**NUCLEUS
RESEARCH**

ASSESSING THE VALUE OF LOGILITY FOR END-TO-END SUPPLY CHAIN PLANNING

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THE BOTTOM LINE

Before adopting a modern supply chain planning (SCP) solution, Nucleus spoke to customers who often faced limited forecasting accuracy and difficulty managing complex inventory requirements across multiple channels when relying on legacy tools such as Excel. After deploying Logility for SCP, analysts found that organizations improved forecasting accuracy by 16.25 percent on average. Other benefits Logility customers realize post-deployment include enhanced inventory control and improved operational efficiency. For example, one consumer goods manufacturer used Logility to streamline data uploads and automate forecasts, saving planners 20 percent of their time.

LOGILITY

Logility is a global supply chain management technology provider that supports modules for scenario planning, demand planning, supply planning, product management, inventory optimization, supplier management, supply chain design, deployment, and data management through the Logility Decision Intelligence Platform. Logility provides solutions for customers in retail, apparel, process and industrial manufacturing, wholesale distribution, chemicals, food and beverage, life sciences, consumer packaged goods, and high-tech industries.

SELECTION DRIVERS

Nucleus interviewed various Logility customers to identify the primary selection factors.

EASE OF USE

Customers often choose Logility for its ease of use, allowing supply chain teams to navigate the platform and perform essential tasks, such as forecasting and inventory management, without requiring extensive technical expertise. This enables teams to work more independently and respond faster to demand or supply conditions changes. Analysts found that one food and beverage organization evaluated multiple vendors, including Logility, Kinaxis, o9 Solutions, and SAP IBP, and ultimately selected Logility for its ease of use. The platform's user-friendly interface allowed supply chain planners to independently build and adjust demand forecasts, eliminating the need to hire a data scientist.

PLATFORM FUNCTIONALITY

Logility's user-friendly, AI-first, exception-based approach lets planners quickly identify outliers and focus on meaningful data trends rather than repetitive data entry. This functionality saves time on manual data handling, enabling planners to spend more time collaborating with other departments, such as sales, to align forecasts with strategic business goals. Analysts spoke with a global footwear retailer that selected Logility for its demand, inventory, and replenishment planning. Logility offered flexibility to create early, detailed forecasts for supply plans by breaking down high-level projections into more specific details, such as style and color, based on attributes like material and historical data. This level of detail enabled the retailer's supply chain team to make more strategic, early-stage decisions, including during the design phase. The retailer could also use these forecasts to support five-year strategic planning and mid- and long-term decision-making.

TYPICAL BENEFITS

Through end-user conversations, Nucleus found that the typical benefits of a Logility deployment include increased forecasting accuracy, enhanced inventory control, and operational efficiency.

INCREASED FORECASTING ACCURACY

Through various end-user conversations, Nucleus found that, on average, organizations improved forecasting accuracy by 16.25 percent after deploying Logility. Specifically, one organization improved forecast accuracy to 85 percent by setting fill rate parameters by customer segment and automatically adjusting to changes in demand. Analysts also spoke to an industrial manufacturer using Logility, which improved forecast accuracy by 15 percent, even with unpredictable demand patterns. Before Logility, fluctuations in customer orders often resulted in frequent overstocking or understocking, leading to inefficiencies and missed sales. With Logility, the organization could better anticipate and respond to irregular demand, keeping inventory levels more accurate across its product lines.

ENHANCED INVENTORY CONTROL

Logility improves inventory control by providing visibility into stock levels, locations, and demand patterns, enabling companies to reduce excess inventory and lower carrying costs. This insight allows for more effective resource reallocation across the supply chain. One organization reduced its finished goods inventory by 75 percent after implementing Logility, freeing up millions in cash flow and reducing their inventory levels from four times the industry standard to a more efficient, leaner model. This reduction decreased carrying costs and allowed the company to reinvest capital into other production areas. Similarly, a food and beverage organization improved its inventory control using the Logility Portfolio Management module to gain better visibility over SKU locations and customer purchasing trends. This visibility allowed them to refine their understanding of customer demand patterns and inventory requirements, enhancing profitability through more targeted inventory and marketing strategies.

IMPROVED OPERATIONAL EFFICIENCY

Logility enhances operational efficiency by automating planning tasks, providing clear visibility into the supply chain, and optimizing inventory and distribution processes. This efficiency enables companies to swiftly respond to demand changes and optimize resource allocation across the supply chain. For instance, a consumer goods manufacturer utilized Logility's interface to streamline data uploads and automate forecast adjustments, directly

integrating SKU information, supplier data, and lead times into the platform. This integration improved productivity, allowing planners to save 20 percent of their time allocated to higher-priority tasks like purchasing and strategic planning. Similarly, a supplement provider in the life sciences industry leveraged Logility to align forecasts with strategic business goals, saving time on manual data handling and enhancing collaboration with sales departments.

HIGHLIGHTED USE CASES

Nucleus identified two use cases to highlight the value of Logility for supply chain planning.

