

Panel: Multi-echelon Inventory Optimization

Moderator: Henry Canitz

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Logility

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Manager Logistics Analytics Capabilities
The Kraft Heinz Company

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Logility

velocity
CONNECT + ACCELERATE + INNOVATE

 LOGILITY

 Halo

 NGC

 Demand
Solutions

Agenda

- ▶ Introductions
 - ▶ What Does Multi-Echelon Inventory Optimization Do?
 - ▶ Introduction to Kraft Heinz and how they use Logility IO
 - ▶ Q&A
-

Panelists



Fazlur Rahman

S&OP/Supply/Demand
Planning/Continuous
Improvement/Logistics Analytics



Gokhan Usanmaz

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Consultant





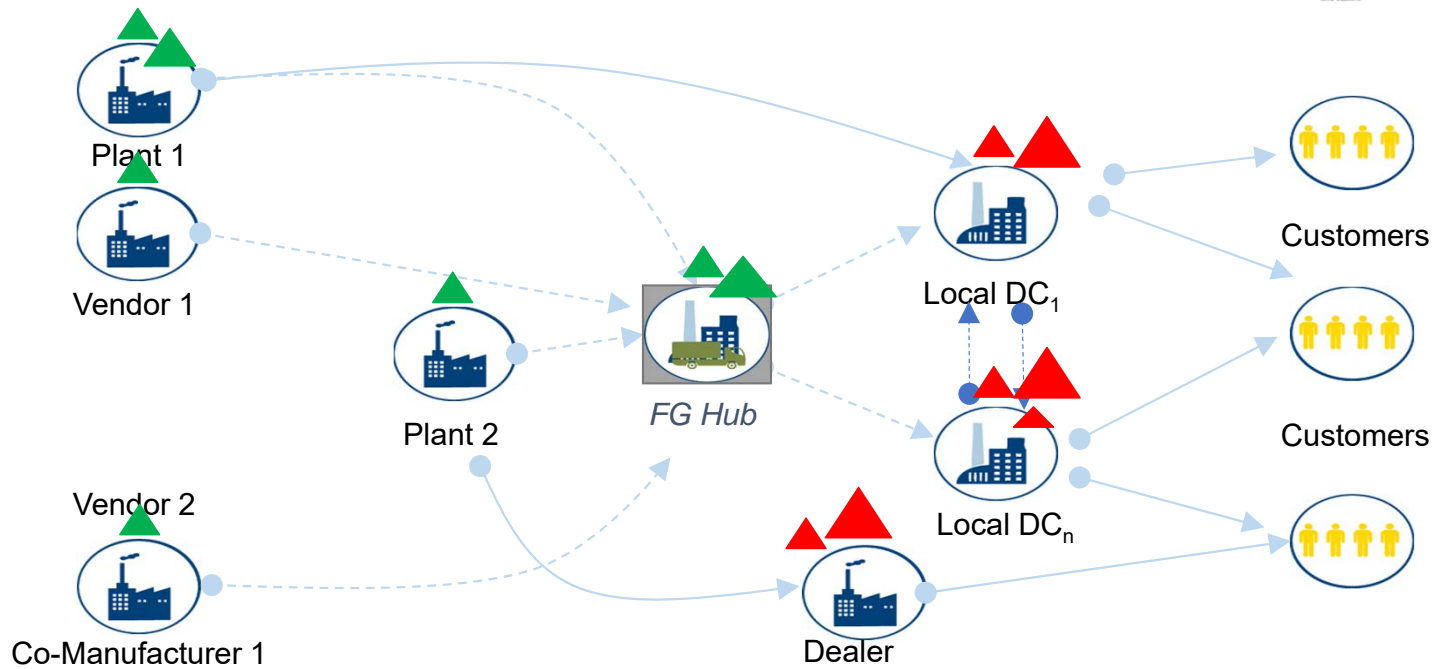
▶ **Logility**
Gokhan Usanmaz
Senior Business Consultant

What Does Multi-Echelon Inventory Optimization (MEIO) Do?

DEPLOYMENT OF FINISHED GOODS

Optimization answers two questions simultaneously:

- Optimal mix of SKUs: which materials, where, in what quantity and when?
- Optimal stocking positions: at customer, at regional / local dc, at plant, direct ship?

