Supply Chain Visibility
Webinar Series

Automated Order Processing and Proactive Inventory Management



With:
Irina Rosca



Moderated by:
Shelley Trout

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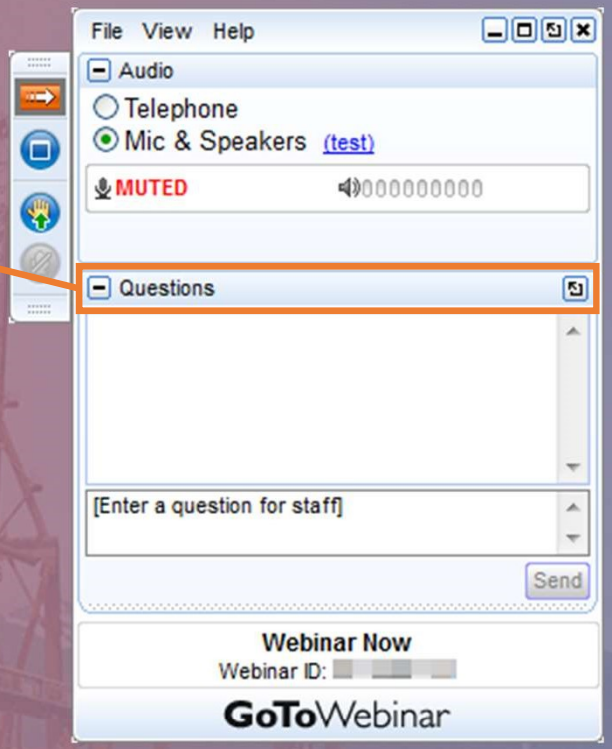
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About Irina Rosca

Irina is the Director of Supply Chain Operations at Helix, a company whose mission is to empower every person to improve their life through DNA. Irina results-oriented leader with a proven history of successful operational stewardship and improving global supply chain strategies in various sectors including wine and spirits, food, CPG and biomed. Irina is a strategic and data-driven problem solver with proven track record of leading global teams to implement novel worldwide supply chain strategies with the goal to improve customer service and bottom line gains. Her approach and decision-making process are driven by her strong financial and analytical skills complemented by a deep understanding of international markets and ability to see the long-term organizational strategy.

Irina holds an MBA from Brandeis University and BA from Cleveland State University.



About Shelley Trout

Shelley went to UC Berkeley and majored in Anthropology & Archaeology. After working at the Center of Digital Archaeology, she became fascinated with digital representations of personality and culture, and now leads Webinar Production at Aggregage, providing some of the most interesting thought-leaders across a wide variety of industries with a space to celebrate the diversity, depth, and experience of their professional cultures, personalities, and passions.

Automated Order Processing and Proactive Inventory Management



Safety Stock: Everybody Wants to Use, Nobody Wants to Own.



Proactive Inventory Management Through Order Automation



Why is this important?

US “retail apocalypse” -> brick and mortar retailers reducing footprint.

- Cost of doing business globally continues to increase.
- Consumers expectations for process improvement.
- Global disruptions affect supply chain and business stability.
- Nimble supply chain, shift seamlessly to supply B2B and B2C marketplaces capture all revenue $$$.
- Data driven decision making- what is relevant to the business?



Leadership Team Asking These Questions?



- How to improve order processing and accuracy?
- How to streamline customer service operations without negatively impacting customers?
- How to reduce errors in pick, pack and shipping services?
- How to improve Days Sales Outstanding and Cash Conversion Cycle time?
- How to improve customer satisfaction and retention?
- How to reduce the overall cost-to-serve customers?
- What enabling technology can lead to improved processes for customer order entry and processing?
- How to improve supplier relationships?
- How to improve financial reporting, AR and AP statements?



Proactive Inventory Management Through Order Automation



There's no room for complicated commerce in the current market.

Integrated inventory planning starts with the strategic use of **all consumer** point of sale data in all aspects of demand and supply chain planning with specific solutions designed for refining omni-channel transactions.

Focus to improve:

1. Faster time to market
2. Customer service
3. Transit times
4. Network inventory
5. Operating costs
6. Reverse logistics
7. Risk management

How Does Automation Support Improvements to Supply Chain Operations?

