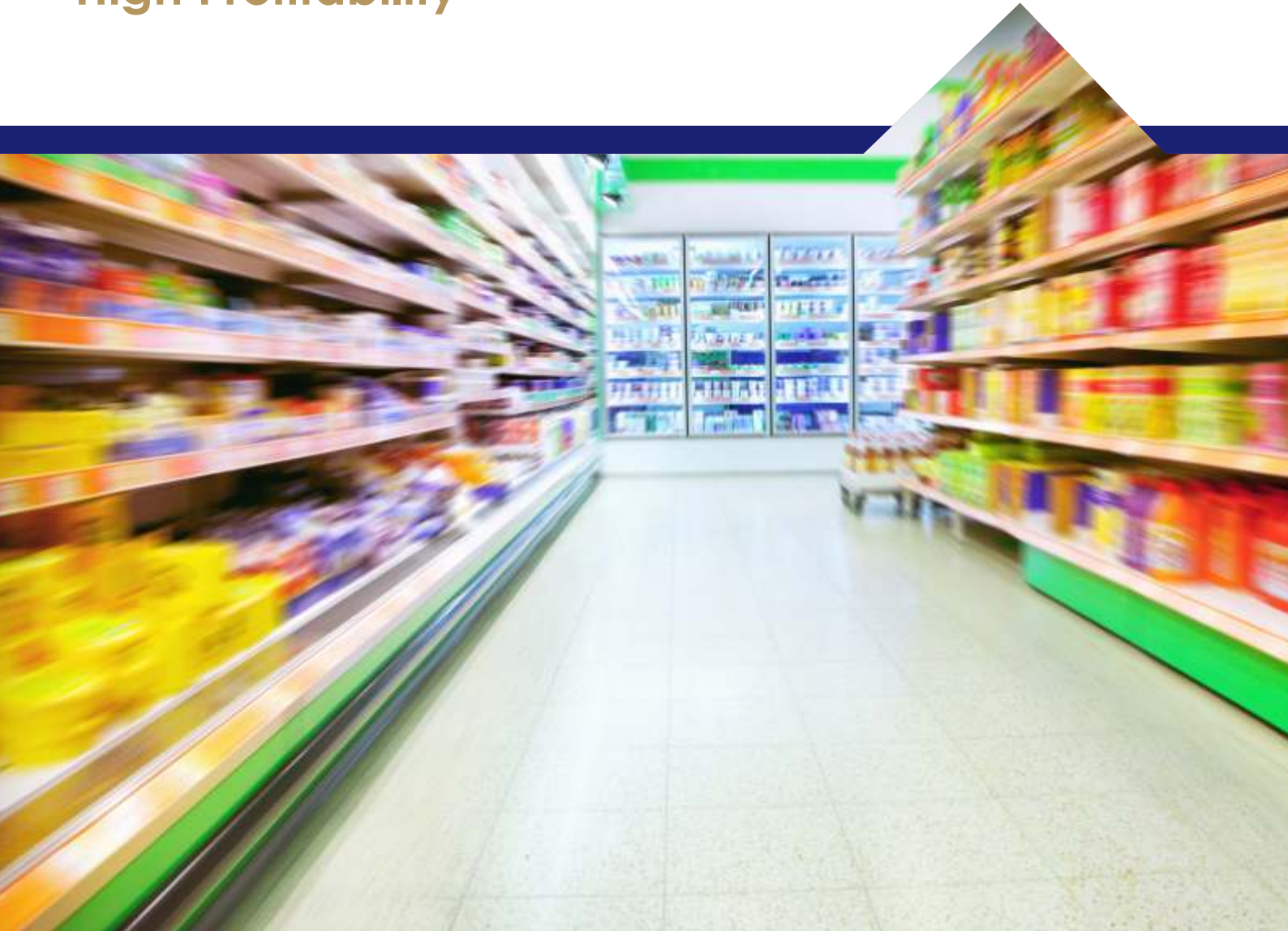


Supply Chain Network Optimization for Efficiency, Reduced Cost and High Profitability



SITUATION

High supply chain network costs and reduced profitability made more complex by the dynamicity of the company's global supply chain.

