

# LOGILITY: ENABLING CONNECTED AND AWARE SUPPLY CHAINS

## LOGILITY VOYAGER SOLUTIONS

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## TEC SPOTLIGHT REPORT

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TEC Spotlight Reports give you an in-depth look at leading vendors' products, initiatives, and market position from an analyst's point of view.

# Logility: Enabling Connected and Aware Supply Chains

## Today's Supply Chain Challenges

Today's consumers expect to buy everything anywhere, have it delivered anywhere, and return it anywhere. Additionally, there is increasing global competition, volatile market demand, ever-shorter product life cycles, reduced lead times, and consumer expectations for responsibly sourced materials.

In response to the demands of omnichannel commerce today, companies are continually seeking new ways to enhance the productivity, profitability, and compliance of their supply chains and retail operations.

Yet, offshore sourcing and outsourced manufacturing tend to extend lead times and time-to-market. And while the complexity of products has increased, due to a slew of mechanical, electric, color, size, and other components, the popularity (staying power and useful life cycles) of products has gotten shorter and shorter.

Companies need to effectively communicate, collaborate, and integrate with their external trading partners—such as customers, suppliers, manufacturers, distributors, retailers, third-party logistic (3PL) providers, and carriers—across their global supply chain networks. By doing so, they can realize significant competitive advantages in the form of lower costs, improved customer service, and increased revenue.

Companies also need to manage the complex global network of relationships with external trading partners. They need to collaborate with external trading partners to properly forecast demand and to source materials, manufacture and distribute products, and deliver high-quality goods and services to the customers when and where they want.

Supply chain management involves both the activities related to supplying products or services (i.e., source, make, move, buy, store, and deliver) as well as the sales and marketing activities that influence the demand for goods and services, such as new product introductions (NPIs), promotions, pricing, and forecasting.

As a result, manufacturers, brand owners, distributors, and retailers face increasing pressure to better manage the supply chain and be flexible and responsive to meet rapidly changing market conditions and specific customer demands. They must use information and analysis to facilitate the on-time delivery of the right products to the correct location at the right time and at the optimal total cost.

As supply chain functions address sourcing, fulfilling orders, distributing products, and delivering those products to customers throughout the global network, traditional ERP software systems alone cannot fit the bill. Those systems do not provide the visibility, depth, flexibility, or optimization required to effectively meet the planning demands of today's intensely competitive dynamic global business environment.

Organizations are demanding supply chain management (SCM) software solutions that are both modular and scalable to extend their "introvert" ERP software functionality, cater to the dynamic needs of their businesses, deploy quickly, and deliver rapid time-to-benefit. There is also increased interest in planning, sourcing, and optimization software that is implemented and accessed in the cloud, as software as a service (SaaS).

Additionally, business drivers for more sophisticated SCM software solutions are finding their way downstream to smaller companies. Issues that multibillion dollar companies faced decades ago are impacting even the lower end of the under-served small to medium enterprise (SME) market today. Additionally, companies are outgrowing spreadsheets for planning and turning to astute supply and demand, inventory, and replenishment management software.

## About Logility

Logility, a wholly owned subsidiary of American Software, was founded in 1996 and provides supply chain optimization and advanced retail planning software solutions. The company's SCM software solutions provide capabilities that meet organizations' needs in the areas of sales and operations planning (S&OP), demand optimization, multi-echelon inventory optimization (MEIO), manufacturing planning and scheduling, supply optimization, retail allocation and merchandise planning, and transportation optimization.

Leveraging more than 40 years of planning expertise, Logility has been active in developing and deploying SCM software solutions, with its first internet-based collaborative planning software application implemented in 1996. The vendor has also been offering in-memory processing and attribute-based forecasting capabilities for more than two decades.