SUPPLEMENT PROVIDER

The organization is a vitamin and mineral supplement provider. Primarily, they distribute through well-known retailers like Whole Foods and Sprouts, with a growing presence in health practitioner channels. The organization is part of a larger $12B pharmaceutical conglomerate. Operating with a lean team, its low SKU count of approximately 300 products has allowed it to manage demand planning internally. However, challenges with its co-manufacturer's lead times, ingredient disruptions, and limited scalability of its forecast tool motivated them to seek a more robust SCP solution. The company's primary requirements for a new solution included low cost of ownership, reliable integration with its ERP system, and a vendor with proven credibility in AI-driven demand forecasting. Logility emerged as the desired solution due to its reputation for effective demand sensing and overall price point.

Post-deployment, the organization realized an eight percent improvement in forecast accuracy from 59 percent to around 67 percent with Logility's demandsensing capabilities. This improvement was attributed to Logility's ability to avoid forecast spikes and drops, which commonly occurred under their previous software's traditional exponential smoothing methods. Logility minimized inaccurate forecasting caused by seasonal or unexpected sales shifts, reducing "runaway forecasts" instances and enabling forecasts aligned more closely with market realities. The demand sensing functionality allowed for automatic adjustments based on recent demand fluctuations. For example, if demand surged in one month, the system projected a slight decrease for the following month, and vice versa. This capability optimized inventory levels and allowed the organization to respond more accurately to consumer behavior. In the future, the organization aims to enhance forecast precision by incorporating external data points such as point of sales and macroeconomic data.

HOME GOODS PROVIDER

The organization operates in the home interior decoration industry, serving a global market with two primary distribution centers: Europe and the US. Its distribution channels are essentially brick-and-mortar retail and hospitality clients. Given its SKU volume of around 7,000 active items, growing customer channels, and the need for more precise forecasting, managing forecasting workflows through Excel was insufficient. The organization prioritized a solution that could improve forecasting accuracy and help manage complex distribution requirements across channels and customer types. Additionally, the solution must be able to handle its extensive SKU base and provide a customized approach to forecasting, accommodating seasonal trends and specific channel dynamics. Logility's user-friendly interface and exception-based planning method were major factors in their decision, enabling planners to save time and focus on insights instead of data entry. Logility's support for AI-driven forecasting and its customization options made it a practical choice over SAP IBP, which they found too resource-intensive and lacking AI capabilities.

The organization started with a pilot program, uploading a simple Excel file and tweaking settings over a few days to tailor forecasts to their product lines and channels. Logility's platform allowed the team to test its capabilities parallel to legacy processes, creating a seamless transition. Full system integration with SAP ERP was achieved over a few weeks, allowing data sharing between systems for more comprehensive forecasting insights. Post-deployment, forecast accuracy has improved, reducing stockouts and ensuring better service levels. Inventory levels have dropped by approximately 25 percent, with inventory costs decreasing from $18M to $13.2M over 12 months. These savings were realized by addressing previously unnoticed trends and adjusting stock levels accordingly, reducing overstocking in specific categories, and addressing other shortages. Its stock coverage, defined as the percentage of order lines covered by available stock at the time of shipment, has increased from an initial 20-23 percent to a current range of 65-68 percent. This boost in service level has enabled more consistent order fulfillment and reduced operational disruptions, especially in high-variability sectors like hospitality.

The user-friendly, exception-based approach in Logility allowed planners to quickly identify outliers and focus on meaningful data trends rather than repetitive data entry. The time saved on manual data handling has allowed planners to spend more time collaborating with other departments, like sales, to align forecasts with strategic business goals. The organization also leveraged Logility to set up safety stock strategies specific to the hospitality sector, prone to demand peaks due to hotel openings and large-scale orders. By configuring safety stock buffers, the organization has maintained high service.

BEST PRACTICES

Through end-user conversations, the following best practices have been identified for organizations deploying SCP solutions to maximize returns:

- **Pilot with a subset of data.** Begin the implementation using a small subset of SKUs or a limited number of accounts. For example, choose one or two key accounts and run planning processes parallel in the new platform and the legacy system (such as Excel) to evaluate performance and ensure data consistency. Instead of overwhelming the system with numerous data sources (e.g., customer inventory and POS data), start with basic order data to validate the platform's initial forecasting capabilities. This approach makes it easier to track which variables bring value and to fine-tune the setup gradually.

- **Focused user training.** Conduct specialized training sessions for planners and end-users working with the SCP system. A smaller, focused user group can facilitate quicker adoption and uncover functionality insights that enhance system use.

- **Utilize Exception-Based Management**: Platforms like Logility support exception-based planning, allowing planners to focus on outliers and significant variances rather than manually managing every data point. Encourage planners to use these features to save time and focus on strategic tasks.

- **Seek flexibility in forecasting models.** Engage with the vendor to customize forecasting to your specific categories, channels, and seasonal trends. Regularly schedule review sessions with the vendor to address issues, enhance system capabilities, and adapt the platform as business needs evolve.

- **Implement alerts for exceptions and stock levels.** Set up alerts for crucial metrics like stock levels, safety stock, and inventory thresholds, especially for high-variability products. These alerts help planners respond proactively to demand changes, optimize stock, and adjust safety stock dynamically.

- **Adapt for unique business needs.** For industries with high variability or seasonal demand, configure specific parameters like safety stock strategies and lead times in response to ongoing analysis. This ensures the platform supports routine forecasting and adapts to business requirements.

These best practices aim to improve the initial implementation experience and the long-term usability of the SCP solution, enhance adoption, and ensure the platform aligns with evolving business needs.