NUCLEUS RESEARCH

GAINS USERS INCREASE SERVICE LEVELS WITH LESS INVENTORY

ANALYST

Martin Naydenov

THE BOTTOM LINE

While typical service levels range between 75-85 percent across numerous industries, Nucleus found that GAINS users can achieve a rate of up to 99 percent service levels with less inventory. GAINS is a supply chain planning (SCP) solutions specialist serving organizations in the manufacturing, distribution, retail, and service parts sectors. The vendor combines demand planning & forecasting, inventory optimization, replenishment & production optimization, and sales & operations planning (S&OP) into a unified platform. Some notable benefits reported are an 80 percent cut in demand planning times, a $1M reduction in inventory surplus, and a 99 percent order fill rate. With over 40 years of in-depth industry experience and a rapid implementation methodology, GAINS is well-positioned to optimize the performance of organizations at an accelerated speed.

OVERVIEW

Global pandemics and supply chain disruptions amplify the operational and financial risks that organizations face. Ongoing raw material and labor shortages leave most supply chains in a vulnerable space, susceptible to disruptions and increased costs. Unfortunately, most businesses still manage their supply chain with outdated legacy systems that involve redundant manual tasks and inaccurate spreadsheets. Erroneous calculations and long delays make it impossible to adjust operations when necessary. As a result, businesses struggle with demand and supply swings leading to lost revenue opportunities and poor service to ever-important customers. To become truly supply chain resilient, organizations require a comprehensive SCP solution that optimizes performance and breaks down data siloes across trading partners

Customers reported a 80% reduction in demand planning time

and functional departments. GAINS is a SCP provider set to mitigate the risks associated with complex and modern supply chains from a holistic data-driven approach. GAINS enables organizations to improve their forecasting accuracy and make informed decisions with ML/AI-driven models.

GAINS

Founded in 1971, GAINS is recognized for its breadth of functionality. (Nucleus Research V46 – SCP Technology Value Matrix 2021 – March 2021) With GAINS' proprietary Proven Path-to-Performance (P^3) implementation methodology, customers can achieve tangible results in as fast as eight weeks without interrupting operations. The SCP solutions provider has extensive experience in manufacturing, retail, distribution, and service parts industries and offers built-in specialized analytics capabilities to understand and model supply chain interdependencies.

GAINS provides comprehensive demand planning & forecasting, inventory optimization, replenishment & procurement automation, supply & production optimization, and sales & operations planning (S&OP) capabilities. The demand planning & forecasting feature includes ML-based demand pattern recognition, which automatically detects and responds to changes to improve service levels and reduce inventory costs. The system alerts users of outliers and provides detailed explanations of the event to gain more insight into the root causes of demand swings. Organizations can optimize their inventories by leveraging a

multi-echelon optimization approach that considers bill-of-materials (BOM) and sets service levels for each SKU by location. With ML algorithms, users can accurately predict supply requirements and anticipate shortages or overstock conditions to improve profitability and customer service. By consolidating operational, financial, and sales data into a single-version-of-the-truth, organizations can accelerate their S&OP processes and increase decision-making confidence across the executive team. Business executives can evaluate business plans based on financial and volumetric measures and track their team's activity on one intuitive dashboard. Pre-built API connectors enable organizations to integrate with a wide range of ERP solutions, including SAP S/4HANA, Oracle Fusion Cloud ERP, Oracle NetSuite, and Microsoft Dynamics 365.

KEY BENEFITS

Nucleus interviewed several GAINS customers to identify the key benefits realized post-deployment. Users benefitted from increased productivity, reduced operational costs, better service levels, and new business insights.

- **Increased productivity.** GAINS provides greater organizational visibility by consolidating information from various data sources, such as ERP, BI, and CRM systems. This facilitates collaboration among different functional departments and cuts significant delays in the reporting process. API connectors incorporate operational data in real-time and eliminate the need for tedious manual calculations and conversions on Excel spreadsheets. With integrated exception planning, automated demand sensing, scenario analysis, and multi-echelon modeling capabilities, users can significantly reduce their demand and supply planning efforts. One customer reported an 80 percent decrease in demand planning time due to automated data consolidation and better visualization. Users can now create granular forecasts more frequently and plan across longer time horizons with streamlined procedures.

- **Reduced operational costs.** Greater organizational visibility empowers companies to synchronize the entire supply chain, leading to better fill rates, reduced inventory rates, and fewer stockouts. Sophisticated ML models can increase forecasting accuracy and recommend an optimal course of action to efficiently source and produce items. Interviewed customers could substantially reduce their inventory costs, with one organization reporting a 30 percent drop in inventory levels. As a result, organizations can save extensive overhead expenses, such as excess inventory, carrying, storage, transportation, and obsolescence costs. One organization saved over $1 million worth of product surplus. In addition to saving

operational costs, customers can expect improved service levels, which directly correlate to increased sales revenue. Thanks to GAINS, one organization improved its order fill rate, translating to a more than $1 million increase in revenue.

