

Case Study

British Telecom: Demand Driven with O8

Overview

- Supply chain 'de-risked' from forecast accuracy
- Overall inventory reduction between 20%-30%
- Maintained or improved service levels at 99%+
- Plan changes reduced to almost zero
- Strong positive impact on cash flow and ROCE
- Planning effort substantially reduced
- Initiated the change to a simple and robust DD S&OP process



Client Review

"Orchestr8 demonstrated a deep understanding of the subject and it was clear from the very first meeting that their approach and solution was designed by supply chain people for supply chain people."

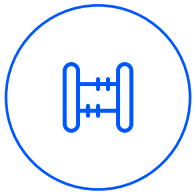
Senior Supply Chain Planning Manager, BT

Challenges

BT had the strategic objective of achieving lower inventories and improving service. Following several different initiatives (demand forecasting, S&OP, inventory optimization) improving the accuracy of demand forecast was becoming ever more complex and expensive whilst showing no sign of delivering benefit. To find a different way to deliver the required results was needed.

Solutions

DDMRP (Demand Driven Material Requirements Planning) was 'the different way'. allowing the decoupling of the supply chain and utilizing real demand to drive replenishment decisions.



Plan changes highly reduced



Maintained or improved service levels at 99%+



Overall inventory reduction between 20%-30%

Benefits

1. **Supply chain 'de-risked' from forecast accuracy** through breaking the dependency between the forecast and the supply plan
2. **Release of supply chain capacity** by not producing, buying and storing the wrong stuff
3. **Cost reduction** through lower planning effort with improved outcomes and lower expedite costs

Transformation in Numbers

- 2 National distribution centres
- 96 field stocking locations
- 13 transportation hubs
- 28,000 field engineers requiring components availability
- 10,000-15,000 replenishment orders per day