



CUSTOMER STORY

# Polaris

Polaris's power sports supply chain is full speed ahead with automated planning

## Introduction

Founded in Minnesota, USA in 1954, Polaris is a world leader in the powersports automotive industry, developing and manufacturing snowmobiles, all-terrain vehicles (ATVs), Indian motorcycles and other recreational and military vehicles. It has had a presence in Europe for the past 25 years; its Swiss headquarters was founded nine years ago and serves Europe, the Middle East and Africa (EMEA) through a network of distributors and dealerships.

## Industry

- Manufacturer
- Recreational/Automotive
- Spare parts and accessories

## Solution

- Demand Forecasting & Planning
- Inventory Optimization

## Results

- Service level improved 10 percentage points
- Inventory reduced by 15 percentage points
- Planner productivity significantly improved

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## Challenges

After its inception, the EMEA division of Polaris stumbled over several common supply chain obstacles, the first of these being the high service level expectations inherent to its industry. Most of its vehicles are sold for recreational purposes. Power sports equipment is often an impulse purchase, meaning customers don't want to wait for their products to be available. This need for high availability

also applies to Polaris’s agricultural and utility customers who use Polaris vehicles for work. In addition, customers usually personalize their vehicles, selecting accessories and modifications at retail locations. This means most of Polaris’s fleet is accessorized in retail shops, not factories. Dealers and retailers must have a ready supply of spare parts and accessories in order to quickly customize their orders. With such a diverse and extensive range of products, this can lead to excessive inventory levels. “Providing a good service level is crucial to the customer

experience,” says Ilaria Maruccia, the EMEA WG&PGA SIO Manager, “but good customer service in terms of service levels and inventory availability often comes with huge inventory levels and too much capital being immobilized in warehouses. Some inventory ends up never being sold and that’s a huge risk.”

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This enormous range of products is conveyed through the company’s distribution network, a labyrinthine system weaving together distributors, dealerships and retailers, some of which Polaris supplies directly and some of which have their own networks bridging the gap between manufacturer and retailer. Two European distribution centers store the parts and accessories that serve all of its dealers and distributors throughout EMEA and Russia. Because its network covers such

a large area, the company also has to navigate regulations that vary not only region to region, but also from country to country.

This network requires a powerful tool to keep it running smoothly, but at the time, Ilaria was Polaris’s only planner and spreadsheets were the only tool at her disposal. With no visibility on sales, two different ERPs and a business that was quickly outgrowing Ilaria’s Excel-based forecasting methods, it was becoming evident the company needed a new way to manage its spare parts and accessories business. “We realized we needed to have a proper tool, one that was more robust, stable, reliable, efficient and effective.”

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## Solution

With a “let’s get it done” mentality, Polaris began investigating the market to find a supply chain planning solution. After evaluating a number of other planning vendors, it selected ToolsGroup’s Service Optimizer 99+ (SO99+). “We picked ToolsGroup for its ease of use and because it’s a cloud solution, which meant it required zero investment in infrastructure.” Ilaria also appreciated the minimal labor required to implement the tool, which she did almost single-handedly. “I worked on it with a little support from my IT team to synchronize the exchange of data. I think we got it done in three to four months. It was not labor-intensive. It didn’t require a huge investment in time, capital, or personnel. I loved it because it was fast, effective, and I could really tailor-design it for what we needed.”

Polaris uses SO99's demand planning and inventory optimization capabilities to better balance its investment in inventory with its high service level targets. The solution makes it easy for planners to understand, review, and alter the forecast when needed. "The forecasting in SO99+ is very visual. At a glance, you can see if things are working right or if there's something that looks weird. It really talks to you and it's super easy to switch between the dollar view and unit view, if you want to dig into details. When we do detail planning, we always look at the unit level, at the pieces that we're trying to sell. But when it comes to parts and accessories, the value of an engine and a screw aren't comparable, so being able to find a balance between cost and service is critical."

This ease of use extends to planner intervention as well. According to Ilaria, "It's very easy to apply commercial overrides. We can do it at a country-specific, regional level or when there's a little bit more uncertainty, we can do top-level overrides and the tool will automatically proportion the change across the region. It's extremely functional and easy to use."

SO99+ easily integrates with Microsoft Dynamics, absorbing output from the ERP system and then generating the forecast and setting optimal safety stock levels. This information supports the replenishment process within Microsoft Dynamics and the smooth exchange of information helps save valuable time and planner bandwidth.

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## Results

With SO99's probabilistic forecasting and stock mix optimization, the company has seen significant improvement in critical performance indicators. "The first two years, we really turned the business around. We reduced inventory by 15 percentage points and improved service levels by 10 percentage points."

Perhaps the greatest boon to Polaris's supply chain management has been the increased planner productivity. As Ilaria explains, "One of the nice things about using SO99+ is that it basically runs itself. We intervene whenever needed, but the 'whenever needed' is limited, such as flagging exceptions or following up on some weird situations we need to fix. Part of the beauty is the ease of use. It's intuitive, it helps make changes quickly and it saves me two people. Four years ago, I was on my own, but now I have a team of five. Without SO99+, I'd need two more people on my team, at least. The tool is very reliable and has helped us get where we wanted to be."

This automation is saving Ilaria and her planners valuable time and helps them strike the right balance between a self-adjusting system and planner input. "Now we can focus on more added-value work because the data crunching doesn't consume any time on our end. It's a good interaction between humans and machines. We let the machines do the dirty job, the one where humans don't add value and actually sometimes get things wrong. That way, we can really focus the team's efforts on the qualitative part of the job, like understanding trends and

spotting exceptions. We can do what humans are supposed to do in an organization, which is add value. It makes the process more consistent with less mistakes. It's more reliable and it frees up time to interact with all our counterparts in different countries so we can collect qualitative data rather than spending time in manual execution and data crunching. Now we can look at data from an analysis perspective."

With an adaptable, automated system providing impressive results they can depend on, the planners at Polaris are confident they can be ready for any surprise the real world throws at them.

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