




PREDICTING PIPELINE SALES AND INVENTORY





How much do you really need to pack into your holiday suitcase? Take too little and you might run out – take too much and you end up carrying it around for no reason. As a holidaymaker, you can get away with a rough guess. But for a company with millions of dollars tied up in inventory, an accurate forecast of customer demand is essential...

PROBLEM

Our client, a leading manufacturer of PVC and cPVC pipes, was unable to accurately forecast how much inventory it was going to sell. Because it offered customers 1,900 items, a considerable amount of working capital was tied up in inventory, since large quantities of every product had to be stored at 21 different locations across various geographies. Even worse, despite this significant inventory and planning effort, sales were still regularly lost because of unavailability. The solution lay in being able to more accurately forecast demand and thus optimize stock levels, and Infosys was asked to help.

SOLUTION

We designed an R-based demand forecasting system which generated demand of finished goods at an SKU-location (stock-keeping unit) level using historical sales patterns and an inventory optimization analytics engine.

The inventory optimization analytics engine was based on our nine-block segmentation of inventory and could calculate inventory norms such as safety stock, reorder point and order quantity for all 1,900 SKUs. The system was able to incorporate variations in lead time across the supply network, and could also intelligently recommend adjustments as sales and consumption patterns changed.

**REDUCED
WORKING
CAPITAL
BY OVER
US \$8 MILLION**

**OPTIMIZED
INVENTORY
LEVELS FOR
1900 SKUS
ACROSS 21
LOCATIONS**

**MORE THAN
75 %
ACCURACY IN
FORECASTING**

**REDUCTION IN LOST SALES
THROUGH STOCK ACCURACY
AT DISTRIBUTION CENTERS**

**WE DID THIS FOR THEM.
WE CAN DO IT FOR YOU.**

The results were remarkable and immediate. The company noticed it was experiencing fewer lost sales and had reduced the amount of working capital taken up in inventory by over US \$8 million. This was achieved by having demand forecasts that were now more than 75 percent accurate – and no need whatsoever for guesswork.

**Find out more about
how we can help you
increase efficiency
and deliver a better
customer experience.
Reach out to us at
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