

Six Inventory Optimization Secrets

for the Digital Age

In a world of demand uncertainty and supply chain complexity, understanding these points will help you chart your inventory strategy.

1

Long-tail demand changed inventory optimization forever.

Items with intermittent, unpredictable or “long tail” demand are a growing part of business, but traditional supply chain applications aren’t designed for high variability demand. Inventory mixes and service levels get out of balance, leading to excessive costs, waste and obsolescence.



72% of supply chain leaders say predicting where to position inventory in the network is a moderate to high challenge.



2

ABC inventory analysis and spreadsheets aren’t cutting it.

ABC classification can’t identify the truly optimal stocking level and service for each SKU-Location given the complexity of today’s multi-echelon inventory networks. As a result companies struggle to meet service level and financial goals sustainably.



3

“Service-driven” inventory optimization is a better way.

Optimize every SKU-Location against a target service level for each service class. The result is an aggregated service class goal with the lowest possible stock investment. Then a unique stock-to-service curve shows you how to service customers while minimizing inventory.



Smart supply chain planning can reduce inventory holding costs by 12-25%





4

Probability forecasting is the only reliable approach for long-tail demand.

Advanced algorithms crunch demand variables to identify the probabilities of a range of possible outcomes. By considering both order lines frequency and order lines size, probability forecasting allows you to generate accurate demand behavior much more quickly than considering demand history alone.



Smart inventory planning can reduce obsolete stock by 5-20%

5

Machine learning improves inventory optimization—and elevates planners.

Machine learning's ability to find patterns in huge data sets and also get smarter over time make it the perfect complement to human demand and inventory planning efforts.



Supply chain planning automation can reduce planner workload by 50-90%



6

Learning to trust the system enables better inventory results.

It's tough for companies to trust smart planning systems that aren't transparent like spreadsheets. Business leaders can unlock greater productivity and financial benefits when they're willing to take their hands off the wheel.



Is Your Inventory Strategy Ready for Anything?

Check out our ebook: [How to Optimize Inventory in the Digital Age](#)

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How to Optimize Inventory in the Digital Age

For businesses with complex supply chains and demand uncertainty, service-driven inventory optimization is the better way to optimize inventory in the digital age. Here's why.

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