Customer Success Story

Intertape Polymer Group -
supply chain grows up

Improved fill rates from less than 70% to 95%

Reduced slow moving and obsolete inventory by $10 million year-over-year

Increased forecast accuracy [MAPE] from 56% to 86%

Significantly improved customer service levels

Achieved a $40 million year-over-year reduction in total inventory

Challenge

Due to rapid growth through acquisitions, Intertape Polymer Group was challenged with overlapping product portfolios, internal communication struggles, poor forecast accuracy, decreasing customer fill rates and a growing finished goods inventory.

Logility Digital Supply Chain Platform

Logility enables a more proactive supply chain that drives profitability by increasing visibility into customer demand, establishing clear process ownership, improving internal collaboration and connecting the sales plan to the production schedule and distribution network.

ipg intertape polymer group®

Facts
Industry
Tape and Film Manufacturer

Headquarters
Montreal, Quebec and Bradenton, FL

Sales
$782 million

Profile
A recognized leader in the development and manufacture of specialized polyolefin plastic and paper packaging products and complimentary packaging systems.

"We have achieved a multi-million dollar inventory reduction, and the savings we gained in the first four weeks following implementation of Logility more than paid for the cost of software and implementation."

Joe Tocci, Senior Vice President of Supply Chain - Intertape Polymer Group

Competitive pressure from imports, the rising costs of raw materials, increasing fuel prices and the growing trend of more retailers becoming private-label brand managers created challenges and complexity for Intertape Polymer Group [IPG], a leading global manufacturer of packaging tape and film. Rapid growth through acquisitions also created a challenge, including overlapping product portfolios, internal communication struggles, poor forecast accuracy, lower customer fill rates and a growing finished goods inventory. To alleviate these growing pains, IPG rationalized its product portfolio and set out to increase visibility into customer demand, establish clear process ownership, improve internal collaboration and connect the sales plan to the production schedule.

"It was an important maturity process for IPG," said Joe Tocci, senior vice president of supply chain for IPG. "Our goal was to change supply chain planning from a passive into a strategic role to act as a catalyst for growth and profitability." IPG turned to Logility to help achieve this goal.

More Demand Visibility

IPG wanted to increase forecast accuracy and quickly position inventory to meet customer demand. It implemented Logility for demand planning to establish a forecast strategy for make-to-stock products, align build-to-order product lead times, minimize order quantities and identify products and business units that were out of scope. With Logility, IPG quickly created a multi-echelon forecast that empowered flexible analysis and scenario-based planning by products, channels, geography and financial metrics.

Logility helped IPG to greatly simplify the demand management process. IPG now creates item level simulations, reforecasts in the simulation model, generates a variance report between production and simulated plan and merges the demand forecast back into the live database. Logility also facilitates forecasting new product introductions [NPIs], new account onboarding and promotions. With a new demand planning process in place, IPG reduced the demand review cycle by 70% from 10 days to three days. With Logility, IPG has increased forecast accuracy (MAPE) by 30 points.

More Demand Visibility

Due to acquisitions, IPG's product portfolio included a number of unprofitable items that contributed to revenue loss and excess inventory. IPG used Logility Demand Planning to rationalize the product portfolio and gain insight into product performance for specific channels and items that were profitable and unprofitable. The process also identified products that could be discontinued.

Logility Demand Planning™
enables Intertape Polymer Group to rationalize its broad product line by providing a comprehensive overview of demand by SKU, customer and distribution channel.

Logility Inventory Planning™
allows Intertape Polymer Group to leverage time-phased inventory policies that align business seasonality with corresponding customer service goals.

Logility Replenishment Planning™
helps Intertape Polymer Group streamline the distribution process by giving them multi-level insights into demand and inventory.

Logility enables you to:

- Boost forecast accuracy
- Eliminate redundant and obsolete inventory
- Align inventory with customer demand
- Optimize inventory levels and increase inventory turns
- Increase forecast accuracy

"Before Logility, this type of product and channel analysis was clumsy and would take IPG a week or longer," said Tocci. "With Logility, this analysis takes five to 10 minutes and is automatically calculated on a monthly basis."

For IPG's consumer product line rationalization, the initial stocked item count went down dramatically from 2,209 to 400 by either discontinuing items or converting slower moving resources to make-to-order. The industrial product line rationalization reduced the product portfolio from 1,063 to 800. Through the process, IPG identified 24% of its former stocked offering that could be either discontinued or converted to make-to-order.

Refining the Inventory and Replenishment Planning Processes

With Logility, IPG can leverage time-phased inventory policies that align business seasonality with corresponding customer service goals. IPG defines inventory at the A-B-C level based upon cost by location and forecast error. Inventory planning profiles are based on ABC code, source type [make, buy, transfer] and stock vs. non-stocked. This enables IPG to streamline the management of its dynamic product portfolio, reduce inventory investments, avoid stock-outs and minimize obsolete inventory.

IPG also needed to focus on inventory planning for Regional Distribution Centers [RDC] and transition from a days-of-supply to service-level strategy. By more effectively managing inventory at the RDC, IPG knows how much inventory it needs to carry in each location. As a result, IPG achieved a $13 million year-over-year reduction in RDC inventory while increasing fill rates to 86% by the end of the first year. Today, IPG proudly maintains a 95% fill rate.

"The results we have realized have been phenomenal," said Tocci. "We have achieved a multi-million dollar inventory reduction, and the savings we gained in the first four weeks following implementation of Logility Inventory Planning more than paid for the cost of software and implementation."

With the improvements gained in inventory planning, IPG opened a Consumer Distribution Center [CDC]. "When we staged inventory for the CDC, our day-one in-stock inventory was 96%," said Tocci. "Logility helped us quickly improve service without incurring an additional investment in inventory."

"It is a combination of process, software and product line rationalization that helped us achieve these tremendous results," said Tocci. "Logility helped us quickly gain visibility and become flexible. It used to take two people anywhere from 10 to 15 days to create a 12-month forecast. Now it takes one person three days to rollout a forecast that provides a more accurate foundation for inventory and replenishment planning across our business."

About Logility

Accelerating the sustainable digital supply chain, Logility helps companies seize new opportunities, sense and respond to changing market dynamics and more profitably manage their complex global businesses. The Logility® Digital Supply Chain Platform leverages an innovative blend of artificial intelligence [AI] and advanced analytics to automate planning, accelerate cycle times, increase precision, improve operating performance, break down business silos and deliver greater visibility. Logility is a wholly owned subsidiary of American Software, Inc. [NASDAQ: AMSWA].

To learn how Logility can help you make smarter decisions faster, visit www.logility.com.