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Matching demand with the best supply capability

Supply chain analysis & optimization using apps



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Apps are everywhere...



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Except in our business environment....

About cows, chickens and pigs



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The case

EMEA centered company in animal nutrition* has multiple factories and serves various markets in Europe and abroad with a wide range of products for different applications.

Market is developing. Their IBP process demands for fact based decision making based on scenario analysis.

*: Any resemblance to existing companies is a coincidence.



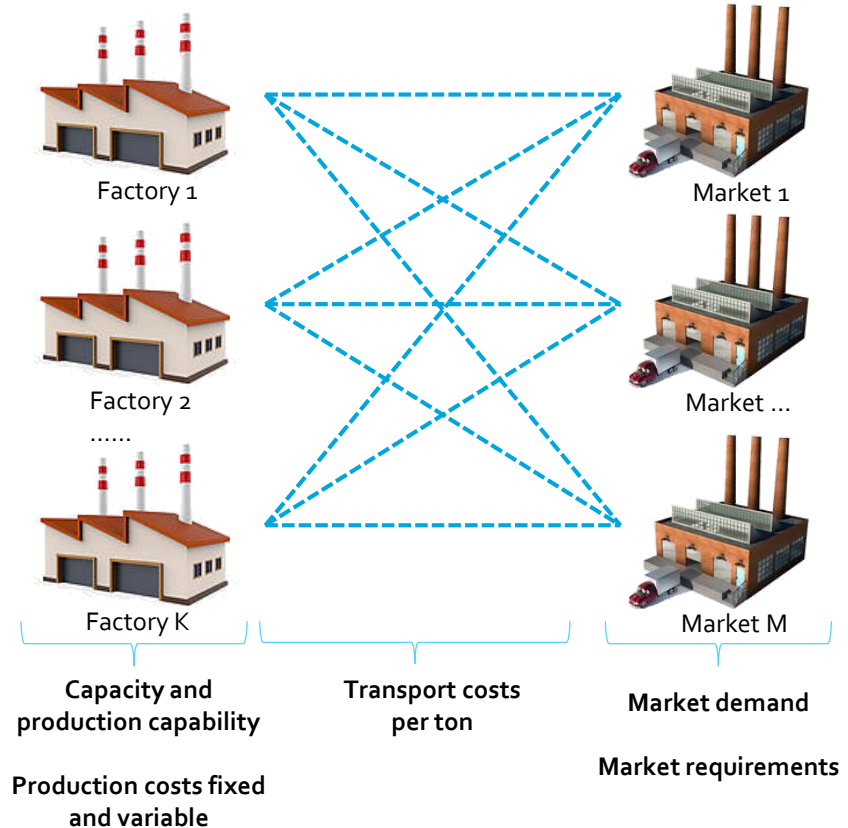
Supply & Demand characteristics

Factories:

- 7 “regular” factories: Netherlands, Belgium, UK, Ireland, Germany, Poland, Turkey and South Africa
- 1 “animal health” factory: UK
- Each factory has fixed (volume independent) and variable costs (volume dependent)
- Different capacities and capabilities

Markets served:

- Serving markets for three species (pork, poultry and ruminants)
- 5 product categories (incl. animal health)
- Serving home market and export markets.
- Market requirements that are to be considered.



Typical IBP related questions that can be addressed via the App

The monthly S&OP cycle takes 3 weeks from demand review till S&OP and has to deal with question like:

1. How to deal with sales growth in upcoming markets (e.g. Africa and Asia)?
2. Shrinking demand in Western Europe, where to reduce capacity?
3. Bird flue... and supply is stopped from one factory – how to supply the other markets?
4. How to deal with political circumstances: trade-ban (e.g. Russia)?
5. How will new legislation and requirements (f.e. Middle East: no supply from pork producing factories)?
6. ...



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How to make it successful

Conditions for success to power your organization with decision making capabilities based on optimization :

1. Easy data extraction, transformation and validation with your data sources.
 - Reasonable quality of master data: avoid garbage in, garbage out.
2. Agile modeling to translate your business problem into mathematics.
 - Formalized planning logic.
 - Focus on the essence.
 - Combine modelling and planning domain expertise.
3. Rapid creation of an app enabling you to run scenarios yourself.
 - Cloud based deployment.





The pitfall: the paradox of choice

Analysis Paralysis

- Over-analyzing a situation so that a decision is never taken
- Less is more – too much choice is stressful

Counter measures:

- Limit the number of scenarios
- Force decision making
- Recognize that “all of the moons will never align” (Business Assumptions)



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