

# Investing in Growth

BY DANNY HALIM

Hosted Supply Chain Planning Solutions Can Help Mid-sized Businesses Tackle Their Most Pressing Challenges and Capitalize on Expansion Opportunities



**A**s the economy rebounds, today's mid-sized companies are in a uniquely challenging situation: they must drive innovation in both their products and internal processes while establishing a foundation for growth and keeping pace with increasing customer expectations. Simultaneously, any solution to help companies achieve this goal must deliver value fast – or they will never get off of the drawing board.

A recent IDC Manufacturing Insights<sup>1</sup> report captured the dichotomy between lowering operational costs and driving innovation. When asked about the business priorities that would drive their IT investments, 38 percent of mid-sized companies surveyed emphasized the importance of cost-cutting initiatives. Yet, top-line growth strategies such as higher sales volumes and faster product and service innovation were almost equally important to survey participants (36.7 percent and 38 percent, respectively).

Given the IDC report findings, midsized companies must make aggressive, decisive investments that support their growth strategies and also deliver a rapid return on investment. But how can midsized companies balance the need to invest in future growth while managing increasing cost pressures? The answer lies in initiatives that quickly capitalize on opportunities to increase demand responsiveness and reduce costs to improve cash flow without interruption to the day-to-day business. Technology, implemented in a non-traditional way, can help midsized businesses seize such opportunities.

## Looking Beyond Spreadsheets and Legacy Systems to Support Growth

The implementation of supply chain planning solutions is an obvious way to identify improvement opportunities and ways to drive down costs, thus generating cash flow from operations. But many midsized companies are missing out because of their persistent reliance on outdated tools. Typically, these tools consist of Excel spreadsheets and aging legacy systems that simply cannot match the speed and breadth of today's supply chain complexities. Additionally, they cannot accurately forecast the trends and needs of the future. This forces the business to rely solely on the speed and experience of its people. There is no denying the value of relying on an experienced team, but at some point the team becomes overburdened with tactical, routine issues, leaving no time for strategic business planning. The right technology can help.

Today's supply chain planning solutions can gather and analyze huge volumes of information from across the supply chain in real time. This enables companies to quickly identify potential opportunities and automatically adjust the supply chain plans to deliver high service levels and uninterrupted cash flow. By offering forward-looking capabilities, supply chain planning tools also help companies mitigate business risks by avoiding customer service failures, out-of-control inventory building and operational breakdowns.

## Managing at the Speed of Change – from 30 Minutes to 3 Minutes

A family-run food products company recently implemented supply chain planning solutions across its North American operations — and achieved impressive results. The company operates a very complex supply chain, delivering more than 1,600 SKUs to thousands of retail customers through 14 distribution centers.

The company has gained much-needed visibility into its North American supply chain with the use of supply

chain planning solutions to predict demand down to the customer and regional level. The company is also able to plan ahead of the demand curve by positioning inventory across its distribution centers and ordering the optimal amount of products from its suppliers in support of the demand. What used to take at least 30 minutes for planning each purchase order now only requires two to three minutes to complete. This allows the company to eliminate non-productive inventory and use the freed-up working capital to invest in growth initiatives.

Today, the business can quickly respond in real time to volatile customer demand. Not only has profitability and cash flow improved, but the company has increased service levels to 98 percent. Stock-outs are at an all-time low, allowing the company to provide differentiated service to its retail customers.

## Meeting an Aggressive IT Transition Deadline – On Time and Budget

Formed as the result of the merging of two large companies, a leading laundry-care manufacturer needed to establish a brand-new IT environment in five months. This aggressive IT overhaul included the replacement of the company's mission-critical supply chain planning and fulfillment applications. Magnifying this challenge was the fact that the company only had three IT resources and lacked the physical space to put the hardware and servers required to run new systems.