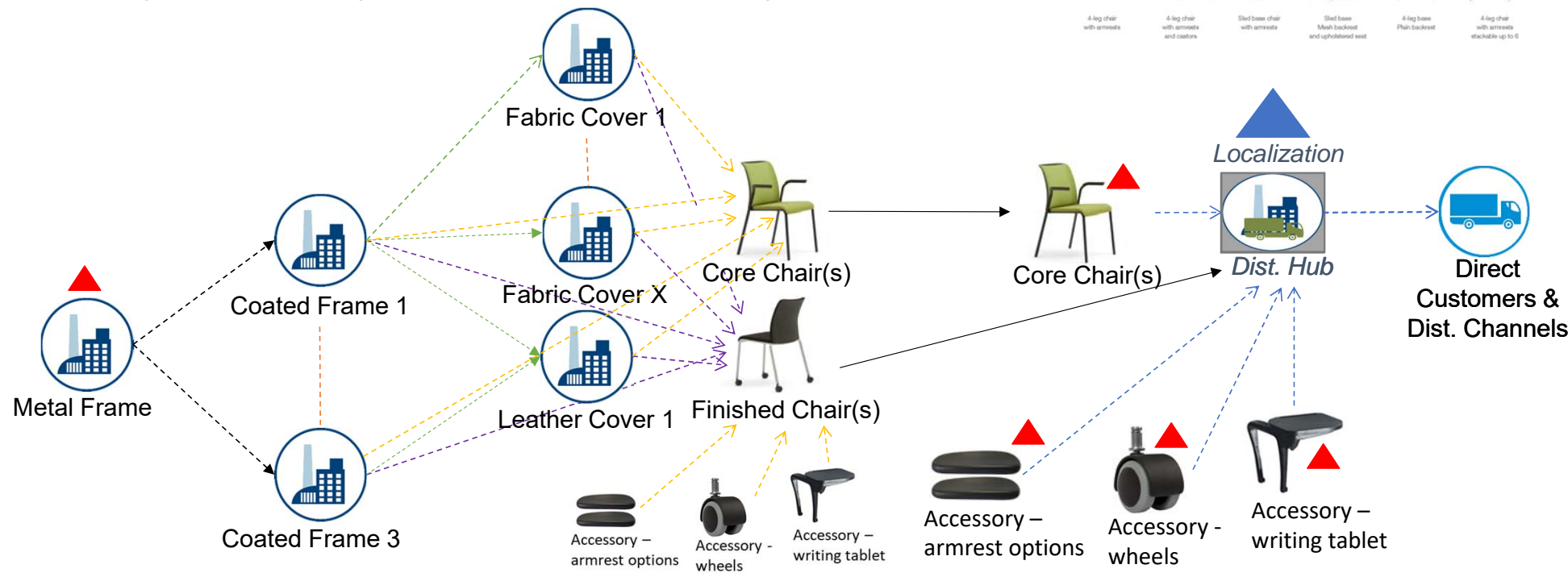


What Does MEIO Do?

POSTPONEMENT (DELAYED DIFFERENTIATION) / LEAD TIME REDUCTION

Optimization answers these questions:

- Should I produce and stock Finished Goods or should I differentiate based on order? What can be the new order lead time?
- Where should I put the inventory, in what form? What is the impact to customers?



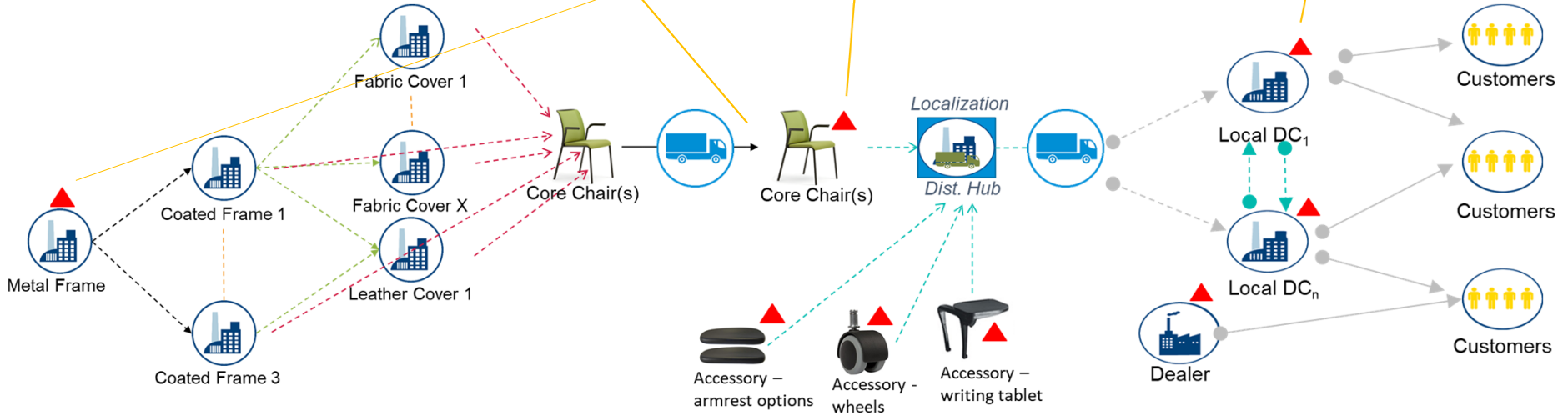
What Does MEIO Do?

