End-to-End Control

AMPLIFON SENSES DATA FOR COMPLETE SUPPLY CHAIN VISIBILITY

With a 9 percent global market share, Amplifon Group **(www. amplifon.com)** is a major player in the global distribution, application and customization of hearing solutions in 22 countries on five continents. Operating in a highly competitive, diverse and fragmented market, Amplifon distributes its equipment across a network of more than 2,100 direct stores, 3,200 "shop-in-shops" and "corners" in third-party pharmacies, and an additional network of more than 3,100 indirect points of sale (POS), franchises and affiliates.

All this adds up to a highly complex extended supply chain. Over time Amplifon lost full oversight over its inventory, particularly which products needed replenishing and the assortment of products to be distributed to stores.

In 2014 Alessandro Nobile, Group Purchasing & Supply Chain director, Amplifon, led a project to boost inventory efficiency and integrate distribution and sales processes. He explains, "Amplifon's supply chain doesn't end at the point of sale. It's a forensic process that involves monitoring the whole product life cycle and includes reverse logistics of trial products."

Amplifon decided to implement ToolsGroup S099+ **(www. toolsgroup.com)** to manage planning and replenishment. The goal was to achieve operational excellence by enabling retailers to provide the highest level of service at the POS while removing the burden of inventory management and logistics.

"The project started in Italy and the Netherlands as a local initiative to review and enhance the planning and replenishment operations (process and tools), based on a centralized stock management," he says. "Group decision to roll out the system to other countries within the EMEA region or regions is under evaluation. The current focus of the project is only on the B2C business."

By overhauling its processes and systems, Amplifon now has

Amplifon operates differently in each region. In the United States, where it is known for its Miracle Ear brand, Amplifon's suppliers manage all purchasing and logistics in a B2B model. In EMEA, suppliers and central warehouses in the Netherlands and Italy distribute products directly to retailers in a B2C model.

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> — Alessandro Nobile, Group Purchasing & Supply Chain Director, Amplifon

end-to-end control of the supply chain and complete visibility of all operations. ToolsGroup software senses data at every stage of distribution, including at the POS and by channel, enabling Amplifon's planners to identify demand trends, trigger alarm signals, and improve responsiveness between planned and actual supply chain events.

"Planning and replenishment both fall under the Logistics Director's responsibilities, but each now belongs to different functional teams," he explains. "With the implementation of SO99+ the company

decided to split the functions and create an Inventory and Replenishment Manager. Now, thanks to an intervention at the level of process, organization and systems, we have complete control of the end-to-end supply chain and complete visibility on operations."

Detailed demand forecasts are generated for sales and marketing teams, and for determining optimal inventory levels.

"For Demand Planning, we introduced statistical forecasting to calculate baseline demand and provided the team with tools for planning the de-

mand uplift during campaigns and promotional activities," he notes. "We deeply analyzed the replenishment process to improve both automatic replenishment procedures for our shops and collaboration with suppliers. Advanced inventory planning techniques were introduced to optimize the inventory both at the central warehouse and in our shops."

Amplifon is now able to determine the right mix of products in stock and high rotation products for each POS. Each item is automatically replenished according to each retailers' specific requirements, pace and sales strategy. The company has substantially increased the service level across the entire supply chain while striking the right balance between inventory safety stocks and holding costs.

Sensing short-term demand data and integrating it into Amplifon's sales forecast has allowed the company to optimally allocate stock across the distri-

bution chain, cutting inventory by 18 percent and obsolescence by 40 percent. In addition, these reductions came with a significant improvement in the quality of customer service.

"Amplifon distributes products to owned shops and franchises. Before implementation, the shop managers of both channels used to define the assortment and the inventory target by SKUs (in-shop)," says Nobile. "This process is now centralized and decisions are taken by the central Inventory & Replenishment team. An important and considerable effort was invested to drive this pivotal change, which has proven to be very effective and welcomed by the shop managers. Ultimately, they were relieved to be free from supply planning so that they could concentrate on sales. A key success factor was the introduction of an S&OP meeting, during which they build consensus with sales and marketing on replenishment decisions." ❖