- **Right Product/ Right Time**

Real time order information can support a focus on demand driven supply planning.

- **Better, Faster, Cheaper**

Emphasis on getting the product in the customer's hands in the best condition, shortest time and at the lowest cost to the company.

- **Shift to Predictive and Prescriptive Analytics**

Seamless integration from sales order entry, through forecasting and supply planning models, to purchase orders outstanding to mitigate risk and find opportunities for continuous improvement.

- **Manage Cycle Time Impacts**

Depending on total supply chain cycle time, not having real time visibility and analysis of demand information can significantly affect sales and the bottom line.



A Closer Look at Inventory Metrics

- **Customer Order Cycle Time-** Measures the time to deliver a customer order after the order is received by company.
- **Inventory Turnover-** Measures the number of times inventory is sold in a specified time period. A higher rate indicates an efficient supply chain.
- **Days Sales Outstanding-** Measures how quickly the order can be converted into revenue, more efficiency leads to a decrease in DSO.
- **Inventory Turnover Ratio-** Measures the number of times, over a set period, the average on hand inventory is sold/ turned over.
- **Days of Supply-** Measures a company's ability to cover average demand with the average inventory on hand, this is a strictly historical metric.



Proactive Inventory Management Through Order Automation

4. Supply Chain Intelligence for Strategic Planning

3. Improvements in Supply Chain Planning

2. Advance Demand Planning and Forecasting

1. Sales Order Processing Automation



Sales Order Processing Automation



Some organizations still process orders manually, with some requesting orders via fax… But Why???

Order automation is an organization's ability to capture all sales order information from different customer channels (B2B and B2C), on various platforms, and process the order in a centralized system without any manual intervention.



How Does it Impact Inventory?

Visibility into orders (real time demand) and faster order processing supports value-adde forecast recalibration, production and logistics planning which advance inventory metrics

Total Network Benefits:

- Improved Customer Communication
- First Mile to Last Mile Visibility
- Proactive Market Sensing and Analytics
- Immediate Trend Detecting for Enhanced Forecasting
- Strategic Network and Inventory Planning

Proactive Inventory Management Through Order Automation

Sales Order Automation

What is the value?

- Allows order information to be quickly captured and sent for execution.
- Ability to remove latency and redundant processes from the traditional sales process.
- Improve employee retention by reallocating labor to higher value added processes.



Create a Centralized and Automated Order Processing System that Provides Great Customer Service and Communicates with Back-End Systems for Supply Chain Intelligence and Analytics

B2B	B2C	SCM
Manage customer accounts and documents	Retain customer and POS information	Track customers whose orders are aligned/ misaligned to forecast or budget
Process orders and provide immediate acknowledgement	Provide immediate feedback on purchase	Visibility into at once and future orders to plan inventory and labor
Address claims and deductions on time	Process return claims and refunds	Analyze cost returns, rework or damaged shipments



How to Plan for Order Automation?

- Build it yourself or buy- ROI assessment.
- Connectivity capabilities- Seamless end-to-end connectivity for transaction processing and analytics.
- System should allow for centralized order processing and inventory allocation across all channels.
- Allow and support future growth.
- Easy, stress free process for all users but particularly customers.
- Supports exception management in order processing.



Existing System Setup:

- Cloud Enterprise Resource Management (ERP)
- Electronic Data Interchange (EDI)
- Order-to-Cash (O2C)
- API Integrations with eCommerce systems
- eCommerce portals.
- Purchase order management systems.
- Amazon or other 3rd party plug-ins

Benefits of Sales Order Automation

As technology continues to advance at a rapid rate, consumer reliance on technology deepens every day.

- Order accuracy- top benefit!
- Decrease order cycle time- top performers almost 300% improvements; decrease from 9.5 days to 2.
- 33% decrease in order processing costs.
- Decrease inventory carrying costs.
- Enable teams to focus on higher ROI activities- 34% employees shifted from order entry to customer facing positions.
- Keeping up with the competition.







