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Navigate Uncertainty

ToolsGroup: Helping Aftermarket Parts and Wholesale Distributors to Navigate Uncertainty

Make Your Supply Chain a Force for Good

Supply Chain Wars are Coming

Key Drivers of the Supply Chain Wars

- Geopolitical Tensions
- Technological Advancements
- Rising Operational Complexity
- Heightened Competition
- Changing Customer Expectations

Supply Chain Wars are Coming

Key Drivers of the Supply Chain Wars

Geopolitical Tensions

- Trade Wars: Tariffs and sanctions could lead to a decoupling of the supply chain
- Regionalization: Nations and trade blocks will prioritize regional supply chains
- Conflict Zones: Access to critical raw materials could be disrupted

Technological Advancements

- Race for technological superiority in supply chain management will intensify
- Leading edge firms pulling ahead due to real-time inventory tracking, optimization, and predictive demand forecasting

Rising Operational Complexity

- Increased Supplier Diversification: need to manage relationships with a broader range of suppliers to mitigate risks
- Regionalization of Supply Chains: Nearshoring and regional production hubs will require distribution network adaptation
- Volatility of Supply: Disruptions caused by geopolitical tensions, natural disasters, and trade barriers will create unpredic table inventory levels

Heightened Competition

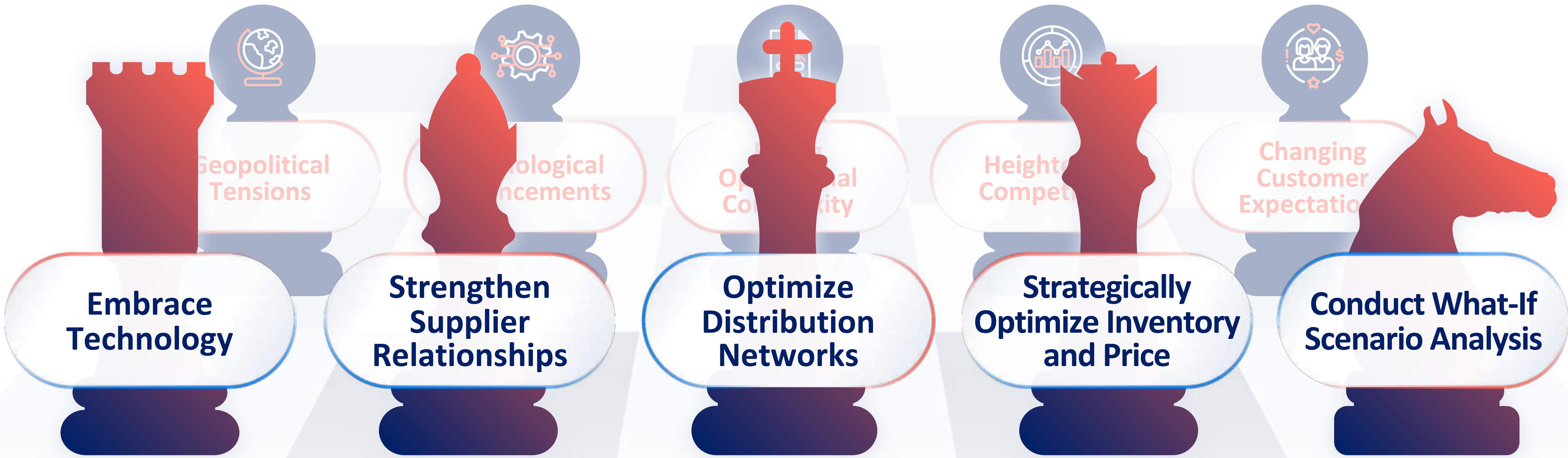
- DTC Channels: Manufacturers will bypass wholesalers to reach customers directly
- Consolidation: Large players will acquire smaller firms, leaving smaller distributors struggling to compete
- New Entrants: Tech driven companies and logistics providers may enter the wholesale distribution space

