Telecom Retail Distribution

With the explosion in mobile phone ownership and use, retail distribution is a crucial channel for the telecom industry. Within owned and franchised stores it is important to maintain high shelf availability while optimizing inventory investment.

Optimizing Retail Distribution

This is an opportunity for the telecom operator to create a system spanning three separate enterprise levels in which demand is sensed at the stores and translated into demand signals propagated through the entire supply chains of 1) the stores and distributors, 2) the operator and 3) the OEM supplier, such as Apple, Samsung, and Xaomi.

ToolsGroup Service Optimizer 99+ (SO99+) addresses the challenge of synchronizing retail demand and supply by offering a single integrated system that can fine tune forecasts with demand sensing capabilities and replenish inventory by recommending new orders and/or reallocation from suppliers.

- Demand sensing drives "service-driven" pull replenishment for the entire network
- A "single model" approach guarantees customer service levels across the network via optimal inventory levels in the pull system
- Multi-enterprise network visibility provides time-phased demand signal, replenishment, and projected inventory

This new approach replaces store-initiated provisioning orders with a new centrally planned demand-driven model that automatically generates replenishment orders. By leveraging store data on stocks and sell-out, telecom retailers can achieve sustainable shelf fill rates as high as 99% with less global inventory.

Demand Planning and Sensing

The solution starts with best-of-breed forecasting and demand planning software. It incorporates many internal and external elements into forecasting demand such as: market trends, seasonality, promotions, new product launches, projected product and stores life cycles, returns and substitutions.

SO99+ Demand Planning eliminates the need for continual forecasting and inventory model tuning. This "self-tuning" breakthrough simplifies the demand/ inventory planning process.

Inventory Optimization

SO99+ Inventory Optimization analyzes daily store-level demand to generate in-store and upstream inventory targets. SO99+ helps to avoid lost sales, maintaining optimally stocked shelves even during periods of heavy demand and applying proper inventories defined for each item-store category combination.

Distribution Requirements Planning

SO99+ Replenishment Planning automatically generates time-phased replenishment and purchasing proposals, respecting factory lead times, initial allocation quantities and follow-on allocation plans. It accurately factors in both internal deployment plans (between distribution centers and stores) and suppliers. Centralized automatic store replenishment maintains the target service level, avoiding stock-outs and generation of obsolete inventory.

Case Study

A telecom operator with 1500 owned and franchised stores was operating with a decentralized replenishment model where stores issued provisioning orders to the operator's Distribution Center (DC) following their own experiential criteria. In a fiercely competitive market, this business model was not sustainable. Out-of-stock situations were common, inventories were high and obsolete and franchise owners were beyond their credit limits.

After integrating store data (stocks and sell-out), SO99+ was able to produce daily automatic replenishment proposals. In one year, service level at the store increased 12 points to 98% and global network inventory investment was reduced by 50%. In addition, the manually intensive store ordering process was replaced with a highly automated planning process without adding to central planner workload or headcount.