivity of lead indicators and predict the impact of behavioural patterns on the carefully constructed plans.
- **Integration with Existing Systems** — is often a cornerstone to the process. Extraction of data and the input of the demand plan in an appropriate cycle time must be rigorously implemented in order to

embed the demand plan as a key driver. Capgemini are one of the worlds largest integration organisations and our 'vendor independent' approach allows us to provide objective systems assessments to ensure your demand plan delivers and supports real operational improvement.

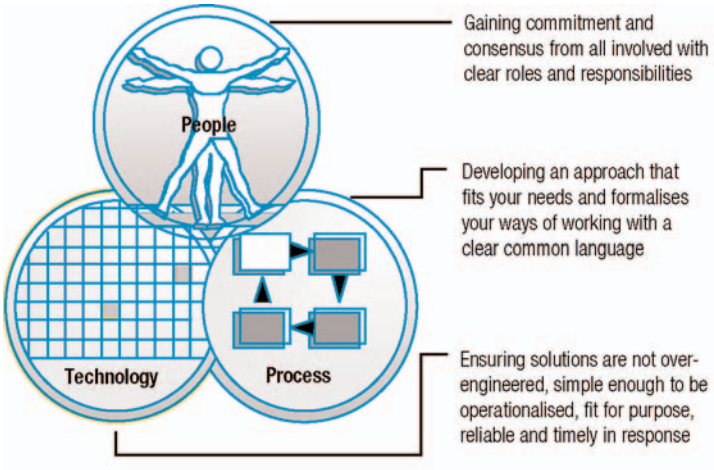
What are the issues that are driving organisations to adopt a Demand Planning Approach?

- Long lead-time to market
- Low product consumer satisfaction
- High obsolescence
- Product portfolios out of control
- Excessive inventory-but never where it's needed
- Stock-outs, back-orders, incomplete deliveries
- Lost sales, dissatisfied customers
- Confused supply base and excessive expediting
- No common 'game plan' between marketing, sales, finance and operations
- Slow to introduce new products and promotions
- Inability to respond quickly to new sales opportunities

Collborating on Your Demand Planning Approach

Demand Planning must be a collaborative effort within your organisation to successfully deliver the business benefits expected. Capgemini consultants will work with your staff to develop and implement an approach that delivers to your business needs and synthesises all of the available information required.

Our holistic implementation model encompasses these principles:



This is underpinned by our rigorous Deliver™ implementation approaches including rapid prototyping, solution hot-housing, and RapidAPS ™, which for scores of companies across a wide range of industries has been proven by Capgemini to deliver the benefits promised.

What are the benefits?

Quantitative Benefits		Qualitative Benefits
Decreased inventory levels	5-40%	Inventory replaced with information
Increased inventory Turns	50-100%	Confidence in product cost control and product supply
Increased manufacturing Asset utilisation	3-5%	Collaborative approach between functional disciplines
Increase order fill rate	To 99%	Standardisation and robustness in supply chain business processes
Increased sales due to product availability	0.25-1%	Continuous improvement culture
Reduced returns	5%	
Reduced obsolesence	1-2%	Improved customer perception
Reduced variable distribution costs	1-3%	Improved supplier relations
Reduced planning resources	25%	
Reduced order lead times	20%	

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About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, called the Collaborative Business Experience.

Backed by over three decades of industry and service experience, the Collaborative Business Experience is designed to help our clients achieve better, faster, more sustainable results through seamless access to our network of world-leading technology partners and collaboration-focused methods and tools. Through commitment to mutual success and the achievement of tangible value, we help businesses implement growth strategies, leverage technology, and thrive through the power of collaboration.

Capgemini employs approximately 60,000 people worldwide and reported 2004 global revenues of 6.3 billion euros.

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