CUSTOMER PROFILES

JEWELRY MANUFACTURER

This fine jewelry manufacturer serves over 40,000 customers globally. The manufacturer's extensive portfolio offers a wide range of items, which come with their own customization options. With millions of products sourced from over 500 suppliers in more than 50 countries, demand planning and adhering to targeted service levels were overly complex processes. Demand and inventory planning consisted of tedious manual tasks and Excel spreadsheet calculations, which led to inconsistent forecasting and high inventory costs. Consolidating the demand and supply data from various external data sources was cumbersome and took over nine hours. Without a dedicated SCP solution, the jewelry manufacturer could not scale its operations, including manufacturing, to improve its service levels and grow the business. During the request for proposal process (RFP), the company considered a few alternatives, such as Oracle Demantra, but ultimately chose GAINS for its inventory optimization functionality.

One organization achieved a 99 % fill rate with less inventory

After a rapid eight weeks of implementation, the GAINS platform went live in the middle of the year's busiest season. The organization realized immediate savings by transitioning from on-premise to a cloud infrastructure and retiring associated hardware costs. With GAINS' automated demand planning process, planners experienced immediate productivity gains. Demand planning times were reduced by about 80 percent, and precision increased to SKU location. The comprehensive forecasting capabilities helped the organization achieve a 99 percent order fill rate and reduce their inventory levels by 30 percent, amounting to roughly $1 million a year.

ELECTRONICS RETAIL CHAIN

This consumer electronics retailer operates over 700 stores across the United States and serves millions of customers daily. To properly oversee all of its operations, the retailer

required an integrated system that provides real-time insight into the day-to-day operations to accurately forecast the demand for their products. The organization lacked agility and could not scale its demand planning with the growth of the business. The legacy system, RockySoft, lacked certain functionalities, which prevented the retailer from introducing new items and customizing demand models. The organization decided to ramp up its forecasting frequency and replace the legacy system with a SCP solution. Several alternatives, such as RELEX, ToolsGroup, and Mi9, were considered during the RFP. Ultimately GAINS was chosen due to its demand planning, inventory optimization, automated replenishment, and collaboration capabilities.

After six months, the retailer was live with GAINS supporting 160 stores, of which over 100 are corporately owned, and nearly 50 are franchised. Despite different organizational structures and methodologies, the procurement team was able to orchestrate operations, automate procurement and replenishment, and collaborate effectively across all stores. With improved forecasting and inventory optimization, the retailer can identify trends before they occur and optimize its service levels. GAINS provided users with the flexibility to adjust its inventory levels and increase fill rates, which resulted in a $1.4 million boost in sales. The retailer is expanding the rollout of its GAINS solution platform to all stores in the coming year and expects further improvements in fill rates and sales revenue.

WHOLESALE DISTRIBUTOR

Founded in the 20th century, this wholesale distributor sources and distributes a broad portfolio of disposable products used in the foodservice, medical, and hospitality industries. The distributor embarked on a supply chain transformation initiative to fuel efficiency, boost service and provide a platform for business growth that includes additional acquisitions. The organization's product offering consists of over 6000 items, ranging from plastic containers to safety apparel. The legacy system did not have sufficient forecasting and scenario analysis capabilities, which resulted in suboptimal inventory and service levels. Management decided to replace its obsolete system with GAINS to leverage its integrated infrastructure.

Once implemented, GAINS allowed the organization to streamline its sales and operations planning (S&OP) process with integrated business planning (IBP) capabilities that provide both volumetric and financial scenario analysis. The GAINS platform empowered the distributor to synchronize its demand, supply, and inventory across all of its 250 production partners globally. Due to better forecasting, integrated planning, and scenario modeling features, the organization reduced the number of annual stockouts by 50 percent in year one. The organization also improved customer fill rates by 10 percent, supporting healthy double-digit business growth and greater confidence in supply chain decision-making.

WHY IT MATTERS

The negative consequences of the Covid-19 pandemic will remain for the foreseeable future and cause additional labor and raw material shortages. It is no longer feasible to be resilient without a designated SCP solution in today's supply chain landscape. More organizations recognize the considerable benefits of real-time demand sensing and AI/ML-based forecasting. To optimize their supply chain, organizations need to follow a holistic data-driven approach by implementing a platform that combines financial, operational, and sales data. SCP platforms break down data siloes across different functional departments and facilitate collaboration. With advances in AI, IoT, and blockchain technology, Nucleus expects SCP providers, such as GAINS, to provide additional value to their customers by improving forecasting accuracy and "what-if" scenario analysis capabilities.