



## Telecommunications Company Demand Planning and Supply Optimization

### **Challenges**

A telecommunications company was a large logistics operator with a complex supply chain. The supply chain supported three key areas of business; wireless accessories and handsets sold in retail stores across Europe; parts for building and maintaining the wireless network; parts used by tech operations to service house calls. There was a lot of capital tied up in inventory in each of these business areas including significant contingency stocks to prevent stock outs and poor service levels. Also contributing to the inventory investment was the complexity of the multi-echelon supply chain including 50 distributions centers, 1,500 vehicles, 1,500 products, 60 retail stores and external distribution of wireless accessories and handsets. This complexity required millions of forecasts and made it difficult to make accurate replenishment decisions.

### **Solution**

The company developed a demand and supply planning solution using SAS software. The solution was designed to address the above challenges. The solution included a Shared Service Center to deliver more accurate demand forecasts, create a more efficient, faster and more accurate supply chain process, and provide a positive return on investment from lower inventory and reduced supply chain costs.

The solution included the following capabilities:

- Performance reporting including financial reporting, monitoring of stock turnover and inventory write-down
- Ability to perform root cause analysis across supply chain operations
- A dynamic inventory replenishment forecast based on knowledge of the time of delivery, consumption, variance, order costs etc.
- An accurate and ongoing forecast to improve delivery quality and hence customer satisfaction both internally and externally

### **Results & ROI**

The solution was deployed with significant support from management and a successful change management process. The solution included new work processes, a more efficient and effective supply chain, and provided a wealth of supply chain performance information to each part of the business. The business and financial impact included:

- Reduction in spend of \$32 million
- Reduction of inventory by 15% with a cash flow improvement of \$10 million
- Reduction in FTE's in the supply chain of 25% (261 to 187 people) saving \$7 million annually
- Creation of a single centralized supply chain with 1 distribution center, 1,500 vehicles and 60 retail stores supported 6 separate businesses
- Increase in customer order fulfillment of 3% (from 95% to 97.5%)