

Demand Management



JDA Software: Optimizing Supply Chain Decisions with Accurate, Integrated Demand Visibility and Management

Companies are striving to achieve one synchronized view of demand to drive performance, collaboration and inventory position.



THE SUPPLY CHAIN COMPANY®



Why do companies worldwide rely on JDA Software to deliver demand management value?

Real Results. Fast.

JDA Software helps the world's leading retailers, manufacturers and wholesaler-distributors benefit from integrated demand management. Here are some real results that our customers have achieved with JDA's Demand Management solution suite*:

Superior forecasting performance

- Improved forecast accuracy up to 20-25 percent by leveraging statistical analysis capabilities, demand stream segmentation and forecasting at multiple hierarchical levels
- Increased demand visibility across the trading network with consensus demand plans that align trading partners with a shared forecast
- Addressed localized seasonal demand variations throughout the selling season or fiscal year

Inventory investment optimization

- Reduced supply chain cost with a more accurate, stabilized forecast, driving inventory management efficiencies
- Optimized inventory levels for bottom-line savings:
 - Decreased safety stock 4-15 percent
 - Decreased overall inventory 4-8 percent
 - Lowered on-hand inventory 1-4 percent
 - Reduced overstocks and out-of-stocks
- Improved service levels 0.5-5 percent while reducing lost sales 5-12 percent

Revenue and profit goal realization

- Increased sales up to 5 percent by better predicting and shaping consumer response to seasonality and trends
- Increased inventory turns 5-8 percent by smoothing demand variations across trading network for increased synchronization and inventory availability
- Improved pricing and promotions strategies throughout a product lifecycle by helping planners determine which promotions to run for the most profitable results



Process efficiencies

- Enabled business planners to focus on what's most important by decreasing the cycle time for forecasting and planning
- Decreased required resources to manage detailed data such as item- and location-level profiles, statistical algorithms and parameters
- Reduced data storage and maintenance requirements by minimizing the need for multiple demand models

* Represents actual results realized by JDA customers.

"JDA's forecasting engine is phenomenally powerful and can forecast anything. Last Christmas we used JDA to forecast the entire chain's sales by store for each day of the month. It all boils down to the accuracy of the forecast. If you get the forecast right, everything else falls into place and that's where JDA really delivers."

*Andrew Kenny
Deputy Managing Director,
Mr Price Group*

True Demand-Driven Accuracy

Challenge: Accurately Predicting Customer and End-Consumer Demand in an Ever-Changing Market

Today's companies are especially challenged to accurately predict demand for their products and services. Some of these factors include increasingly demanding customers and end consumers, multiple channels, frequent promotions, fluctuating pricing strategy requirements, shortened product lifecycles and expanding product options – whether for expanding retail assortments or for expanding configuration options in discrete manufacturing. Seasonality, halo and cannibalization effects and the inherently variable nature of demand further complicate the forecasting process. Methodological considerations like correctly interpreting demand history, applying the most appropriate forecasting method and tuning forecasting algorithms add even more complexity.

It's no easy task, but to be successful, companies must have the ability to accurately anticipate not only which products will sell, but also when they will sell and at what price point. Costly mismatches of demand and supply can result in missed sales opportunities, lost profits, excessive expediting costs, too much or too little inventory, lost market share and poor customer service. To address these issues, industry leaders are embracing the reality that demand drives the customer-driven supply chain, and in many industries this demand extends down to the consumer level. Companies are increasingly striving to align their operations with customer and end-user demand signals as the primary driver of optimized supply and demand chain decisions – requiring a solution that provides one synchronized view of demand across their organizations. Moving to this integrated planning framework requires a robust solution that can deliver a consolidated forecast with the highest accuracy.

Solution: Optimizing Supply Chain Decisions with Clear Demand Visibility Using Advanced Demand Management

The JDA Demand Management solution suite provides a comprehensive answer to these complex challenges with unmatched scalability to handle hundreds of millions of stock-keeping units and the industry-leading functionality to help you better prepare for future demand – down to the lowest-level demand signals in your supply chain.

Increasing demand visibility across the entire trading network, the solution's multiple forecasting methods enable you to accurately predict demand across all product types – including fast- and slow-moving, lumpy, short lifecycle, trending, steady, highly seasonal and causal-driven. JDA Demand Management can help your company:

- Create an accurate, consensus demand plan for each of your products and make large volumes of products manageable and predictable
- Rapidly respond to shifts in demand from new product introductions to end of life, driving high customer satisfaction levels
- Leverage multiple history streams, forecasting algorithms, promotional information and event data, improving forecast accuracy, minimizing inventory-carrying costs and reducing lost sales
- Classify your products based on demand patterns, apply the appropriate statistical forecasting algorithm and automatically assign the parameter settings based on the product's demand behavior
- Differentiate demand resulting from external factors (such as price effects and promotions) from demand history, providing the foundation for a more accurate baseline forecast



Moving to a Synchronized View of Demand

The first step to achieving one synchronized view of demand is an accurate statistical forecast that also incorporates human and event intelligence. By facilitating and incorporating this consolidated view into your supply chain, the solution enables you to better satisfy your customers and end consumers with lower total supply chain costs.

