



NUCLEUS
RESEARCH

KINAXIS CUSTOMER ACHIEVES 5X SIOP EFFICIENCY

ANALYST

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THE BOTTOM LINE

Kinaxis is a supply chain planning and control tower solutions specialist for companies of all sizes. Nucleus interviewed Kinaxis customers and found significant efficiency improvements in supply chain management tasks. Customers reported up to 90 percent time savings across supply planning processes, \$100 million reductions in inventory costs, and up to 500 percent increase in sales, inventory, and operations planning (SIOP) reporting efficiency. As every organization has a unique SIOP strategy, Kinaxis is well-positioned with its concurrent planning approach, personalized interface, and comprehensive scenario analysis tools. With Kinaxis' platform, organizations can build their supply chain solutions within the ecosystem to reduce reliance on third-party applications. While most control tower vendors offer the option to integrate third-party applications, Kinaxis can help eliminate the need for point solutions entirely.

OVERVIEW

Organizations typically utilize many different point solutions, such as enterprise resource planning (ERP), transportation management system (TMS), warehouse management system (WMS), and material requirements planning (MRP), to manage the individual functional departments. Each application relies on its own monitoring and control methodology, which creates various siloed data sources. Critical information, such as customer demand, logistics, and inventory amount, is invisible to other departments. Any cross-functional analysis is cumbersome, as it requires the collection of large data sets and manual intervention. Even with a centralized supply chain solution, organizations often have difficulties analyzing the large volume of data and converting it into tangible insights because many solutions lack advanced analytical tools and predictive capabilities.

Organizations require a comprehensive centralized solution that provides a holistic view of the entire supply chain to plan and execute processes effectively. Kinaxis is a control tower solutions provider addressing this need from a supply and demand planning perspective. The control tower platform enables users to manage plans across different time zones, processes, and business units simultaneously, creating a concurrent planning approach. As external and internal data sets are consolidated into one platform, organizations benefit from a single version of the truth and standardized workflows.

KINAXIS

Headquartered in Ontario, Canada, Kinaxis established its position in the control tower solutions space, emphasizing supply and demand planning in the automotive, aerospace and defense, consumer products, high-tech and electronics, industrial, life sciences, and retail sectors. With pre-configured API connectors, the platform can integrate with most third-party applications used by supply chain partners. Kinaxis' control tower platform, RapidResponse, updates changes as they occur across the entire supply chain, creating a holistic view of the whole network and bridging the gap between planning and execution. Potential and actual disruptions, detected via internal and external indicators, automatically update production, distribution, inventory, and financial plans. Additionally, users can customize decision triggers that activate and adjust supply chain decisions as certain disruptions occur. Updated plans incorporate new lead times and generate impact assessments to help supply chain managers balance costs and service levels. Kinaxis' comprehensive scenario analysis tool underpins the RapidResponse platform. Kinaxis' repeated enhancements in its artificial intelligence (AI) and machine learning (ML) algorithms empower customers to create multiple synchronous and correlated scenarios to forecast more accurately and execute accordingly.

Kinaxis' new deployment strategy, RapidStart, enables companies of all sizes to go live within 12 weeks. The new method involves deploying smaller data drops of demand and supply information, which streamlines the implementation process of the RapidResponse

platform. The vendor provides additional value to organizations by offering the ability to create proprietary applications themselves with Kinaxis Developer Studio. Users can leverage low-code tools to extend the functionality of its existing Kinaxis applications, thereby eliminating the need for more disconnected point solutions.

KEY BENEFITS

Nucleus interviewed several Kinaxis customers to identify the key benefits realized post-deployment. Users benefitted from increased productivity, reduced operational costs, and a cultural change across the entire organization.

- **Increased productivity.** Kinaxis enabled operation teams to accelerate data consolidation and reporting processes. Nucleus found that one organization shortened its SLOP process by 80 percent by streamlining the supply and demand planning reporting process. Another company stated a 90 percent reduction in supply planning processing times by eliminating most manual modeling and scenario analysis steps. The entire organization benefits from time savings through automation because employees could use their time more productively on analysis and collaboration. With a centralized system, data automatically gets formatted and converted into one master dashboard for quick consumption. For example, different business units across various regions can upload their local currency data, automatically converting them, utilizing the most up-to-date exchange rates.
- **Reduced operational costs.** Users leverage Kinaxis's advanced scenario analysis tools and automated workflows, to accurately predict inventory levels and streamline the planning process. As changes in the supply chain network are updated in real-time, one organization reduced inventory costs by \$100 million a year and cut an additional 40 percent of operational expenses with the redeployment of resources. Leveraging Kinaxis Developer Studio, organizations can build functional extensions and modules internally to avoid or retire third-party applications. The reduction in operational costs resulted in a shorter payback period and greater return on investment (ROI) for customers' Kinaxis deployments.
- **Cultural change.** With Kinaxis' adaptive control tower solution, organizations can centralize data, standardize processes, and update reports and forecasts in real-time, allowing scalability and flexibility across business units. As cross-functional data becomes more accessible, different teams become engaged and share the responsibility of supply chain resilience. All tiers of the organization can trust that the data used in reports are up to date instead of worrying about human errors and inaccurate forecasts due to siloed data sources and asymmetric information.