Changing Customer Expectations

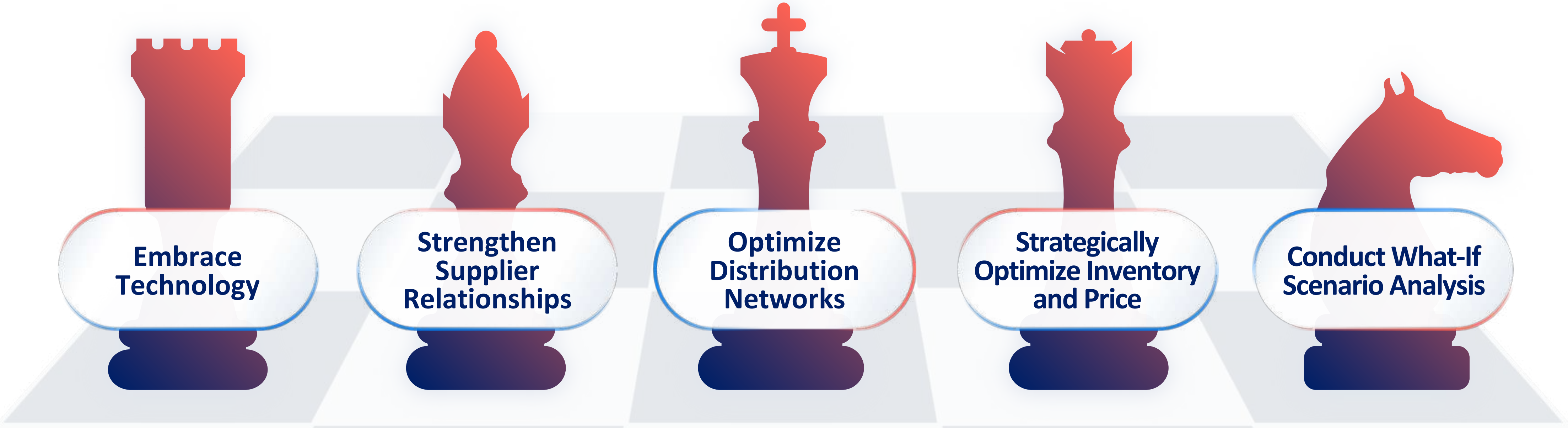
- Faster Fulfillment: Retailers and end-customers will expect quicker deliveries, pushing wholesalers to optimize inventory and last-mile logistics
- Customization: Clients may demand tailored solutions, requiring wholesalers to adapt inventory and services to meet specific needs.
- Real-Time Communication: Retailers will expect real-time updates on stock availability and delivery timelines, necessitating robust digital platforms

Winning the Supply Chain Wars

Strategies to Adapt and Thrive



ToolsGroup: Your Secret Weapon in the Supply Chain Wars



ToolsGroup Delivers Resilience, Optimization, Automation, and Visibility for Wholesale Distribution and Aftermarket Companies

ToolsGroup: Your Secret Weapon in the Supply Chain Wars

Strengthen Supplier Relationships

Optimize Distribution Networks

Strategically Optimize Inventory and Price

Conduct What-If Scenario Analysis

Embrace Technology

Digitalize and invest in predictive/prescriptive analytics, automation, and digital platforms to improve efficiency and end-to-end inventory transparency

AI Powered Digital Supply Chain Planning Platform

- End-to-end visibility
- Management by exception
- Frequency-based self-adaptive probabilistic forecasting, which is the easiest to use and best for both fast- and slow-moving items
- Machine Learning for seasonality, sales calendars, promotions, new product introductions, external causals

- Automated replenishment and proposal generation
- Dynamic multi-sourcing and transport management
- Modular, composable and extensible architecture for easy third-party app integration
- Forward buy what-if scenario analysis

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Optimize Distribution Networks

Strategically Optimize Inventory and Price

Conduct What-If Scenario Analysis

Strengthen Supplier Relationships

Diversify sources and build collaborative partnerships to secure reliable supply chains and improve visibility

Supplier Collaboration Network

- Collaborate on POs and demand forecasts
- Real-time visibility into ASNs and shipping notices
- Real-time risk and issues detection with proactive alerting
- Supplier performance management

ToolsGroup: Your Secret Weapon in the Supply Chain Wars

Embrace Technology

Strengthen Supplier Relationships

Strategically Optimize Inventory and Price

Conduct What-If Scenario Analysis

Optimize Distribution Networks

Reconfigure warehouse locations and logistics for regional or localized supply chains

Network Design and Optimization

- Long-term what-if strategic analysis
- Visual, interactive network models
- Incorporation of all costs for financial impact analysis