JDA Demand Management seamlessly integrates with JDA's promotions and pricing optimization and supply planning solutions, enabling improved demand visibility, inventory position and supply chain decisions. Gain the ability to input your demand plans directly into your supply plans, leverage promotions and pricing information and dynamically adapt forecasts and corresponding replenishment plans to real-time customer orders.

Making Better Business Decisions with a Consensus Demand Plan

Leveraging JDA's Web-native solution, your users can gain additional insight on the future demand picture through collaboration and communication with internal stakeholders and external trading partners. By collaboratively aligning processes and plans with your most important trading partners, sharing key data streams such as customer demand signals on a regular basis and building a consensus demand plan, you will be on your way to driving true supply chain synchronization.

"We needed a much faster supply chain response when changes in demand occurred. We needed to be more nimble in sensing, responding and driving the change through our supply chain quickly with the right product mix. JDA solutions were the only solutions to meet our requirements."

*Ron Kantorik
Senior Manager, Demand Management,
Altera Corporation*

Sample of JDA's Demand Management Customers



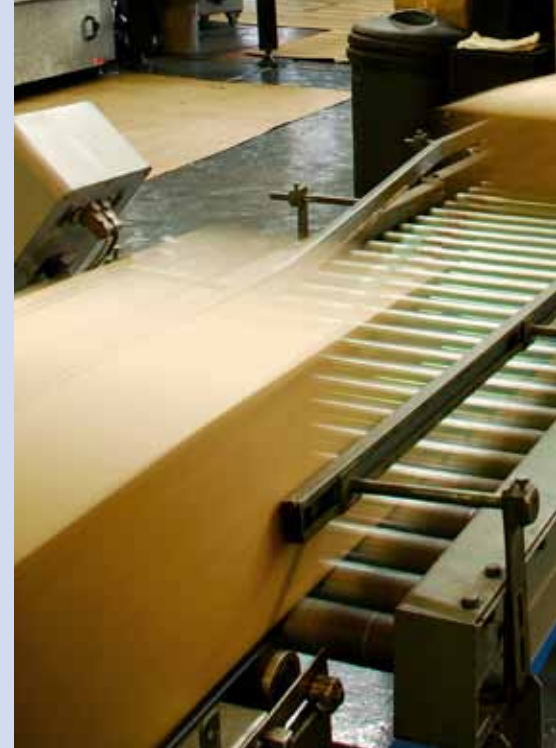
ADTRAN, Inc.
Ajinomoto Co., Inc.
Altera Corporation
Avnet, Inc.
Avon Products, Inc.
Barilla Alimentare SpA
Black & Decker UK Ltd.
BlueLinx Holdings Inc.
BP America, Inc.
Bristol-Myers Squibb Company
British Sugar PLC
Canadian Tire Corporation, Ltd.
Church & Dwight Co., Inc.
CJ Corporation
Cooper Tire & Rubber Company
Cott Beverages, Inc.
Cummins, Inc.
Defense Logistics Agency - DPMS
Dell Inc.
DSG Retail Limited
Elizabeth Arden International S.A.
Fairchild Semiconductor International, Inc.
Foster's Group Limited
Georgia-Pacific Corporation
Glazer's Wholesale Distributors
Harley-Davidson, Inc.
Hyundai
IKEA IT AB
Infineon Technologies AG
Kraft Foods UK Ltd.
Legrand Electric
Lenovo (Beijing) Limited
Lowe's Companies, Inc.
Maple Leaf Foods Inc.
McDonald's Germany
Merial Ltd.
MOBIS Parts America LLC
Nitori Co., Ltd.
O2 (UK) Limited
OfficeMax Incorporated
Owens & Minor, Inc.
Pepkor Ltd.
Publix Super Markets, Inc.
RadioShack Corporation
Reckitt Benckiser PLC
Sara Lee Food & Beverage
SanDisk Corporation
Sony Pictures Home Entertainment
Sumitomo Chemical Co., Ltd.
Swire Pacific Limited
Top-Toy A/S
Toshiba Semiconductor Company
Tyson Foods, Inc.
Unilever Home & Personal Care
Vodafone Group PLC
Wickes Building Supplies
Würth International AG

JDA Delivers Integrated Demand Management Capabilities to Accurately Predict Demand Down to the Lowest Level and Drive Optimized Supply Chain Decisions

