

Optimize your Supply Chain

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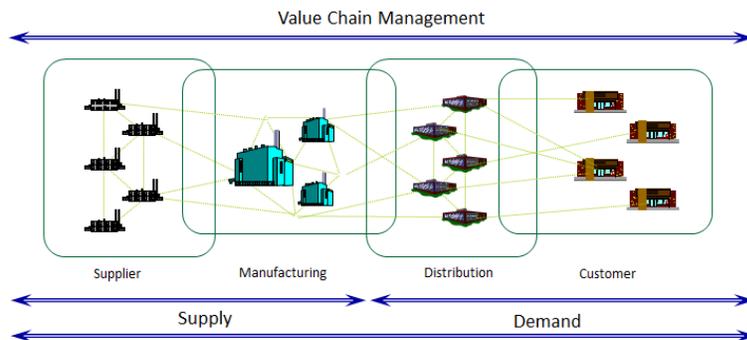
Introduction

This presentation will describe different strategies to optimize a corporate supply chain. It will start from a theoretical point of view including the Oracle Value Chain offering and then switch to a practical case study how Saint-Gobain – British Plaster Board - optimized their supply chain.

Terminology

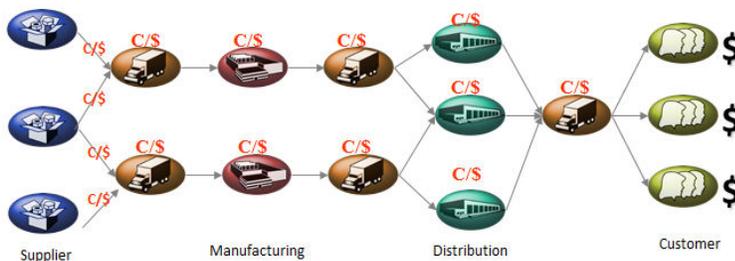
Supply Chain Management

Supply Chain Management Chain is a process used by companies to ensure that their supply chain is efficient and cost-effective. Typically a supply chain is the collection of steps that a company takes to transform raw components into final products and deliver it to the customers. It includes business functions like forecasting, material planning, production and distribution. Therefore it is often called Value Chain Management.



Optimization

Optimizing the Supply Chain means to maximize profits and minimize total delivery costs to the customer which includes raw material costs, manufacturing costs and transportation costs. This optimization will take place taken different constraints like material constraints, manufacturing constraints and transportation constraints into account. Of course there are additional types of costs and constraints that are not mentioned above.



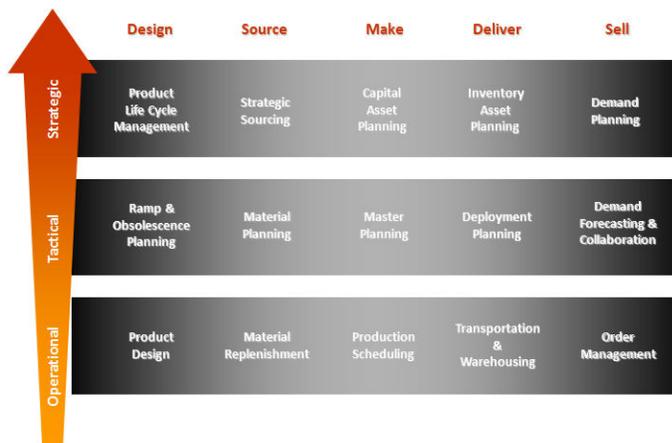
Optimize your Supply Chain

Supply Chain Optimization

Deliver the right products at the right time with the right quantity from the right supply location to the right demand location while maximizing total profit and minimizing total delivery cost!

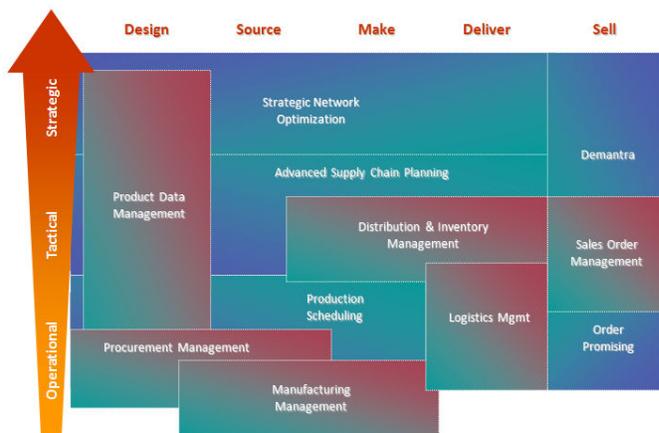
Strategic – Tactical – Operational Planning

To optimize your supply chain it is important to group all management activities into three categories: strategic, tactical, and operational planning. Strategic (long term) activities include determine which products to design and sell, building relationships with suppliers and customers and others. Studying competitors and decision making regarding production and distribution would fall under the tactical planning. The operational planning includes daily management of the supply chain, including the creation of production schedules.