Data from APQC Market Research

Advance Demand Planning and Forecasting



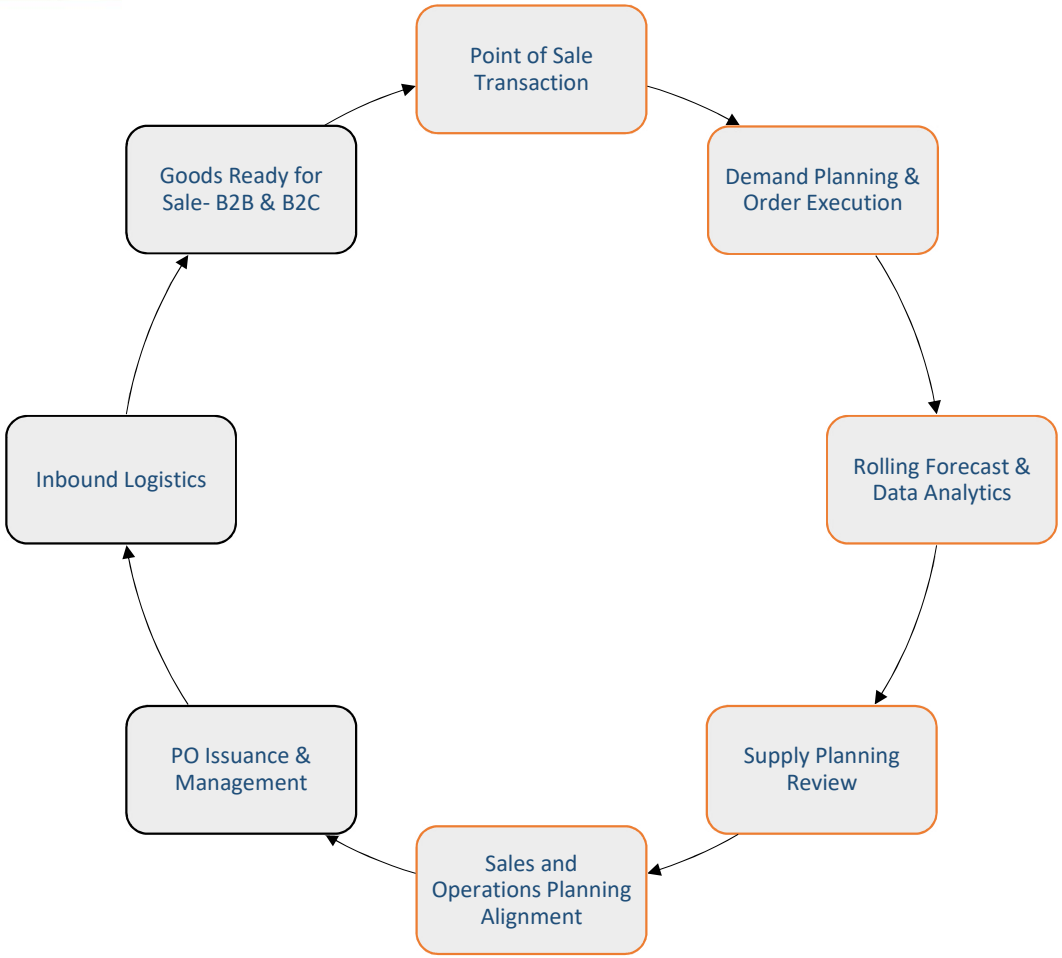
What decisions can technology manage better than humans?

- All benefits are directly proportionate to the speed of flow of **relevant** information and materials
- Omnichannel distribution creates **increased variability** across all marketplaces
- A more **variable** environment creates a **worse flow**- automation helps capture data in real time
- Point of sale trend **sensing and planning adjustments** help alleviate cash tied into long term inventory
- Sales order automation supports a shift from traditional supply constrained planning to demand forecasting.





Proactive Inventory Management Through Order Automation



Demand Driven Forecasting

Based on analyzing every customer transaction in real time create a highly accurate forecast for every SKU, location and channel across the business.

Companies are used to forecasting supply **not demand.**

- Measure the impact of marketing programs and business strategies that influence downstream consumer demand (***demand sensing***).
- Analyze various scenarios to shape and predict future demand (***demand shaping***) using POS data.
- Use consumer demand history and the future-shaped consumer demand forecast as a leading indicator in a supply model to **optimize supply volumes**.

Diagnose consumer actions change demand and supply planning to better match those behaviors.