ToolsGroup: Your Secret Weapon in the Supply Chain Wars

Embrace Technology

Strengthen Supplier Relationships

Optimize Distribution Networks

Conduct What-If Scenario Analysis

Strategically Optimize Inventory and Price

Set inventory strategies to match business segment priorities, invest to buffer inventories of critical goods, and use pricing to intelligently respond to tariffs

AI-Driven Inventory and Price Optimization

- Optimize inventory based on service-level goals by product segment
- MEIO, stock-to-service curves, and stock mix optimization
- Dynamic price optimization, driven by market dynamics and material price changes, such as tariffs
- Automatic inventory replanning based on price elasticity

ToolsGroup: Your Secret Weapon in the Supply Chain Wars

Embrace Technology

Strengthen Supplier Relationships

Optimize Distribution Networks

Strategically Optimize Inventory and Price

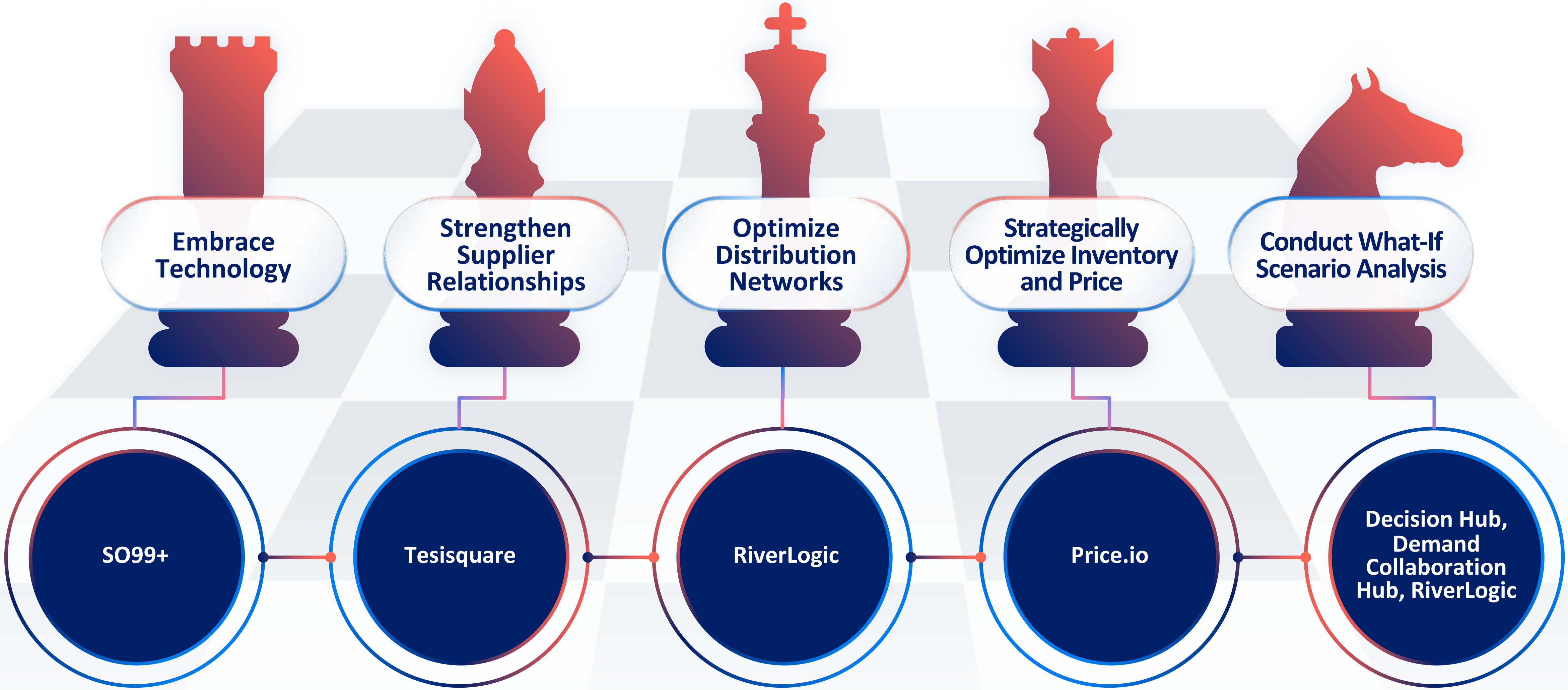
Conduct What-If Scenario Analysis

Prepare for unexpected events through scenario planning and improve rapid-response decision-making with intelligent analytics

