BLUE RIDGE

An ROI Case Study

Return on Investment with Blue Ridge

The Challenge

An automotive parts distributor was faced with several different supply chain management challenges. They had many different ERP systems, and multiple disparate demand planning solutions, that required a very large team of demand planners and buyers working to manage inventory for distribution centers across the U.S. In addition to the significant time required to manage across all of these systems, it was also very difficult to accurately forecast demand, resulting in excess inventory. This complexity led them to search for a new supply chain management solution and explore how supply chain analytics could help improve their team's forecasting accuracy to cut inventory costs, while significantly reducing time spent on ordering each day.

The Solution

They selected Blue Ridge because of its simple, yet sophisticated processes. The Blue Ridge Demand Planning and Replenishment solutions uniquely integrate forecasting, supply planning, inventory allocation, intelligent replenishment and strategic investment opportunities into a fine-tuned, unified cloud engine. Demand Planning provides powerful machine learning trends and algorithms to: auto-classify and auto-select the best forecast model for each SKU; adjust forecasts automatically; and continuously improve forecast accuracy. Replenishment optimizes inventory across locations and creates the most economical orders across the portfolio by Supplier.

- National automotive parts distributor
- Distribution centers across the U.S.
- Global customer base
- Sells into B2B and B2C channels

Annualized Value of
$5.5M

< 1 year
Payback Period

" With Blue Ridge we instituted a complete process improvement around forecasting, simplifying the process and making it more consistent, which has certainly improved forecast accuracy."

– VP, Supply Chain

68%

REDUCTION in time spent on demand planning and purchasing

25%

REDUCTION in inventory and overstock costs

"We couldn't run our business without Blue Ridge."

– VP, Supply Chain

Reduced Operational Costs

Pre-Blue Ridge, the distributor had a large team working across a very disparate set of systems and solutions. This resulted in a lot of time being spent on even basic tasks. For example, the buyers used to spend as much as 80% of their time just writing orders, whereas now this work takes up about 15% of their time. Now a small, expert group of demand planners can place orders across all locations in a single application, allowing them to spend more time looking at what is driving their business and the analytics of that, versus consuming all their time just placing orders in the system. In total they were able to reduce the demand planning and purchasing effort by 68% post-Blue Ridge.
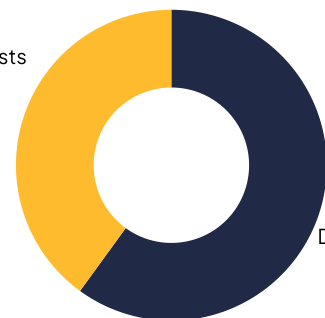
Reduced Inventory Costs

Prior to Blue Ridge forecast accuracy had been a key challenge, as a result of managing across many different ERPs and multiple demand planning solutions. Blue Ridge allowed the distributor to analyze and optimize inventory levels across their complex network of locations, and multiple echelons, and collaborate upstream with suppliers in real-time. Decisions are now made based on the whole picture, including logistics, lead times, store order schedules, supplier capacity, holidays, buying minimums and maximums, and other profit drivers. Within six months of implementation, they had seen more than a $5M reduction in inventory, just by being able to leverage/optimize their safety stock levels. They were also able to take significant excess inventory/overstock out of their network. Overall, they were able to reduce inventory costs by at least 25% with Blue Ridge.

Overall Return on Investment

The move to Blue Ridge enabled the distributor to bring all of their forecasting and planning together in a single solution, allowing them to: realize substantial time savings; improve forecast accuracy; leverage profit drivers; and reduce inventory costs and overstock. They invested about $1.2 million in internal and Blue Ridge costs over the first three years, since implementing the Blue Ridge solutions. The benefits generated by moving to Blue Ridge resulted in annualized value of $5.5M, and a payback period of less than one year.

Percent of Total Value Delivered by Business Objective

Decrease Operational Costs
40%

Decrease Inventory Costs
60%

All statistics collected by third-party research firm:

HOBSON & COMPANY