IMPACT

Need to optimize the supply chain network to reduce cost and time and boost efficiency.

RESOLUTION

Improve end-to-end global supply chain network design and address short term, medium term and long term requirements posed by the business.

The Customer

The customer is the one of the fastest growing Indian foods manufacturer with rapidly increasing market share, and a growing global market for select brands.

Challenges

- Dynamic nature of the organization's supply network with a myriad changes around tax structures, sourcing bases, distribution strategies and cost to serve model needs
- Need to improve net operating margin optimize



Solution: Enhancing the Supply Chain Network Using Network Optimization

ITC Infotech designed the most cost effective, multi-echelon supply chain network to support the customer's fast growing business. The supply chain network had to strike a balance between customer service objectives in the short term and manage significant demand growth with a slew of new product introductions. We executed the project in four phases through our Network Optimization methodology:

- Phase 1: Strategic Planning
 - Map/analyze current operations strategy
 - Determine supply chain cost drivers and constraints
 - Develop conceptual model
- Phase 2: Baseline Development & Validation
 - Baseline modeling and result analysis
 - Analyze and calibrate baseline model
 - Develop activity-based costs
- Phase 3: Scenario Visioning & Analysis
 - Baseline assumption and results review
 - Sensitivity analysis
 - Develop strategic and operational alternative scenarios
- Phase 4: Strategy Formulation
 - Optimize, analyze and sensitize alternative network strategies
 - Perform cross alternative sensitivity analysis
 - Final scenario recommendations

The short-term planning on the current supply chain structure involved rough-cut capacity planning and supply chain network redesign, while the medium-term planning involved inventory and production strategy. To ensure that our customer enjoyed long-term benefits from the optimized network, we also helped them with planning for capacity expansion and realignment for future needs.

ITC Infotech understands that supply chains are challenged with the dynamic nature of their supply networks given the myriad changes around tax structures, sourcing bases, distribution strategies and cost to serve model needs. To help our customer develop differentiation in this competitive environment, we considered the end-to-end supply chain objectives of cost minimization and profit maximization. We ensured maximum visibility into the complete supply chain by removing challenges posed by localized supply chains and conflicts between different divisions along the manufacturing process. This helped in radically reducing production and operational costs throughout the supply chain, and enhancing performance.

ITC Infotech's BCG approach to network optimization helped rationalize the distribution and manufacturing network to help identify the most cost-efficient supply chain network and consolidate distribution and manufacturing networks to help our customer faster realize return on investment (ROI). We helped optimize the decision management process and facilitated objective cost-based decisions and monthly or quarterly changes, based on market demands.

Highlights

- Complex requirements were detailed, designed and developed.
- Cost effective solution
- Develop and evaluate plans to mitigate overall supply chain risk
- Timely delivery ensuring continued business and no downtime

Benefits

- Optimized supply chain network
- Time based investment for capacity expansion and realignment for the next five years
- Improved management focus on end-to-end cost reduction opportunities
- Streamlining of sales and operations
- Improved visibility and preparedness in the supply chain
- Realized 1% improvement in the net operating margin in the short term strategy

ITC Infotech's Business Consulting Practice

The Business Consulting Group (BCG) at ITC Infotech is a converging point for business & IT solutions. We aim to transform business performance, bringing a strategic perspective on process improvement and IT enablement. Our team blends domain experts and consultants, bringing unique capabilities to discover and resolve business concerns of the day.

Our expertise spans Consumer Goods, Retail, Process Industry, Logistics & Transportation, across key business functions such as product development, production, supply chain management, sales and marketing management, field force management, and customer relationship management.

For more information, please write to:
contact.us@itcinfotech.com

www.itcinfotech.com