



Logistic Conference

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Efficient Supply System –
Think Smart!

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The world is changing...

Growth in digital technology is transforming the way we shop and live

We want more choice and convenience but with **less impact on the world around us**

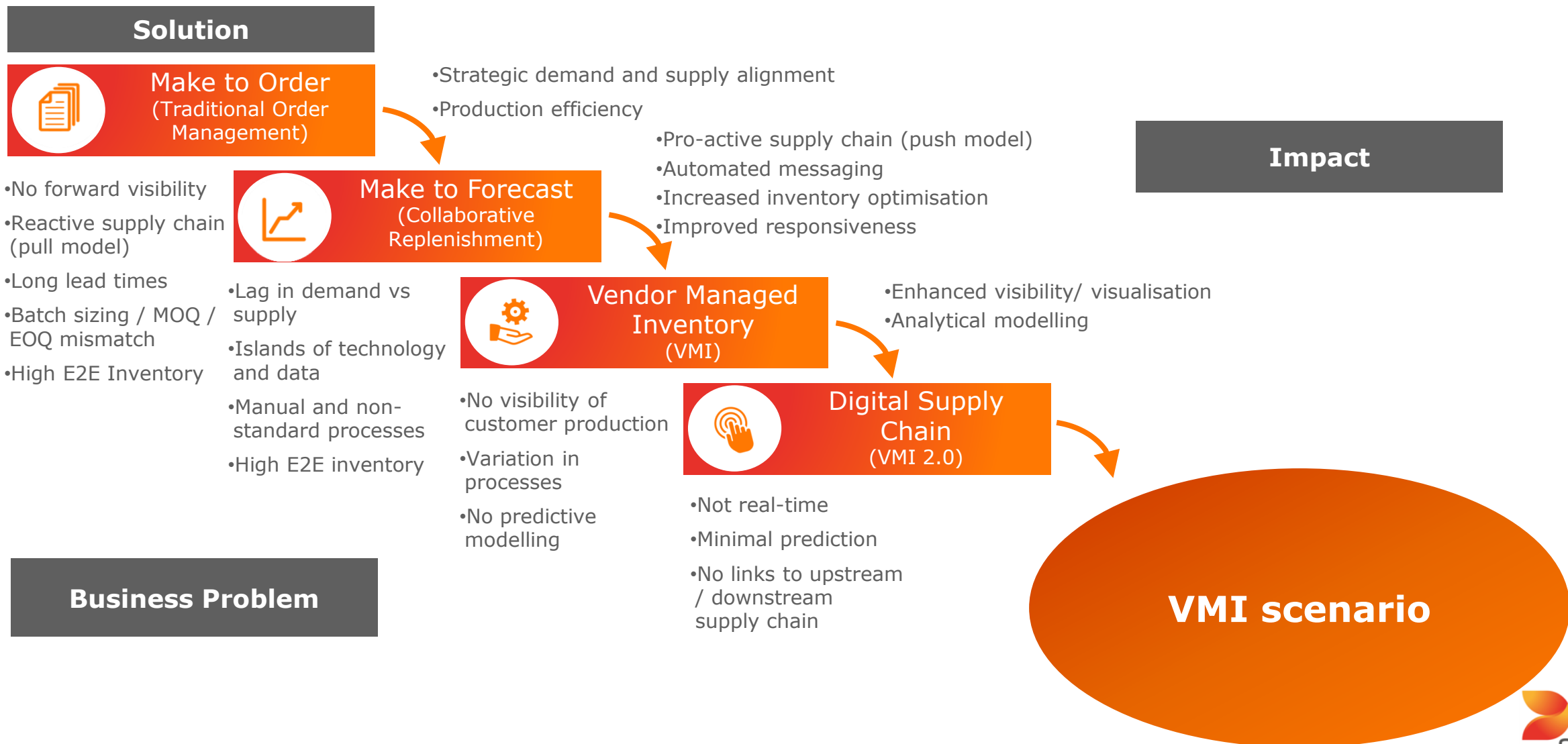


We see the opportunity for Supply Chain...

...to play a powerful role in **how we respond to this challenge**



Supply Chain Innovation – Framework



VMI – Vendor Managed Inventory

The data are exchanged through an EDI connection.

It is a higher level of EDI – not only exchange of messages, but an automatic replenishment of products to customer's warehouse.

Delivery and production planning is based on customer forecast and actual stock levels.

With VMI you can have the right packaging available in the right quantity at the right time.

Advantages:

Transparency and smoother flow in supply chain

Better overview of the complex demand improves the ability to plan and optimize the production, to hold the right stock and to plan the transport