Know and understand your customer



Proactive Inventory Management Through Order Automation



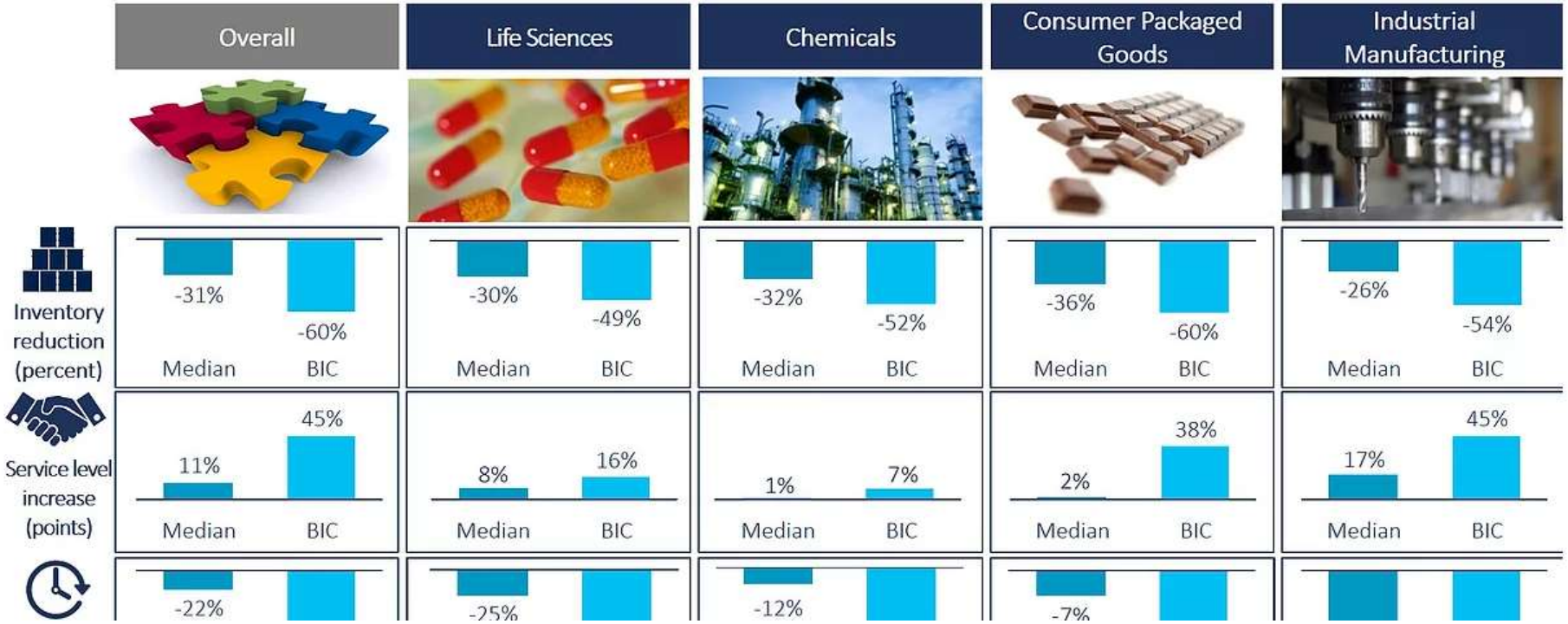
Building a demand driven supply chain requires enterprise wide adjustment.

- Decisions are based on relevant data and predictive analytics rather than subjective judgment.
- Take advantage of innovations:
  - Order processing systems retain important information- must be captured and interpreted real time NOT monthly or quarterly.
  - Search engine optimization data is readily available for consumer sentiment towards brand- data must be analyzed for demand forecast.

All data can be turned into supply chain intelligence- is your organization ready for this shift to automation?

Proactive Inventory Management Through Order Automation

Immediate Positive Impact!



Improvements in Supply Chain Planning



Optimized Supply Planning from Demand Forecast

- Translate the demand forecast into a precise, realistic and economically optimized inventory plan to meet demand
- Update the plan daily to reflect any potential changes in supply chain conditions, demand- based on real time customer analytics.
- Communicate 12 month rolling forecast with suppliers and level-set on a regular basis- be transparent!

