

WHITE PAPER

# The Power of Anaplan for Inventory Optimization

 Anaplan

If you've ever grown frustrated when "guaranteed two-day shipping" turned into three, four, and five days and that eagerly-awaited package from your once-favorite retailer was still a no-show, you've experienced the pain of poor inventory optimization. And that pain often leads to action—you take your business elsewhere next time. The modern consumer puts high expectations on the supply chain. If companies want to stay competitive and keep their customers loyal, they need to find a way to deliver on time, every time.

Solving the problem described above is the core of effective inventory optimization. Supply chain leaders need to make fast, intelligent decisions to make sure they've stored the least amount of inventory for the shortest amount of time, yet make sure that stock is available when customer demands suddenly rise. And when supply chain leaders can make those timely, intelligent decisions, service levels are met and customers are likely to be happy and loyal.

To thrive in today's fast-paced, competitive market, supply chain leaders must make trade-off decisions quickly and accurately. They need the power to find the best possible choice in the shortest possible time. This is the power of optimization.

In this context, optimization refers to technology that uses high-speed mathematical calculations to make decisions exponentially faster than a human can. Instead of many hours spent pouring over spreadsheets and wrestling to integrate data from a plethora of sources, optimization can empower planners to make complex decisions quickly and accurately.

## Introducing Optimizer

That's where Optimizer from Anaplan comes into play. Anaplan has partnered with Gurobi, an industry leader in optimization technology, to create a cutting-edge solution. Optimizer is built into Anaplan's cloud-based, in-memory, multi-dimensional planning platform, resulting in complex calculations taking as little as a few seconds to run. This creates an unparalleled solution for finding accurate answers to the most complex supply chain problems in seconds. Inventory optimization with Optimizer empowers supply chain planners to provide valued-based decisions to the business in record time and with ease.

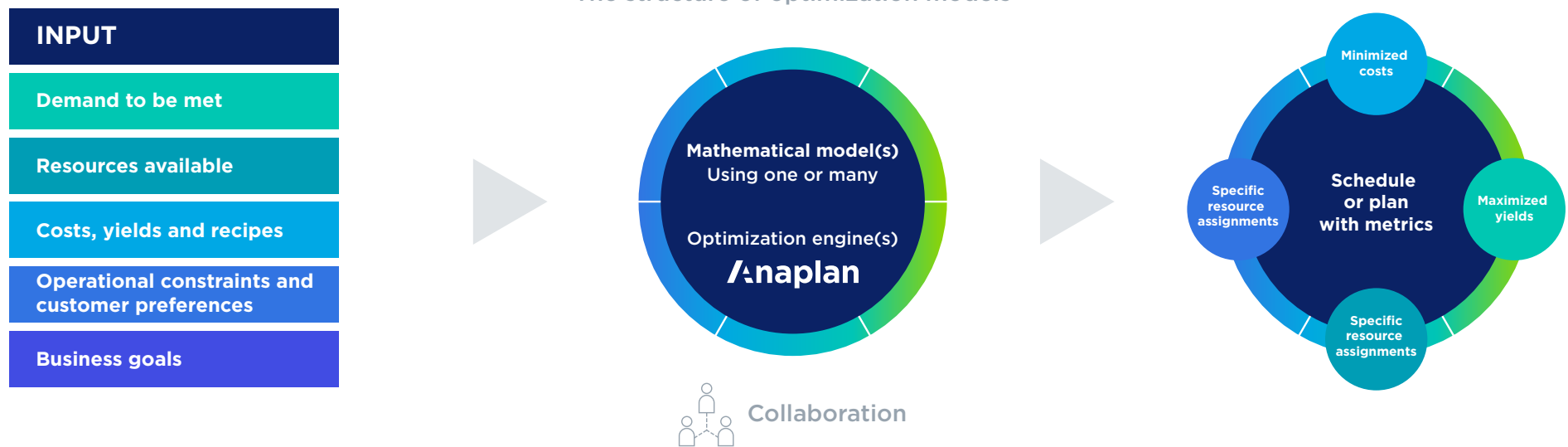


An important part of the inventory optimization process is holding inventory along the chain's route. Choosing where to hold that inventory for the cheapest cost and most-efficient route is the first tough question. What inventory should be stored at a local distribution center versus a regional distribution center is another factor to consider. Think about replenishing inventory effectively and how many distribution centers you'll need to serve multiple store locations. Without a powerful optimization engine in place, these questions might be too difficult to answer with confidence and accuracy. With Optimizer, it's definitely possible.

## How Optimizer works in Anaplan

Optimizer brings all possible variables into the equation, including service levels, lead time, changes in demand, customer commitments, and supply reliability. Optimizer shows supply chain professionals exactly how much inventory to have at each location to meet the customer's required service levels.

Using Anaplan's "what-if" scenario capabilities, planners can adjust each of the mitigating factors to see their impact on the inventory and production plans, as well as any potential impact on cost. For example, a factory planner could adjust labor, component, and overhead costs and therefore see the impact on the total production cost.





## The Anaplan difference: Connected Planning

Connected Planning is a new approach to business planning that enables dynamic, collaborative, and intelligent decision-making by incorporating all relevant information from across the organization into a single, cloud-based platform. A Connected Planning approach to inventory optimization means that all relevant data is modeled in a central platform, empowering businesses to make quicker and better-informed decisions that outpace their competition.

Anaplan can solve inventory optimization due to a few unique features like scenario planning capabilities. The power to ask (and see) the “what-if” of a situation sets Anaplan apart and is invaluable when managing complex inventory issues, such as weather-related labor, parts limitations, or an event creating an unexpected demand. Scenarios can be compared side-by-side to find the optimal solution. Planners can adjust service levels based on the

unique needs of their business and understand the potential financial impact of these decisions. With Anaplan’s unparalleled flexibility to adapt to unique business processes, it provides a huge advantage when facing complex inventory issues.

Another powerful differentiator of Optimizer is the use of postponement and pooling strategies. Postponement evaluates processing and transit time to delay inventory to the earliest possible holding point that still satisfies demand and meets service levels. And this capability is configurable to meet each customer’s needs. For example, if a customer wants to include additional buffer time in the postponement logic, they can simply add that factor to the logic. This custom capability to first optimize and then postpone is fast, efficient, and powerful for supply chain leaders looking to get the most from their networks.

Combine all of Anaplan’s power with the fact that no custom coding or specific expertise is needed to build, manage, or update the platform. The supply chain leaders who make the wisest inventory optimization decisions will beat out competitors, boost customer loyalty, and maximize profits—and with Anaplan’s platform, inventory optimization (and more) is possible.





# About Anaplan

Anaplan is pioneering the category of Connected Planning. Our purpose-built software—powered by our patented Hyperblock engine—enables dynamic, collaborative, and intelligent planning. Large and fast-growing companies worldwide use our solutions to connect the people and data required for trusted plans and accelerated decisions essential to leading in their markets. Based in San Francisco, we are a privately-held growth company with 20 offices, 175 expert partners, and more than 850 customers worldwide.

To learn more, visit [anaplan.com](https://anaplan.com)