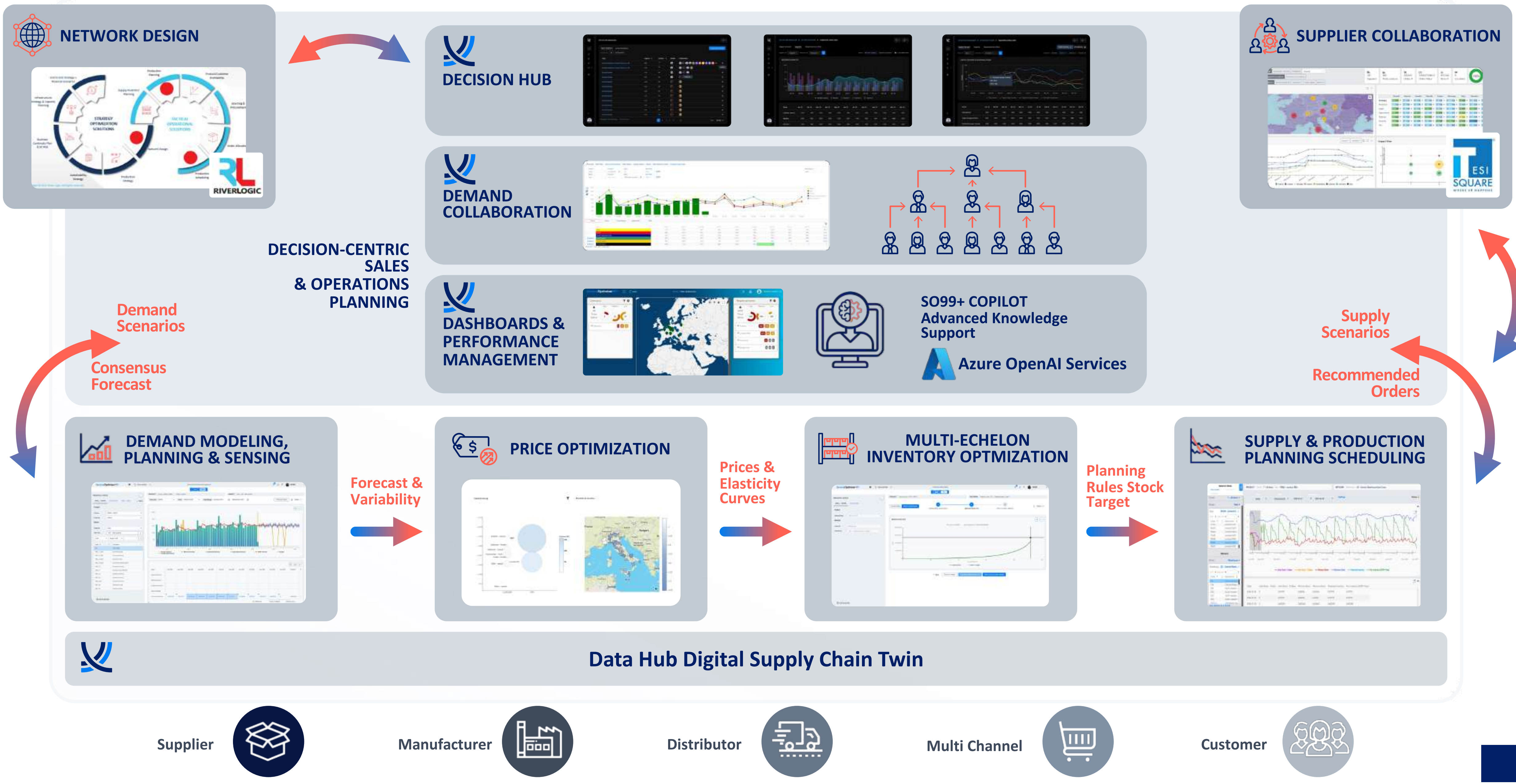
Decision-Centric Planning

- Decision command center for fast event response
- Asynchronous collaboration and scenario analysis
- Demand collaboration
- S&OP

ToolsGroup: Your Secret Weapon in the Supply Chain Wars



SO99+ AI-Powered Digital Supply Chain Planning Platform



10%
Inventory reduction at ≥ 98% service levels

12%
Inventory reduction in 6 months

30%
Reduction in spare parts stock at same service levels

10pp
Increase in service level

"ToolsGroup helped us reduce our spare parts stock by 30 percent and we increased our service level from 87 to 97 percent. Even during seasonal demand peaks, we are now always able to achieve this exceptional service level."

