



Perfect Order Index

CHALLENGE

Supply Chain costs have steadily increased over time despite concerted efforts by many manufacturing, logistics and transportation companies to hold the line. For many of these companies, particularly those with large and complex supply chains, optimizing the sales and operations planning (S&OP) process to improve customer experience and control costs has not been easy. Evidence of the impact of poor performing S&OP includes missed deliveries, reduced brand image, lost customers, higher working capital in inventories, higher labor costs, inability to compete effectively, and reduced operational and financial performance. Worse, without meaningful operational insight, organizations can leave good money locked or stuck in the value chain.

SYSTEM AND DATA SILOS

Why is it still a problem? After all, sophisticated ERPs, supply chain management, warehouse management, manufacturing, and logistics execution systems became mainstream decades ago to avoid these problems. As it turns out, decades and tens of millions of dollars later, these applications are still managed in silos, on a per business unit, plant, or regional basis, and they tend to support a specific set of processes and related view of data. More often, these silos also still require significant manual intervention, creating business and systemic gaps. In response to customer demands and market conditions, changes in data requirements, such as packaging variations, shipping variations, and special orders, can exacerbate the problem, increasing the potential exposure to business process breakdowns. Further, because there is little or no consistent development coordination across business functions, these types of changes can be very costly to implement.

Gathering and interpreting information across the supply chain requires integrating disparate S&OP data from across multiple, distributed, heterogenous ERP systems. Moreover, many manufacturers often use a battery of metrics, sometimes 50 or more, to fine tune operations.

BUSINESS VALUE

Understanding S&OP inconsistencies, failures, and associated costs can be an eye-opener for many manufacturers, especially for those that use a myriad of functional metrics, such as on-time shipments and line/unit fill rate, as a proxy for customer experience. There are numerous benefits of improving customer service and order fulfillment by process automation, including potentially 55% lower order processing costs, 99.6% order entry accuracy rate, and 60% reduction of labor overhead in order entry.¹ These returns however require good data management and governance practices across S&OP value chain, to develop a measurable metric-based process automation improvement using POI.

ABOUT PARADIGM

An award-winning end-to-end strategic solutions provider, Paradigm Technology is a leader in Digital Transformation, working for 25 years with the Fortune 500. We enable our clients in: Customer & Vendor Centricity, Data Governance, Real-time Analytics, and Cloud Adoption. Our Data Scientists help make sense of IoT and Big Data to predict and answer the hard questions to grow revenues, reduce costs and avoid risk. Paradigm's Business Transformation practice supports this through IT simplification, change management and robotic automation.

ABOUT INFORMATICA

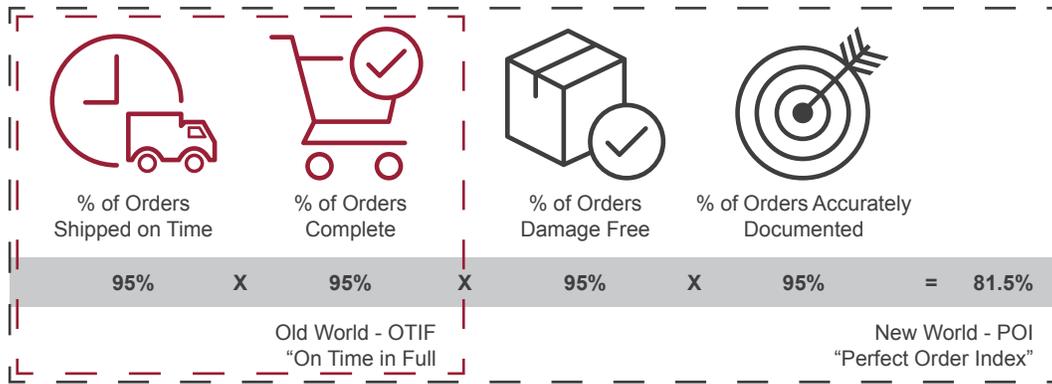
Informatica® is 100% focused on data because the world runs on data. Organizations need business solutions around data for the cloud, big data, real-time and streaming. Informatica is the world's No. 1 provider of data management solutions in the cloud, on-premise or in a hybrid environment. More than 7,000 organizations around the world turn to Informatica for data solutions that power their businesses.

¹ Improving Customer Service and Fulfillment with Order Processing Automation: Research from Gartner with Exclusive Insight. Esker. 2016.

SOLUTION APPROACH

Giving management access to more reliable, accurate and timely information in the appropriate format equips them with more actionable insight and opportunities to improve S&OP efficiency and effectiveness. How? This is where a foundational and strategic investment in the right technology – specifically an advanced, cohesive and comprehensive product suite, complimented by our Perfect Order Index Solution – can be a “game changer,” empowering the organization to optimize its supply chain, meet and exceed customer expectations, and achieve critical business objectives.

NEW POI-BASED APPROACH



The American Productivity and Quality Center (APQC) introduced the notion of “perfect order.” POI = OTIF - (Percent of order damaged or incorrectly processed). So what? APQC’s benchmark of 2,561 companies shows POI can range from 95% to 82%, with a median of 90%.² In other words, on average, 10 percent of all customer orders shipped have major errors. That could translate into millions of dollars of capital inefficiency somewhere in the supply chain, such as maintaining extra safety inventory to maintain high customer experience service levels.

SUMMARY

Increasingly, manufacturing companies are realizing that more insightful information across supply chain operations can improve customer experience and customer satisfaction in the face of increasing competition, market pressures, logistics, and supply chain performance challenges. A combination of the right technical and analytic components brought together in a holistic, integrated platform can provide more timely and accurate information from across the supply chain. This approach brings focus to the distribution and communication of S&OP metrics of supply chain performance, costs, risks, and exceptions. Giving management access to more reliable and accurate information in the appropriate format empowers them with options on how best to improve S&OP efficiency and effectiveness.

PARADIGM TECHNOLOGY AND INFORMATICA PARTNERSHIP

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² Metric of the Month: Perfect Order Performance. Supply and Demand Chain Executive. 2016.
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