END-TO-END IMPACT

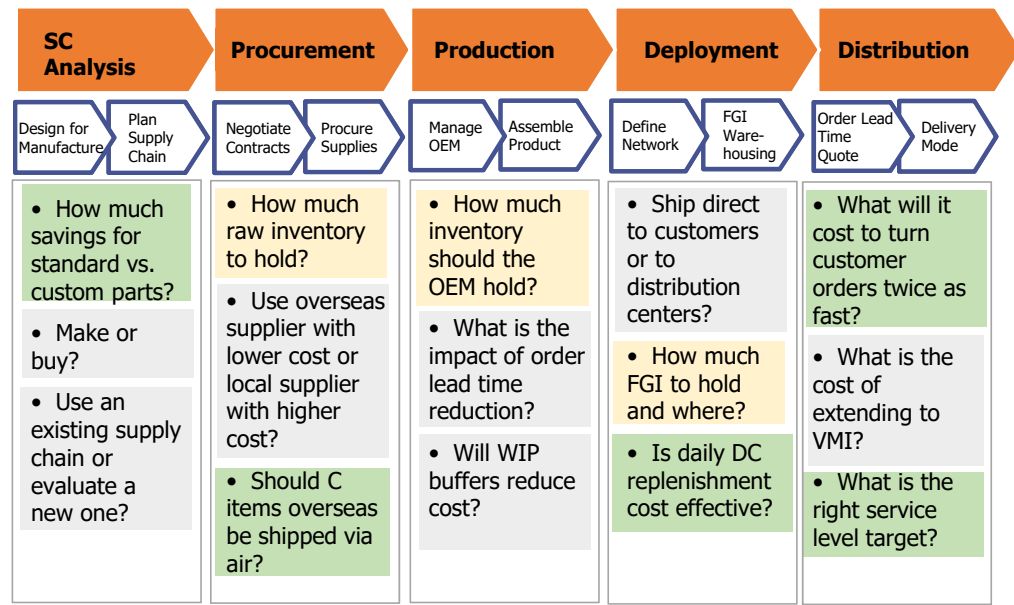
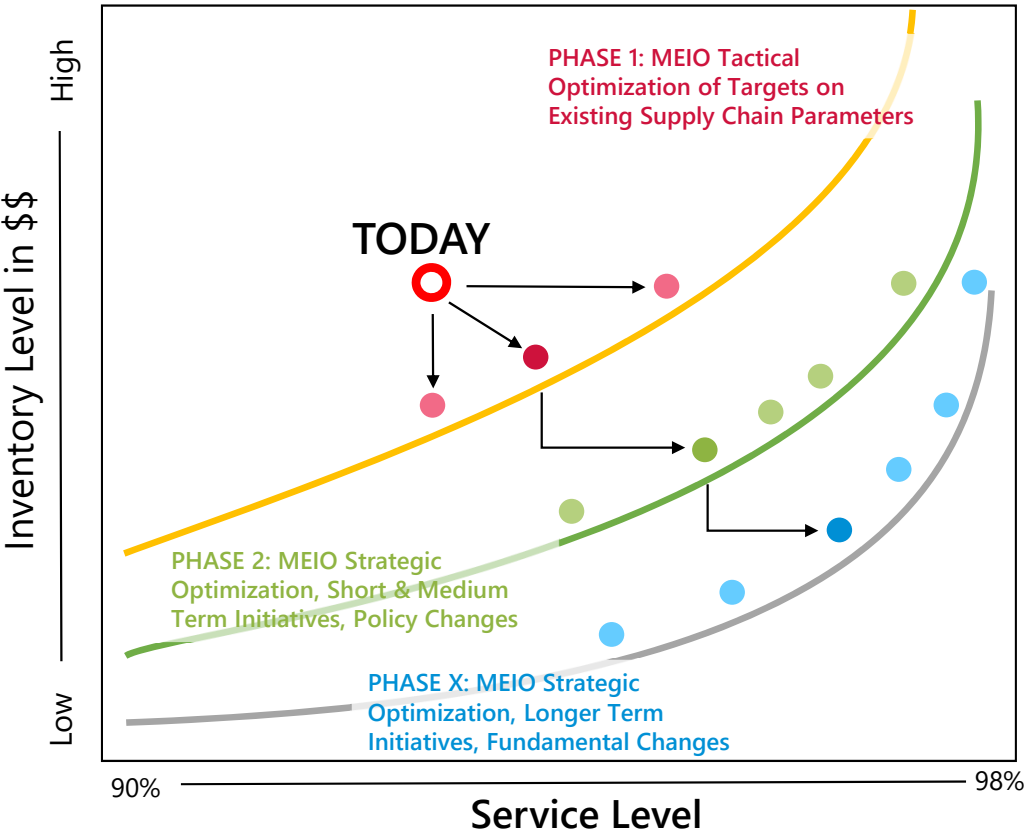
Lower logistics, storage and handling costs due to bulk materials – minimum shrinkage and rework at Furniture