Thomas Schuhmann, Mitsubishi Electric

20%
Reduction in storage space

10%
Improvement in OTiF

18%
Reduction in safety stock

25%
Decrease in stock at 95%+ service level

allopneus

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Becoming More Competitive as a Distributor in the E-Commerce Landscape: Allopneus

Allopneus.com is a 100% French company, whose head office is based in Aix-en-Provence. Allopneus.com offers the widest choice on the market of touring, utility, 4×4, motorcycle, quad, agricultural and truck tires, as well as aluminum and sheet metal rims.

"Having products in stock at all times is essential to ensure customer satisfaction and loyalty. Inventory management is the key to quality of service and competitiveness."

- Pierre-Jean Coltat, Procurement and Planning Manager

/ The Challenges

- Storage capacity and costs (SKU proliferation, product range, tire size increase)
- Tire fitting services throughout network
- Ability to meet demand with high level of reactivity
- Desire to keep products in stock for as little time as possible (less than two months)

/ The Solution

Solutions: Demand Forecasting & Planning, Inventory Optimization and Replenishment

- SO99+ calculates forecast, inventory levels and purchase requirements
- Classifications, simulations
- Eased calibration and modification of calculations via use of simulation and the fact that ToolsGroup is both vendor and integrator

/ The Impact

Improved service for a distinct competitive advantage

- **20%** reduction in storage space
- Improving forecast reliability
- Improved performance and responsiveness
- Improved the quality of service

ASTON MARTIN

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FTA of Aftermarket Parts Raised Across Entire Long-Tail for Higher Service Levels: Aston Martin

Aston Martin is a renown British manufacturer of luxury sports cars and grand tourers. Their aftermarket parts business services, not just recent models but also vintage cars from long-retired Heritage collections.

"Thanks to ToolsGroup applying its new machine learning technology to our problem in a creative way, we're now much better geared up to serve our demanding client base without impacting our bottom line."

- Nick Wilson, Former Senior Inventory Planner, Parts Operations

/ The Challenges

- Growing international client base required higher first-time availability
- Board raised targets to increase FTA by 2% without any increase in inventory
- Need to achieve FTA parity across all three of its car categories: Heritage (pre-1997), Recent Production (mid 90s forward, but no longer in production), and Current Production (today's models)

/ The Solution

Solutions: Demand Forecasting & Planning Inventory Optimization Replenishment

- Calculated consumer demand using probabilistic machine learning engine
- Eight new categories of behavior to inform model and improve demand forecast accuracy
- Improved replenishment and reduced safety stock

/ The Impact

Better FTA service levels while decreasing safety stock

- **97.1%** FTA service levels achieved immediately
- **18%** reduction in safety stock value within just 2 months

Achieving High Service Levels Amidst High Seasonality and Long Tail: Gaviota

Gaviota is a market leader in sun protection, manufacturing components, accessories, and systems for rolling shutters, awnings, enclosures. They are present in 75 countries with 800+ distributors.

"Such a diverse and extensive range of products can lead to excessive inventory levels, making the sourcing adjustments very complex and extending this complexity to the production centers."

- Francisco Javier Fernández, Supply Chain Director

/ The Challenges

- Difficulty forecasting with spreadsheets for vast network and product portfolio
- High seasonality of products
- Fragmented data and lack of visibility across departments
- Precise bill of materials requirements

/ The Solution

Solutions: Demand Forecasting & Planning, Inventory Optimization, Replenishment

- Easy integration with existing ERP
- Generates accurate forecasts, establishes optimal safety stock levels
- Easy to understand, review, and alter forecast when needed
- Increases visibility across company and streamlines processes

/ The Impact

Synchronized operations across departments maximizes inventory performance

- **95%** service levels for top items, a 35pp increase from 70%
- **18pp** increase in overall service levels
- **43%** reduction in stock levels
- **37%** increase in production performance
- Significantly improved planner productivity
- Improved forecast reliability

GRUPPO GIOVANNINI

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Balancing Service Levels and Working Capital with S&OP: Gruppo Giovannini

Gruppo Giovannini is one of the main Italian distributors of wholesale electronics products. They also have their own retail outlets, branded "Electro Self."

