



CUSTOMER STORY

Rajapack

Automating Inventory Replenishment Delivers 75% Planner Productivity Improvement

Challenges

- High stock value, especially for slow movers
- Difficulty in monitoring behavior of 4,000+ products
- Service level instability and stock-out penalties
- Excess time spent on inventory planning

Industry

- Wholesale Distribution
- Retail/eCommerce

Solution

- Demand Planning & Forecasting
- Multi-echelon Inventory Optimization (MEIO)
- Allocation & Replenishment

Results

- Greater service level stability: Increase of 0.4% to 98.92%
- Reduction in stock-outs for seasonal products
- 75% planner productivity improvement
- Reduction in days of inventory outstanding from 76 to 69

Company Overview

As a branch of the RAJA Group headquartered in Italy, Rajapack distributes more than 4,000 packaging and office supply products to 70,000 customers throughout the country, guaranteeing delivery in 24 to 48 hours. The company delights customers by providing not only an expanding catalog of

items always in stock, but also scheduled multi-site deliveries, customized consultancy, and e-procurement services.

Thanks to its exceptional service and strong multi-channel business model, Rajapack has enjoyed rapid growth, and has recently doubled its distribution capacity to 12,000 square meters.

Project & Objectives

"Rajapack is our customers' packaging supply 'warehouse', giving them access to everything they need, when they need it, without the burden of inventory management", said Lorenza Zanardi, general manager of Rajapack Italy, who led the company to more than triple annual revenue since 2010. "The challenge for us is to understand how best to manage customer inventory in order to continue to win their business".



The ToolsGroup solution is extremely dynamic and flexible; we can quickly and easily modify product/supplier combinations and add new rules. This is critically important for us, in an industry characterized by high variability."

Because all Rajapack products need to be delivered within a 24 to 48-hour window, the ability to monitor stock in real time is critical. Products can range from very small to voluminous, and there are seasonal products with different purchasing constraints and lead times, which contributes to the complexity of having the right products in the right quantities to fulfill orders on time.

Adding to the challenge was the need to reduce excessive time spent on inventory management, taking planners away from trading and speculative purchases. And with its warehouse almost at saturation point, capacity was also a constant concern.

Solution

To guarantee the ever-increasing customer service level as well as improve planner productivity, Rajapack selected ToolsGroup Service Optimizer 99+ (SO99+) supply chain planning software. SO99+ would be a critical component of Rajapack's supply chain planning process, enabling efficient management of an expanding product line. "Before ToolsGroup, the replenishment process was done manually using spreadsheets", explained Matteo Azzali, purchasing manager for Rajapack Italy. "We were able to generate a forecast based on average consumption over the previous three months, which was satisfactory for fast-moving items, but extremely inadequate for seasonal products, or those with very intermittent demand". To cope with the lack of long-term visibility, and avoid stock-outs, Rajapack was forced to overstock many of its items, or frequently use drop shipments, resulting in significant excess cost.

The ToolsGroup solution was selected to help Rajapack manage large volumes of data, improve sales forecasts and optimize stock management, as well as automate the entire purchasing process and focus resources on value-added activities. The main goal: improve service levels for the end customer.

Results

ToolsGroup SO99+ now manages weekly orders to the parent company, which supplies slow and medium moving products with a lead time of five days, and standard orders to suppliers. The improvements to portfolio management and replenishment were immediate. Before ToolsGroup, the team had to work daily to manually control every item required to generate purchase orders. Today ToolsGroup SO99+ automatically generates purchasing proposals based on predefined rules and constraints around minimum orders, lead time, volume, and pallet multiplicity. This automation has allowed Rajapack reduce the time spent on purchasing proposals by 75 percent. Rajapack was also able to improve forecast accuracy and to define a special service rate for each class of product, focusing on Class C items, where stock-outs were more frequent and for which a coverage of 30 to 120 days is forecasted. Service level has increased as well.

"The ToolsGroup solution is extremely dynamic and flexible; we can quickly and easily modify product/supplier combinations and add new rules. This is critically important for us, in an industry characterized by high variability," explained Mattia Montini, inventory control supervisor of Rajapack. "ToolsGroup has simplified managing multiple suppliers on the same code, because it indicates the most profitable partner at that time, considering lead time and price. It's effective for managing speculative purchases, where the trade-off between purchase convenience and overstock risk is fundamental."

Another critical benefit of automation enabled by machine learning in SO99+ is freeing planners from repetitive operations while keeping control of the process in their hands. For example, it manages new product introduction, so if a customer replaces a product with another, planners can easily modify future proposals to associate the new item without losing information, which was previously impossible.

Zanardi summarized the positive impact of supply chain planning automation: "The results we've achieved with ToolsGroup have made Rajapack Italia a benchmark for the group's subsidiaries in replenishment management."

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