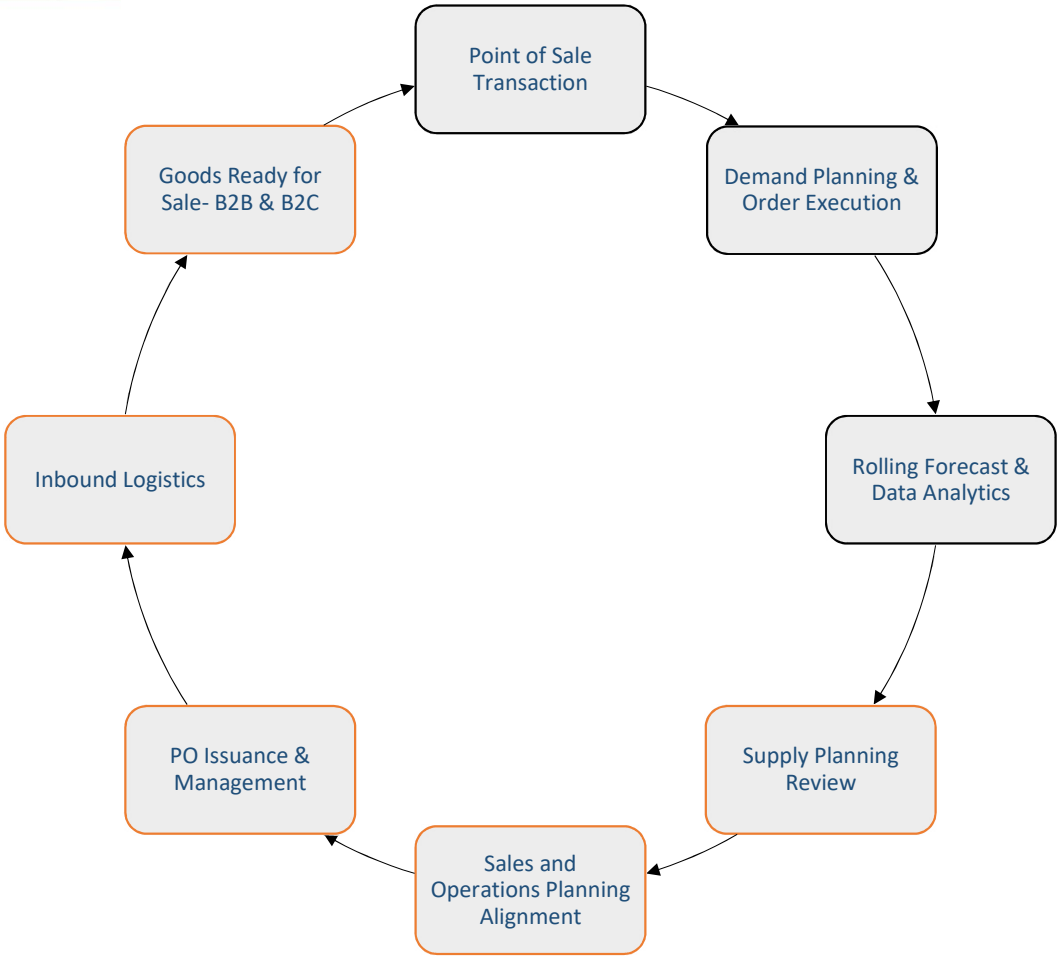


This end-to-end connected approach leads to:

- **10-30% Inventory Reductions** – reducing costs significantly
- **Quicker Inventory Turns** – considerably improving profitability
- **Increased Customer Satisfaction** – with automated service levels that help avoid stock-outs and lost sales
- **3-5% Revenue & Profit Increases-** reducing raw materials and manufacturing cost based on shared planning