"ToolsGroup SO99+ helped us stay profitable during a global economic downturn, freeing up capital to invest in long-term growth."

-Supply Chain Manager

/ The Challenges

- New S&OP process
- Need to make optimal trade-offs between working capital and service levels for their large, ever-changing product range
- Expanding, dynamic inventory
- Increasing long-tail items
- Economic downturn hit wholesale electronics hard

/ The Solution

Solutions: Demand Forecasting & Planning, Demand Planning, Inventory Optimization and Replenishment

- Basis for monthly S&OP planning
- Generates initial forecasts
- Sets safety stock levels
- Provides replenishment feedback

/ The Impact

Anti-fragile supply chain that maintains profitability even in a difficult economy

- **30%** increase the product line, 70% of which are 'long-tail' items, without increasing stock levels
- Stay profitable even when revenue decreased by 20%

HARRINGTON
Process Solutions since 1959

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Ditching Forecasting Guesswork Through Network Integration and Visibility: Harrington Plastics

Harrington is a 60-year market leader in wholesale distribution of fluid transmissions systems with 550,000 item/warehouse combinations. They have a primary customer base of OEMs and contractors in broad range of industries.

"We're able to look at different scenarios, service classes and lead times to figure out if we need to raise or lower the service level. The demand planning helps me confidently forecast even items with unpredictable demand."

- Matthew Fuller, Inventory Planner

/ The Challenges

- Need for lean inventory without jeopardized service
- Guesswork and inefficient forecasting methods
- Manual review of every item/warehouse combination
- Disparate, independent branches

/ The Solution

Solutions: Demand Forecasting & Planning, Inventory Optimization

- Automation handles grunt work and calculations, provides better picture of demand, targets service levels
- Planners manage by exception and easily share reports/data
- System creates a more cohesive network

/ The Impact

Full network visibility and integration for higher profitability

- Easy integration of new distribution center and easier future scaling
- Better understanding of demand
- Increased visibility across teams

Getting Inventory Levels Back Under Control, But Not at the Expense of Service Levels: Mitsubishi Electric

Mitsubishi Electric Europe is a global HVAC industry leader, providing systems that heat, cool and ventilate private and commercial spaces.

"We had a good 87 percent service level but this came at the expense of building up more and more obsolete parts in our warehouse. We set out to modernize in order to reduce inventory, strive for even higher service levels and gain more useful insights through our planning."

- Thomas Schuhmann, General Manager Business Development and Sales Direct Markets

/ The Challenges

- Need to get inventory levels back under control in one of its spare parts businesses
- Obsolete stock doubling nearly every two years
- Hyper-seasonality due to fluctuations in demand correlating to changes in weather
- SKU proliferation and long tail

/ The Solution

Solutions: Demand Forecasting & Planning and Inventory Optimization

- Setting optimum stock levels at each node of the network
- Detecting seasonalities and forecasting future demand for fast-moving and long tail items

/ The Impact

Unprecedented planning visibility and understanding of inventory

- **30%** reduction in spare parts stock
- **97%** service levels, even during seasonal demand peaks, a 12pp increase
- Improved ability to forecast the seasonality of new items including product substitutions
- Better visibility and reduction of obsolete stock

ratioform

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Mastering the Ecommerce Long Tail: Ratioform

Ratioform is B2B multichannel company and Germany's market leader in packaging (shipping, warehouses, offices).

"Apart from hard benefits, above all, it's the detailed insights that ToolsGroup gives a mid-sized company like ours that allows us to punch above our weight class in the market."

- Uwe Füllenbach, Executive Board Member

/ The Challenges

- 90% long-tail SKUs
- Difficulties balancing working capital costs with service level goals
- Inefficient procurement process
- Heavy planner workload
- Unnecessary safety stock
- Need for ERP integration

/ The Solution

Solutions: Demand Forecasting & Planning and Inventory Optimization

- Integrated into ERP in six months
- Groups and optimizes orders
- Analyzes at order level
- Evaluates trade-offs between bulk prices and cost of holding inventory
- Algorithms that reduce total cost of inventory by optimizing discounts

/ The Impact

Service level improvement that recouped software investment in less than a year

- **97%** service levels
- **3-4pp** improvement in product availability
- Ability to analyze orders at SKU level provided new insight into demand patterns and seasonality,
- Improved forecast quality
- Full integration with MS Dynamics AX ERP software