Faced with a looming deadline and limited resources, the company opted to let a leading supply chain provider host solutions that would enable it to govern critical aspects of the business, including safety-stock levels and distribution network planning. With the software provider managing the long-term, day-to-day running of its supply chain solutions, the manufacturer was able to meet its IT-transition deadline on time and on budget — and without any interruption to the business. In addition to the following benefits, the manufacturer boasts that it has not experienced any down time since day one, all while supporting more than 150 users:

- Avoided a hefty capital investment investment, including ongoing costs associated with ongoing costs associated with software, maintenance, network and infrastructure upgrades
- Gained innovative capabilities, fast response times and strong performance
- Secured an infrastructure with the flexibility to scale to support the most complex, multi-modal global network



## Taking Huge Strides for a Small, Low-Risk Investment

While there are hundreds of success stories like those just mentioned, many mid-sized companies may still be reluctant to implement new technology to manage their supply chains — perhaps fearing the financial and time investments needed to obtain world-class results. However, continuing advancements have made these powerful solutions faster and more cost effective to implement than ever before.

When considering whether to implement supply chain planning technology, mid-sized businesses can increase the return on their investment by remembering these critical strategies:

- **Focus on the most critical issues first.** Often, companies realize the biggest impact by simply making a small set of targeted improvements to their most significant supply chain pain points. Specific challenges they may choose to address include inaccurate forecasts, overstocks, missed deliveries or other roadblocks in their supply chain. Mid-sized companies should partner with their solutions provider to conduct an upfront value assessment that identifies a few critical areas for short-term improvement, as well as defining the potential returns.
- **Act quickly using existing data.** Mid-sized companies shouldn't let concerns about data availability hold them back. Today's supply chain planning solutions typically require only about 20 data points, which most businesses have at their disposal via existing

spreadsheets and legacy systems. Such solutions can help these companies develop fully automated plans that will serve as the basis for making better, more informed decisions.

- **Improve supply chain planning without burdening IT.** Implementing new technology can be risky. Mid-sized companies can avoid interruption to their day-to-day business and unnecessary use of their own IT resources by relying on the solution provider's experts to run the software for them. A hosted supply chain planning solution in combination with a team of knowledgeable experts and a proven implementation methodology allows companies to focus on adopting best-in-class supply chain processes that will drive value to their businesses. Additionally, such solutions can be implemented in as little as four months, resulting in a fast return on investment.
- **Ensure that the solution's functionality can scale.** As a company grows, demand for its product changes and market conditions shift, ultimately leading to greater supply chain complexity. To get the most from a technology investment, companies should assess the solution's ability to scale as the business grows in volume and complexity. As improvements are made in specific areas of its operations, the company can move on to tackle new challenges — and meaningful results will begin to cascade across the entire supply network.

Today's supply chain planning solutions can help mid-sized companies make decisions quickly and more optimally so that they can improve cash flow and establish a solid

# Thought Leadership

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foundation for growth as economic conditions improve. By taking a speed-to-value deployment approach, companies will ensure that bottom-line benefits are achieved quickly with minimal risk to the business.

For an assessment of your company's readiness for a new supply chain planning solution, consider JDA Software. JDA's new hosted Supply Chain Now offering is designed especially for midsized businesses, helping them address their most pressing supply chain planning challenges and ensuring that they are poised for future growth. To learn more, visit [PLACEHOLDER FOR LANDING PAGE].

<sup>1</sup>IDC Manufacturing Insights, "Business Strategy: 2010 Supply Chain (Innovation) Survey Results," July 2010

## About JDA Software Group, Inc.

JDA® Software Group, Inc. (NASDAQ: JDAS), The Supply Chain Company®, is a leading provider of innovative supply chain management, merchandising and pricing excellence solutions. JDA empowers more than 6,000 companies of all sizes to make optimal decisions that improve profitability and achieve real results in the discrete and process manufacturing, wholesale distribution, transportation, retail and services industries. With an integrated solutions offering that spans the entire supply chain from materials to the consumer, JDA leverages the powerful heritage and knowledge capital of acquired market leaders including i2 Technologies®, Manugistics®, E3®, Intactix® and Arthur®. JDA's multiple service options provide customers with flexible configurations, rapid time-to-value, lower total cost of ownership and 24/7 functional and technical support and expertise. To learn more about JDA Software, please visit [www.jda.com](http://www.jda.com) or e-mail [info@jda.com](mailto:info@jda.com).



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