The financial benefits of using supply chain planning technology are always a matter of debate. However, over many years OMP has gathered information from customers who have implemented the solution. Here is an overview.
Inventory management is dramatically improved by integrating long- and short-term planning decisions and providing a clear view on future inventory evolutions. Planning simulations allow the financial benefits of inventory balancing to be maximized. This typically leads to a 5 - 10% reduction in finished goods inventory and a 3 - 5% reduction in work-in-process and raw material.

Taking inventory management to a higher level

Up to 10% improvement in working capital

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The solution allows demand trends with rapidly evolving customer needs and preferences to be captured, and the product portfolio to be adjusted accordingly. Each product’s margin and asset utilization rates are taken into account, allowing optimal production volumes from a financial perspective to be determined. This typically leads to a 1 - 3% increase in sales turnover.
Improved and intensified collaboration by planners across the entire supply chain leads to significant operational efficiency gains. Demand changes and supply disruptions are addressed more rapidly. Simulation capabilities allow managers to select the best cost-to-serve scenarios. Special tools such as cutting, blending and shelf-life optimizers further improve efficiency. This leads to lower labour and energy costs as well as less waste and substandard yield volumes, making for a 5 - 20% cost reduction.
With planners across the supply chain working in unison, asset capacities can be reserved much more accurately, leading to 15 - 20% fewer unplanned downtimes. Multiple KPIs, including service level, stock out, and setup and idle time indicators, can be balanced to increase asset utilization. The financial implications of a scheduling disruption are immediately indicated, allowing the appropriate action to be taken quickly. Overall asset utilization improvement typically leads to a 1 - 3% turnover increase.
Implementing a comprehensive planning solution to cover the supply chain from end to end leads to significant savings in IT maintenance costs and personnel training. This is particularly true when dealing with global supply chains and workforces. In addition, automating tedious tasks is a positive evolution in several respects: it allows planners to focus on adding value rather than problem-solving, and gives high job satisfaction. In general, this can lead to a 20 - 40% increase in talent retention.