You can focus on core business, working only with exceptions if they appear

Less stock in supply chain, good service and relationship

Reduction of administrative time and cost

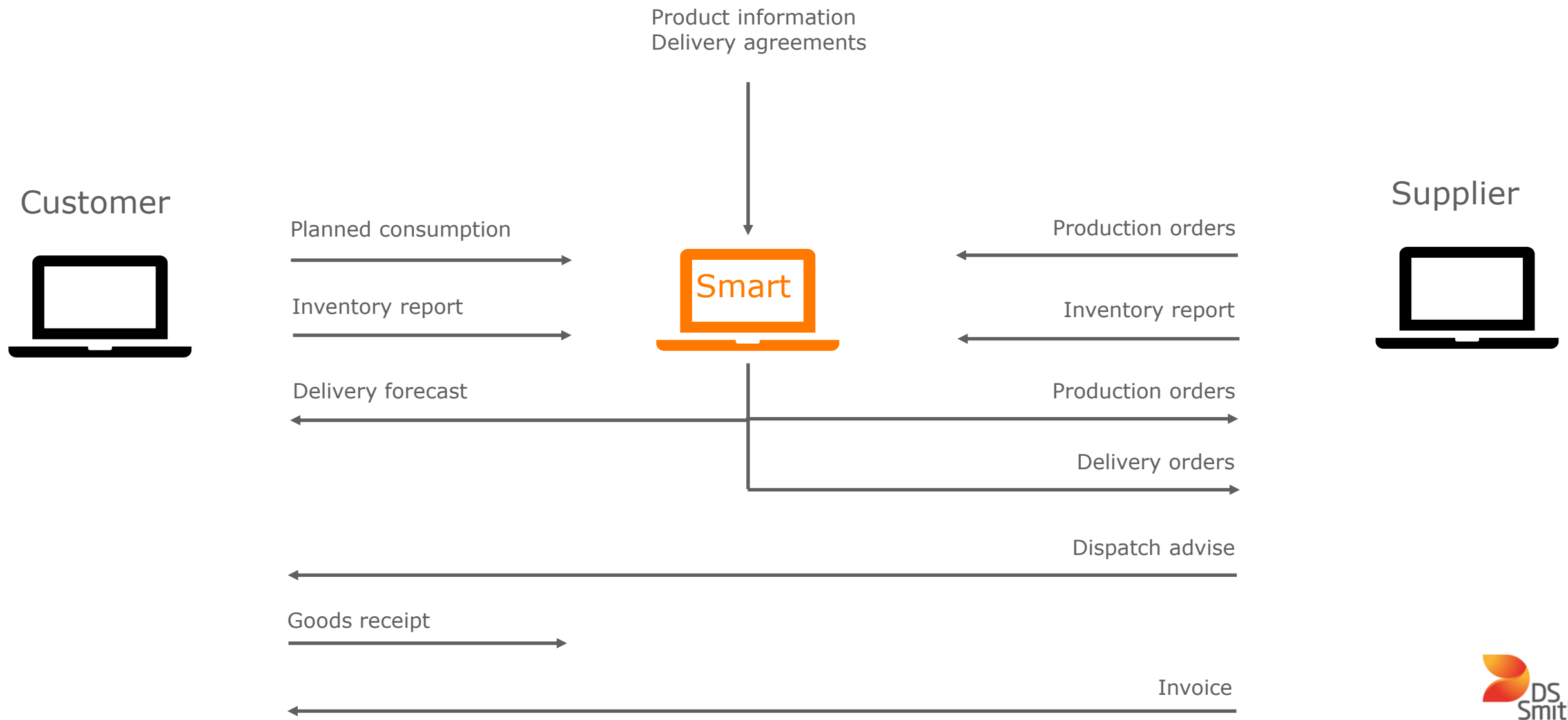
Let's think in VMI mode

- You have 10 pallets of a specific material on stock.
- What does it mean to you?
- Is it a lot?
 - Not if your customer needs 20 pallets this evening
 - It is a lot if your customer needs 5 pallets at Christmas
- That means the time is important.

Delivery suggestion calculation

- Focus on duration (run-out time)
 - How long does my inventory balance last?
- Duration
 - Relates inventory balance with demand
 - Easier to get a feel for time instead of just quantity
- New information initiates the calculation
 - React directly on the latest information

Daily workflow and calculation method in Smart



Optimisation

The apex of collaboration between customer and supplier? An **automated ordering process**, based on your consumption forecast, stock, supply chain and agreed business and logistics rules.

The benefit is two-fold.

First, because the supplier knows where the stock is coming from and how long it takes to prepare, they can optimize lead times and reduce the amount of inventory.

Second, it relieves the client of the mundane, time-consuming task of ordering – **releasing them to add more value themselves.**

The system is electronic and automatic, which cuts costs and time

Business rules

Documentation of the business rules of the supply chain process is important to maintain the process effectively.

Define the key drivers of the process

Role of product in supply chain

Not to generalize the agreements on products, define the details:

- Slow and fast movers

- Long and short leadtimes

- Set up time in production

- Phase in/phase out process

- Product families

- Safety time at customer

- Safety time at supplier

Deliverables – Quantifiable benefits

Value Drivers	Levers	Deliverables
1 Inventories	<ul style="list-style-type: none"> • MOQ / EOQ / Batch sizing • SKU specific strategies • Real-time SC optimisation 	<ul style="list-style-type: none"> • Cost of holding inventories decrease • Aged stock and obsolescence reduction
2 Responsiveness	<ul style="list-style-type: none"> • Real-time visibility of consumption • Concurrent supply 	<ul style="list-style-type: none"> • OTIF increase • Lead-time reduction
3 Supply - Demand	<ul style="list-style-type: none"> • Data driven demand prediction • Real-time forecast consumption 	<ul style="list-style-type: none"> • Customer forecast accuracy improvement
4 Transport Optimisation	<ul style="list-style-type: none"> • Advanced load planning • Emergency delivery reduction 	<ul style="list-style-type: none"> • Increase in vehicle utilisation • Reduction in emergency orders
5 Labour	<ul style="list-style-type: none"> • Consistency of processes • Digital prediction • E2E automation / no touch orders 	<ul style="list-style-type: none"> • Increase in planner productivity through automation • Reduction in administration
6 Quality	<ul style="list-style-type: none"> • Process control • Digital quality management 	<ul style="list-style-type: none"> • Cost for quality issues reduced • Decrease in DPPM
7 Production	<ul style="list-style-type: none"> • Smart scheduling • Optimised sequencing • Machine and routing flexibility 	<ul style="list-style-type: none"> • Release in latent capacity • Increase in efficiency



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Thank You

Danke Dankjewel Благодаря 谢谢 Hvala Dík Tak Aitäh Kiitos Merci Ευχαριστώ
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Ďakujem Gracias Tack ขอบคุณ Teşekkür ederim

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