Oracle Value Chain Planning

The optimization of your supply chain can be achieved on all these different levels with the Oracle Value Chain applications which include strategic, tactical and operational planning modules.



Financial Impact

For the optimization approach it is important to look at the financial aspect. General speaking optimizations are cost driven which includes increased revenue, lowering inventory, increased customer service, etc. These goals can be achieved with an optimization approach. However the financial aspect for strategic, tactical or operational planning is different.



British Plaster Board

Overview

British Plaster Board (British Gypsum) produces both Plaster and Plasterboard at the various sites. In total BG produce 30 different plasterboards covering a wide variety of applications from the ultimate in impact resistance to boards which offer protection from fire. Plasterboard is the most popular wall lining for homes, offices, cinemas, schools, and leisure and retail premises. On average BG delivers enough bagged plaster, stacked flat to make a pile 21 times the height of Everest.

Oracle Value Chain Software

BG uses the Oracle Forecasting tool (Demand Planning) and the Oracle Strategic Network Optimization (SNO) tool. During the presentation we will describe the functionality of software.

Optimization Approach

For BG it was important to have the most financial impact. Therefore they decided to have a strategic planning approach in mind to optimize their supply chain. Some of the questions that needed to be answered:

New production lines commissioned for 25 years

What should we produce?

Where should we produce?

Where are going to send the products?

Awareness of inefficiencies with the supply chain network

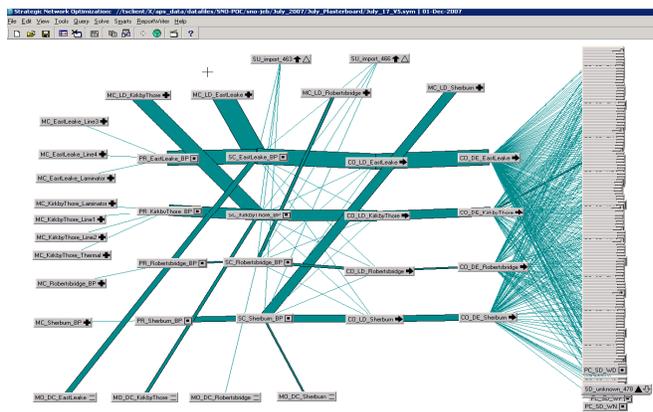
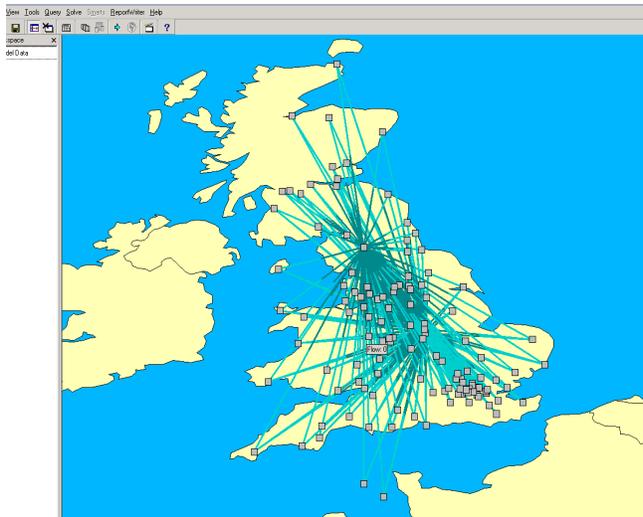
Plant self sufficiency

Manufacturing outsourcing

Fleet management

Optimization Approach

The presentation will contain a detailed description how British Plaster Board optimized their supply chain. The strategic optimization approach is focused on profit maximization and cost minimization. It is an interesting approach with distribution optimization down to the zip code level.



Results

British Plaster Board achieved different profit increases and savings. These savings will be described during the presentation and will include hard numbers that will be shared with the audience. Some of the results for the BG optimization include:

- Fewer imports
- No outside storage
- Reduction in distribution costs
- Monthly plan for detailed S&OP planning

Contact

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