CUSTOMER PROFILES

AUTOMOTIVE MANUFACTURER

Founded in the late 20th century, this US manufacturing firm supplies semiconductors in the automotive and industrial sectors. The organization grew drastically over the last decade and acquired over 20 separate companies. The supplier could not scale up supply-chain planning and operations, which led to a restructuring of the organization by dividing up the company into eight smaller units. It was cumbersome to collaborate and accurately forecast demand and supply with siloed operational departments and data sources. The legacy system included preparing numerous excel spreadsheets and complex calculations to create what-if scenarios. As the information from different departments, such as sales, finance, and operations, did not match up it would lead to errors and inaccurate forecasts.

Multiple point supply network planning (SNP) solutions and control tower solutions were considered, such as Blue Yonder, but ultimately the supplier chose Kinaxis because of its comprehensive scenario analysis tools.

With Kinaxis' artificial intelligence (AI) and machine learning (ML) algorithms, users could run multiple simultaneous and interrelated scenarios and automate their execution. The streamlined workflows reduced the hours spent on preparing forecasts from 24 hours to two hours a week and cut down modeling and scenario analysis time by 90 percent. As the organization can follow a concurrent planning approach, changes in the supply chain are updated in real-time and implemented in the forecast accordingly. This creates a complete end-to-end visibility model of the whole network and bridges the gap between planning and execution.

**One organization
shortened its
supply planning
process by 90%.**

ENTERTAINMENT TECHNOLOGY PROVIDER

This European company was founded in the early 20th century and provides new technologies in the media and entertainment sectors. The organization is divided into three core business units that offer different products for consumers, production companies, and manufacturing firms. In order to supply enterprise customers without any disruptions, much of the organization requires an integrated system that provides real-time insight into the day-to-day operations to accurately forecast the demand for their services. The legacy system consisted of Excel and SAP ERP but could not meet end-to-end visibility and third-party application integration requirements, which led to siloed data sources and numerous manual tasks. Other issues included inconsistent reporting from business units, excessive spreadsheets, and email use, which prompted the company to consider a control tower solution.

Multiple vendors, such as Oracle, JD Edwards, and SAP, were considered, but ultimately Kinaxis was chosen as the legacy replacement. Key factors that influenced the decision included a flexible implementation approach and customizable user interface that fulfilled the needs of the individual users. The multi-phase implementation process enabled the organization to go live within a year and scale operations as needed. With real-time insights and automated workflows, the procedures to create operational reports were eliminated, saving one week in processing time. This enabled the organization to cut operational expenses by 40 percent and redeploy employees to more value-added tasks. The organization reduced inventory levels by over \$100 million a year and improved forecasts due to real-time input from the sales department. Besides operational and inventory cost savings, the organization benefits from improved collaboration and more engagement from the finance and sales departments. Leveraging Kinaxis Developer Studio, the organization built an internal logistics modeling system within the platform, eliminating the need for third-party analytic software for additional cost savings.

AEROSPACE MANUFACTURER

This US company manufactures aircraft for the military and commercial sectors. With a global supply chain and a complex network of suppliers, SIOB became a cumbersome process. The legacy system consisted of a standalone SAP ERP system and Excel-based forecasting calculations. Siloed data sources led to a lack of visibility, high variance in bills of materials, and frequent engineering changes, as supply and demand requirements did not match up.

Multiple alternatives were considered during the request for proposal (RFP) process, such as SAP's IBP and Blue Yonder control tower solution. The organization ultimately went with Kinaxis because of its unified platform and end-to-end organizational visibility across its entire supply chain, such as customers, retailers, distributors, warehouses, and logistics partners.

The finance and operations department was required to consolidate large amounts of transactional data across different business units, which was usually full of discrepancies, as there were no common standards and reporting procedures. Due to the lengthy process and amount of resources it took to produce an in-depth SIOB report, the organization only conducted it twice a year. Kinaxis' automated workflows and comprehensive scenario analysis tools significantly increased the efficiency of SIOB reporting by up to 500 percent. By eliminating manual reporting tasks and improving collaboration across functional departments, users increased the frequency of SIOB from twice per year to a monthly basis. The intuitive user interface (UI) enabled users from every department to participate in the planning process by translating all function-specific procedures into one common language that every user can understand without asking for admin advice. As a result of producing operational reports more frequently, the organization now forecasts out to a 10-year horizon.

WHY IT MATTERS

Organizations are becoming aware of the considerable benefits offered by unified control tower solutions. The supply chain management solutions space offers many point solutions that can cover a specific aspect of an organization's supply planning needs, but this leads to more data siloes and conflicting information across different departments. Control Tower solutions, such as Kinaxis' RapidResponse, can eliminate or greatly reduce the need for individual point solutions by providing a unified platform that integrates numerous aspects of supply chain planning. Organizations will benefit from one version of the truth, leading to improved collaboration and increased engagement in the supply planning process. We see a cultural shift in Kinaxis' customers, in which the supply chain planning process is no longer just the operations or logistics teams' responsibility. In order to impart true supply chain resilience, finance, sales, and operations teams all have to be engaged and speak a common language. Nucleus expects buying behaviors will further diverge in the supply chain market, which can be split into large enterprise customers that require comprehensive, unified solutions and small and mid-size companies that demand specific point solutions to cover the individual needs of a smaller supply chain.