



CUSTOMER STORY

ConsumerCo

Response to the unique challenges faced in CPG

Challenges

Like many of its competitors, ConsumerCo is seeking to move closer to its customers and achieve service level excellence without skyrocketing inventories.

Industry

- Consumer Goods

Solution

- Inventory Optimization

Results

- Multi-million dollar savings
- Improved customer service levels through optimized inventory

Company Overview

ConsumerCo is a Fortune 500 global consumer products company that sells its products in more than 200 countries around the world. A segment of ConsumerCo's North America's operations became one of the first businesses in the world to implement a customer service-driven Inventory Optimization system directly linked to SAP APO.

Project & Objectives

ConsumerCo's implementation features a new management process whereby customer service-level policies are strategically set by collaboration between supply and demand chain personnel. An analytics engine in ToolsGroup's SO99+ then optimizes the finished goods inventory mix and allocation around these policies. The system, which runs daily, identifies optimal safety stock and inventory targets for each SKU in the multi-echelon distribution network. It sends the targets to the SAP APO supply chain planning system for daily planning.

Promotional/specialty packaging, which is an increasing part of the consumer goods business, is managed as well. To meet this important requirement, SO99+ optimizes the inventory levels of the components across the multi-echelon network to drive specialty-packaging assembly at very high fill-rates.

Solutions

At ConsumerCo, SAP APO concentrates on the flow of materials through the supply chain and the impact on supply chain resources for example, how an inventory buffer should be replenished to bring inventory back up to predetermined safety stock levels. The job of calculating those safety stocks as part of an optimal inventory mix is the focus of ToolsGroup's SO99+.

Stock mix optimization provided by SO99+ and SAP APO allows ConsumerCo to address this problem as part of an efficient Demand Driven Supply Network (DDSN) solution. SO99+ calculates the supply and demand variability, optimizes inventory targets, and globally mixes the inventory, item by item at each location across the network.

Benefits

Following a successful rollout of ToolsGroup SO99+, ConsumerCo then implemented it in a second division after a strategic assessment showed a multi-million US\$ savings potential in that division also. This was followed by a global roll-out to all major business segments and geographies.

+ About ToolsGroup

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