Requirements	JDA Capabilities	Benefits
Flexible Multi-Level, Multi-Channel Forecast Management	<ul style="list-style-type: none"> Enables top-down and bottom-up planning through fixed or flexible hierarchies Provides visibility into distinct channel demand, enabling the tracking of individual trends, seasonal patterns and events 	<ul style="list-style-type: none"> Delivers unparalleled accuracy Improves inventory management Reduces overall supply chain costs Enables customer channel forecast and event management
Advanced Statistical Algorithms & Demand Classification	<ul style="list-style-type: none"> Features a collection of statistical algorithms that handle different demand patterns, including those that are seasonal, lumpy, slow movers and erratic Recommends appropriate algorithms and corresponding parameter settings based on historical sales analysis Provides flexibility to define independent algorithms through custom computations Supports attach rates, options and mix-pack forecasting 	<ul style="list-style-type: none"> Finetunes each forecasting unit Lessens need for statistical knowledge of planners Increases seasonalized baseline forecast accuracy Reduces hands-on time for statistical forecasting
Lifecycle Forecasting	<ul style="list-style-type: none"> Supports lifecycle creation to model new products with little or no history, end-of-life or short lifecycles Generates out-of-the-box forecasts for short lifecycle products based on automated attribute-based profile analysis 	<ul style="list-style-type: none"> Ensures forecast generation for all stages of the lifecycle Streamlines the incorporation of new products, the opening of new stores as well as end-of-life products
Demand Decomposition	<ul style="list-style-type: none"> Provides systematic, scientifically based demand segmentation for analyzing selling behavior, including identifying individual patterns and demand history for each product/location combination Segments external factors such as price effects and promotions from base demand history, creating two components – time series and special events Accounts for promotional affinities, separating base from promotional demand, including price fluctuations, cross-product effects, market conditions and unusual events 	<ul style="list-style-type: none"> Identifies selling behaviors, driving sales Produces a true baseline demand picture, enabling a more accurate baseline statistical forecast
Seasonal Profiling	<ul style="list-style-type: none"> Leverages automated pattern recognition to identify true item/location-level seasonality, even on low-volume and slow-moving items Automates best practices for seasonal profile management Understands and incorporates moving events to properly shift seasonal indices to the right period year to year 	<ul style="list-style-type: none"> Improves forecasts, supporting increased sales Decreases inventory investment, including safety stock and on-hand levels Improves service levels Supports greater understanding of hidden assortment attributes and characteristics
Promotion & Event Data Management	<ul style="list-style-type: none"> Enables end-to-end promotions and events management Automatically incorporates event quantities into the baseline statistical forecast Enables price-sensitive forecasting, understanding and reacting to customer or end-consumer buying behavior Sets the foundation for evaluating promotional effectiveness 	<ul style="list-style-type: none"> Creates visibility into future demand Helps achieve revenue and profit objectives Improves the understanding of promotional impact Increases the effectiveness of future promotions Supports sales-driving and customer loyalty activities
Consensus Forecasting & Collaboration	<ul style="list-style-type: none"> Synchronizes demand plans among all stakeholders Aligns processes and plans with automated collaboration on key data among internal stakeholders and external trading partners Integrates with JDA's supply planning solutions, inputting demand plans directly into supply plans Centrally incorporates all necessary forecasting information into one consolidated view 	<ul style="list-style-type: none"> Increases sales Lowers costs and markdowns Streamlines space-plan execution Enhances planner productivity Increases demand visibility Ensures everyone is on the same page with one version of the truth Diminishes communication breakdowns and other errors

"With JDA Demand, we can compare forecasts, shipment history, as well as POS and order history for any of our SKUs at any given time. At the end of 2007 this resulted in a 10 percent improvement in forecast accuracy. The forecast development cycle time used to take five days and now it takes only two days, allowing our planners to focus on other variations."

*Scott Strickland
vice president of information systems,
Black & Decker HHI*



About JDA Software Group, Inc.

JDA® Software Group, Inc. (NASDAQ: JDAS), The Supply Chain Company®, is a leading global provider of innovative supply chain management, merchandising and pricing excellence solutions. JDA empowers more than 6,000 companies of all sizes to make optimal decisions that improve profitability and achieve real results in the discrete and process manufacturing, wholesale distribution, transportation, retail and services industries. With an integrated solutions offering that spans the entire supply chain from materials to the consumer, JDA leverages the powerful heritage and knowledge capital of acquired market leaders including i2 Technologies®, Manugistics®, E3®, Intactix® and Arthur®. JDA's multiple service options, delivered via the JDA® Private Cloud, provide customers with flexible configurations, rapid time-to-value, lower total cost of ownership and 24/7 functional and technical support and expertise.

Now you can be among the JDA Demand Management suite customers reporting outstanding results and an unsurpassed customer experience with the following components:

- Demand
- Demand Manager
- Seasonal Profiling
- Demand Decomposition
- Demand Classification

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