Proactive Inventory Management Through Order Automation



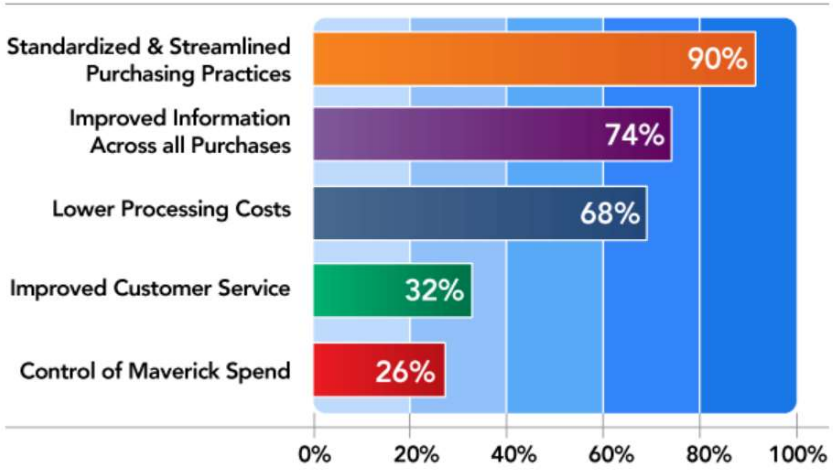
Proactive Inventory Management Through Order Automation

Order processing automation should not only focus on customer interaction- it can also improve supplier communication!

How?

- Front end automation eliminates batch order processing- immediate sensing helps level set supplier forecasts.
- Avoid the bullwhip effect by proactively interpreting consumer driven marketplace shifts.
- Back end automation eliminates the need for manual purchase order entry- orders come directly from approved supply plan.
- Centralize all supplier and production information- simplify communication, onboarding, payment, receipts, returns and audits.
- Implementing end-to-end order automation supports:
  - Successful NPI with improved demand sensing.
  - Inventory optimization at location.
  - Overall supply chain metrics.
  - Overall cash and ROI business metrics.

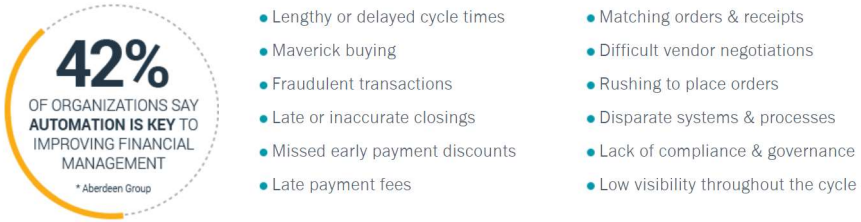




Data From Dynamic Point

Purchasing Automation

Refers to issuing purchase orders and supplier account management- inventory planning and internal alignment/ review on procurement should still be reviewed by team.



Automation helps improve:

Supplier Relationships: suppliers will have the latest information to ensure great customer service and low risk to their business

Total Supply Chain Cycle Time: eliminating email or fax communication from PO issuance, confirmation or changes can significantly affect lead times making the entire supply chain more efficient.

Logistics Costs: ability to provide carriers and 3PLs with long term visibility into capacity requirements.



Supply Chain Intelligence for Strategic Planning



You will have clean master data!

- Poor master data is a common underlying cause of failure - delays, rework, failed orders, poor customer experience which result in negative financial consequences for the organization.

- Automation will force a complete data cleanup from suppliers throughout all customer facing marketplaces and portals- all need to align on ONE source of truth!



Focus on:
Reducing exception management- orders will no longer come in with invalid product codes.
Increasing retail inventory visibility- tracking same product code.
Decreasing stock out at stores- collaborative planning.
Eliminate duplicate sales transactions- POS and backend system aligned on same data points.



Descriptive, Predictive and Prescriptive Analytics



Predict the immediate and prescribe the long term future!

- **Current Demand Sensing and Forecasting**
  - Bring in geographical and sales data points to see where and when demand fluctuates.
  - Learn when and where products will be most in demand before that occurs, thus ensuring there is no shortage in supplies and thereby maximizing profits.

- **Network Setup**
  - Tactical selection of qualitied suppliers based on data driven models.
  - Forecast possible outcomes in facilities selection-> highest possible profit margin.
  - Strategically-placed distribution centers meet demand once it is recognized.
  - Warehouse metrics such as rent and labor costs, and factor in geographical and sales data to forecast the most profitable locations available.





So Why is This Important?

Proactive Inventory Management Through Order Automation



Immediate savings- take control of inventory planning with accurate data.



Stay ahead of US “retail apocalypse”



Build a nimble supply chain, shift seamlessly to supply B2B and B2C marketplaces capture all revenue $$$



Manage the cost of doing business globally



Exceed ever changing consumer expectations



Predict where your supply chain need to be based on the voice of your customer



Q&A



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