



Global Manufacturer and Distributor Manages Demand and Global Growth With Improved Supply Chain Efficiency Community

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C Case Study: Global Manufacturer & Distributor

Business Challenge

The client is the market leader in children's apparel, namely baby, sleepwear and play clothes for newborns through age six. The company has been recognized for more than 130 years for its creativity and innovation in design and product introductions.

The company's innovative clothing designs provide new, imaginative products to its end customers. This innovation drives frequent product launches, short fashion product lifecycles and a vast product line. Like many apparel companies, it has evolved to a global supply chain sourcing model to keep prices low. However, expansion into global sourcing and operations complicates its ability to manage product production and delivery due to increased material and finished good lead times.

The client needed to improve its total supply chain planning capabilities. Existing processes were manual, labor intensive and reactive. A supply chain planning solution with proven successes in the apparel industry and the flexibility to enable its planned process improvements was a must.

The Solution

Working with Hitachi Consulting, the company launched a 12-week assessment that examined its key supply chain operations, uncovered opportunities for improvement, and developed expected return on investment. With Hitachi Consulting's guidance and analysis, the client selected i2 Technologies' Supply Chain Planner and Demand Planner to support its needed improvements.

Hitachi Consulting created a phased implementation roadmap designed to implement i2's Demand Planner and Supply Chain Planner with maximum benefit. Both tools were designed to support improved sales and operations planning and decision-making.

During the assessment phase, Hitachi Consulting identified areas of the forecasting process that needed improvement.

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Issues which caused problems for meeting service level goals while maintaining reasonable inventories included:

- A never-ending, time consuming and manual forecasting cycle
- Low sales forecasting accuracy at Style-Color level
- No formal sales forecasting measurement or analysis
- No statistical forecasting capabilities
- No advanced tool to support improvements in forecast management
- Short product lifecycles

Given the above challenges, the joint team targeted i2's Demand Planner for the first phase, to be followed by two subsequent phases of i2's Supply Chain Planner.

Business Benefits

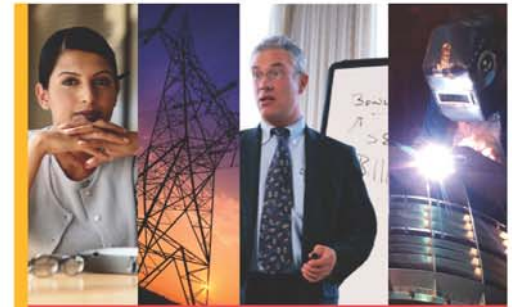
Hitachi Consulting and the client formed an implementation team to deliver an improved forecasting solution. The team designed and implemented Demand Planner to support the improved forecasting process and market position.

The project, which included two sub-phases of implementation, was completed in seven months. The new tool and supporting integration provides daily demand updates for improved operational analysis. The new system provides all the information needed for the analysis in one place.

Benefits and capabilities delivered:

- Forecasting cycle times reduced from an average of four weeks to four days
- Increased downstream planning velocity due to improved forecasting cycle
- Manage by exception capability
- Improved error management capability
- Planned one-time inventory reduction of \$5 million over the next year
- Carrying cost reduction of over \$500,000 over the next year
- Improved service levels resulting in \$550,000 in benefits

The tool design also supports ongoing, continuous improvements, including customer collaboration, sales team collaboration and point-of-sale data modeling.



About Hitachi Consulting

As Hitachi, Ltd.'s (NYSE: HIT) global consulting company, Hitachi Consulting is a recognized leader in delivering proven business and IT solutions to Global 2000 companies across many industries.

We leverage decades of business process, vertical industry, and leading-edge technology experience to understand each company's unique business needs.

From business strategy development through application deployment, our consultants are committed to helping clients quickly realize measurable business value and achieve sustainable ROI.

Hitachi Consulting's client base includes nearly 30 percent of the Fortune 100 as well as many leading mid-market companies. We offer a client-focused, collaborative approach and transfer knowledge to our clients throughout each engagement. For more information, call 877-664-0010 or visit www.hitachiconsulting.com

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