Cheaper inventory of subassemblies, core chairs and components, at Hub and Plants

Less inventory in Finished Goods due to rapid response to orders at Hub.



MEIO Value Roadmap





▶ **The Kraft Heinz Company**
Fazlur Rahman
Manager Logistics Analytics Capabilities

The Kraft Heinz Company

- ▶ Co-headquartered in Pittsburgh, PA and Chicago, IL
- ▶ Global revenue ~ \$26.1 Billion; US revenue ~ \$18.1 Billion
- ▶ 95%+ market penetration in US households
- ▶ 3rd largest food & beverage company in US; 5th largest in the world



\$26.1bn
in net sales
(2017)



#5
food & beverage
company in the world



40+
countries with dedicated
Kraft Heinz Company
employees



8
\$1 billion+ brands
based on retail and
foodservice sales



2bn+
meals to hungry
children over the
last decade through
philanthropic focus

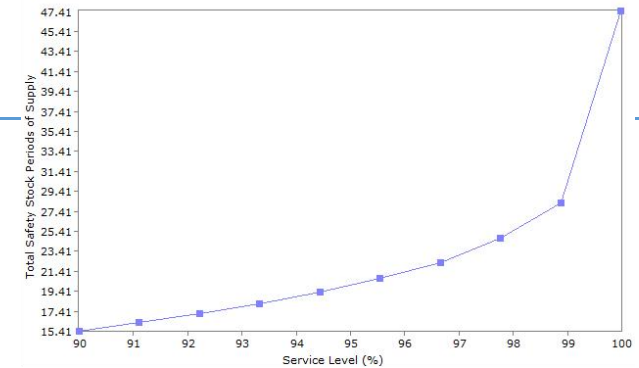
Beloved Global Brands

A globally-trusted producer of delicious foods, The Kraft Heinz Company provides high-quality, great taste and nutrition for all eating occasions whether at home, in restaurants or on the go.



Kraft Heinz Use of Voyager IO

- ▶ Logility IO Tool integrated with SAP APO & ECC
- ▶ Module: Inventory Target Optimization (ITO)
 - Primary Use: Set Safety Stock Targets for all Products both at Shipping Locations and Production Buffers
 - Goal:
 - ▶ Carry right inventory at the right time at the right place
 - ▶ Achieve desired Case Fill Rate for all Customers with lowest possible finished goods inventory levels
- ▶ Module: Inventory Strategy Optimization (ISO)
 - Primary Use: Scenario Planning
 - Examples:
 - ▶ Determine Push/Pull network scenarios based upon space constraints
 - ▶ Service Level changes based upon production constraints
 - ▶ Lead Time changes



Summary of Usage	Frequency
FG Safety Stock Targets (SKU-Location)	Monthly
Time-Phased Inventory Targets	Quarterly
Scenario Planning: <ul style="list-style-type: none"> • Service Level Changes • Lead Time Changes • Push/Pull Network 	Ad-hoc
Demand Variability Corrections: <ul style="list-style-type: none"> • Shipment History Outliers • Forecast Bias • Seasonality Calendar 	Monthly
Causes of Safety Stock Analysis	Quarterly
Network Modeling	In-progress
Raw Materials Inventory Optimization	In-progress

Q&A



Fazlur Rahman

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QUESTIONS?

THANK YOU

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