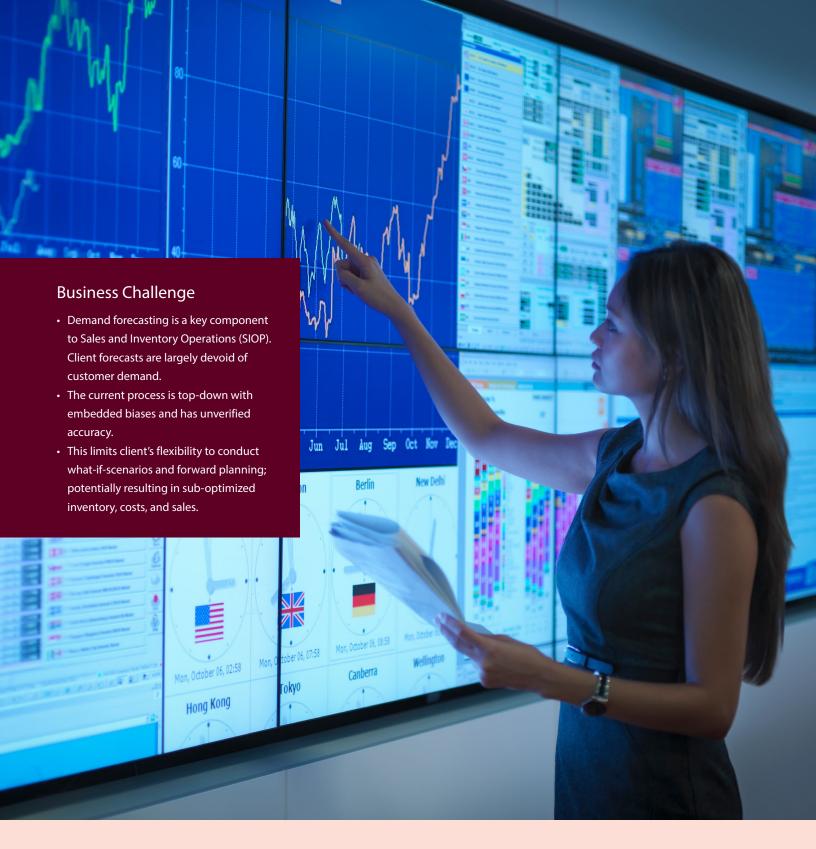# INFOSYS HELPS A LARGE MANUFACTURING GLOBAL LEADER WITH DEMAND FORECASTING ACCURACY IMPROVEMENT

Abstract

Client is an American based leading global provider of heating, air-conditioning, refrigeration, and security solutions. They were looking for an improvement in Demand Forecasting Accuracy.

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Business Challenge

- Demand forecasting is a key component to Sales and Inventory Operations (SIOP). Client forecasts are largely devoid of customer demand.
- The current process is top-down with embedded biases and has unverified accuracy.
- This limits client's flexibility to conduct what-if-scenarios and forward planning; potentially resulting in sub-optimized inventory, costs, and sales.

Current State:

Current demand plan is created based upon sales forecast only.

Future state using Infosys Solution:

Forecast will improve demand sensing of MTO and MTS SKUs by using internal features (sales forecast) and external features (e.g., consumer index, customer data, seasonality, special events and macro-economic factors) which are important for the client's business.

Infosys Solution:

Intelligent Forecasting will sense demand as close to the customer as possible and create a balanced demand and supply plan for a 3-month period with a 12-month horizon view, in order to optimize our business results and customer experience. Intelligent Forecasting Salient Features are:

- Uses AI to develop accurate demand plans
- Enables better/deeper analysis to make more confident Sales and Inventory Operations (SIOP) decisions
- Includes product introduction and end of life planning into the decision-making process
- Optimizes supply plans to improve inventory and customer service level
- Meets and exceeds financial targets

Benefits to Customer:

- Higher Forecast Accuracy.
  - o More than 10% improvement in MAPE for Make-To-Order (MTO) SKUs
  - o More than 40% improvement in MAPE for Make-To-Stock (MTS) SKUs
- Optimized inventory holding cost.
- Reduced transportation expenses
- Reduction in operational and manufacturing cost
- Overall productivity improvement
- Increased factory efficiency
- Improved total cost of ownership

Key Solution Highlights: Potential Cost Benefits

INVENTORY
5-10% Improvement
Optimized Inventory holding cost

TRANSPORTATION
1-5% Improvement
Reduced transportation /Operational expenses

FACTORY
3-10% Improvement
Reduction in Manufacturing cost and improved manufacturing Efficiency

PRODUCTIVITY
5-10% Improvement
Improved Productivity and Improved total cost of ownership

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