



## Inventory Optimization

To maximize supply chain performance, companies must continually manage a profitable balance among speed, service levels, risk, and cost. These performance factors are driven largely by how a company manages the variables of supply, production, and distribution, and where and how it deploys inventory. Today, rising fuel costs have further escalated the importance of balancing trade-offs between inventory and logistics costs.

Inventory management, in fact, is perhaps one of the most important aspects of a successful and profitable supply chain. To create greater efficiencies, more and more companies are adopting a scientific approach to inventory optimization on an ongoing basis.

### End-to-End Improvement

i2 Inventory Optimization™ can help streamline and accelerate virtually any supply chain. Inventory Optimization delivers a comprehensive solution, allowing companies to monitor, manage, and optimize inventory strategies across even the most complex supply chains.

Inventory Optimization can be deployed to drive down costs and lead times while improving service performance and customer satisfaction. This proven solution enables companies to instill inventory best practices into repeatable business processes.

Based on years of experience supporting some of the world's most efficient supply chains, i2 Inventory Optimization addresses the critical requirements of an optimized supply chain.

**Buying behavior.** i2 leverages patent-pending methods to analyze demand lead-time patterns, then automatically develops customer buying profiles that optimize inventory and deployment strategies to match true demand.

**Segmentation.** The i2 solution analyzes for demand patterns and volumes, service criticality, product lifecycle, lead times, and competitive variables to maximize the efficiency of inventory replenishment.

**Postponement.** Companies can manage inventory targets, risk pooling, and postponement across multiple echelons to achieve the best possible balance between inventory and service levels.

**Inventory policies.** The i2 solution supports both manual and automated review of inventory targets and segmentation, allowing planners to review and adjust inventory policies.

"The power in Inventory Optimization is that we can directly focus our inventory positions based on individual customers or individual products. It creates a true gain in market share because we can consistently satisfy customer request dates."

—Ravi Vancheeswaran  
 Manager of Systems and Processes  
 in the Supply Chain Management  
 Services Organization  
**ON Semiconductor**

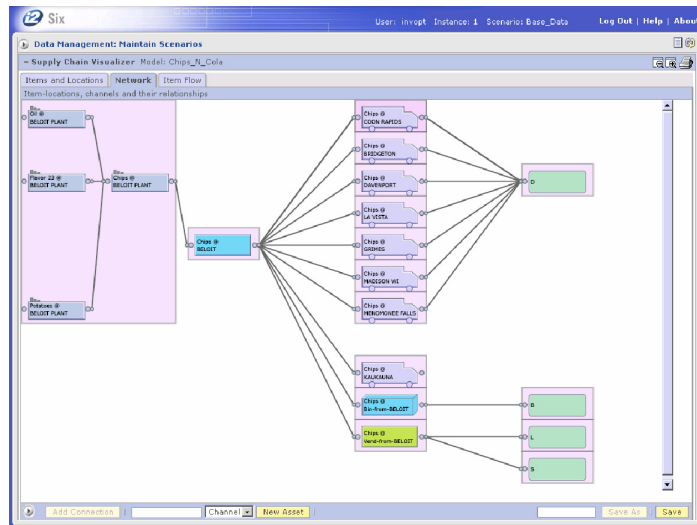
**Life-cycle events and promotions.** The i2 solution supports inventory planning across the supply chain for product launch, last-time-buy, and promotions.

**Continuous improvement.** Compliance analysis reports compare assumptions and plans to actual performance to support continuous learning and inventory process improvement.

By integrating these best practices with ERP and supply chain systems, companies can maximize their performance against business goals, market conditions, risk, and constraints. i2 Inventory Optimization can be deployed to help companies decide what to carry and where, in what form to deploy inventory, and how to manage inventory across their procurement, manufacturing, and distribution environment.

### Capabilities

- Automated analysis of transactions, customer buying patterns, and forecast error
- Early warning, monitoring, and root-cause analysis for inventory performance
- Powerful support for continuous learning and process improvement
- Optimized inventory policy for each SKU at each location
- Total landed cost analysis including purchase, transportation, handling, and inventory costs
- Multi-echelon inventory optimization across procurement, manufacturing, and distribution
- Multi-echelon inventory optimization for new product launch, end-of-life, transitions, and promotions
- Optimization of inventory redistribution, replenishment intervals, and grouping
- Inventory optimization under constrained budgets or tiered budget preferences
- Strategic scenario analysis integrated with network design (i2 Supply Chain Strategist™)
- Ongoing review of portfolio segmentation and strategies



*Comprehensive modeling support for procurement, manufacturing, and distribution networks is provided in i2 Inventory Optimization.*

### Benefits

Companies in virtually any product-oriented industry can deploy i2 Inventory Optimization to accelerate and improve supply chain performance. This market-proven solution can be deployed to achieve:

- Reduced inventory levels, expedites, and overall logistics costs
- Higher service level performance
- Greater customer satisfaction and reduced churn
- Improved asset utilization
- Accelerated inventory turns
- Better product availability
- Reduced risk, cash-to-carry cycles, and carrying costs
- More precise and comprehensive supply chain visibility
- More informed business decision making

### The Next Step? Value Impact Analysis

i2's Value Impact Analysis will show you how you can improve your organization's inventory performance in a matter of weeks. To get started, contact us today at [info@i2.com](mailto:info@i2.com).



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