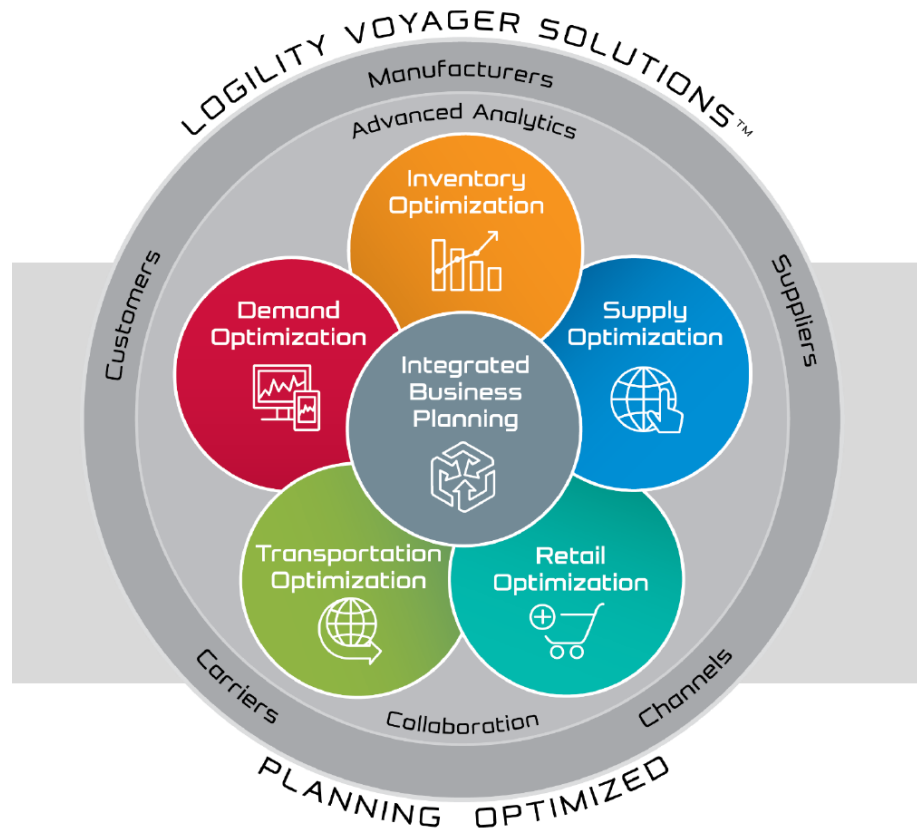
Logility's customer base comprises approximately 1,250 companies located in more than 80 countries. The vendor markets its SCM software solutions through direct sales channels to customers that have distribution-intensive supply chains and seek a configurable SCM software solution to cater to their business requirements and excite their user community.

The vendor generates about \$80 million in revenues, serves international markets, and is debt free. Logility continues to grow, on several measures, including number of employees, currently at 240, offices, and partners, and research and development (R&D) investments.

## Logility Voyager Solutions—Optimized Planning

Logility Voyager Solutions, the vendor's flagship product, provides supply chain optimization, including S&OP, integrated business planning (IBP), forecasting and replenishment, MEIO, optimized supply sourcing, production management, retail merchandise and assortment planning, allocation, and optimized transportation capabilities. It is a comprehensive cloud-architected planning software suite that supports both cloud SaaS subscription as well as on-premise licensing options.

As seen in figure 1, the suite is modular and scalable to meet the requirements of global organizations involving tens of thousands of products with complex manufacturing or distribution networks. Logility's customers can adopt these modules individually, in combination, or as a comprehensive solution suite.



**Figure 1.** Logility Voyager Solutions suite

Logility Voyager Solutions enables companies to streamline and accelerate their entire S&OP process. Using the suite, customers can easily track key performance indicators (KPIs), measure and compare multiple plan performance, optimize sales plans, and automate data gathering.

The vendor recently added the Logility Voyager Integrated Business Planning module, which enables customers to visualize, elevate, and optimize strategic and tactical plans for products, channels, resources, and investments—and achieve business goals, drive shareholder value, and increase operational efficiencies.

Integrated business planning is a process that aims to ensure a continuous alignment between demand, inventory, supply, and manufacturing plans on the one hand, and between these tactical plans and strategic business plans on the other hand, to maximize operational performance. Logility Voyager Integrated Business Planning combines volumetric and multi-currency financial information with analysis capabilities and collaborative workflow to align and synchronize both strategic and tactical planning processes.

The Voyager IBP module features global, regional, and multidivisional plans, with fast simulation, modeling, comparisons, and scenarios. Users can assess various operational risks and manage various opportunities, such as in the case of NPIs (e.g., critical components and partner capacity risks).

## **Logility Voyager Solutions—Other Integral Supply Chain Capabilities**

Pervasive advanced analytics is also a very large topic for Logility. The company's Voyager Solutions provides a performance-based architecture that allows companies to manage supply chain processes on an exception basis (figure 2). Logility Voyager Analytics contains embedded advanced analytics (i.e., as an intrinsic part of the architecture), rather than being an add-on solution that companies have to purchase separately. Companies can proactively monitor, alert, measure, and resolve critical supply chain events both within their own companies and throughout the extended value chain.

Companies can use the Voyager Inventory Optimization module to match strategic and tactical inventory goals and customer service levels according to their business plan. Enterprises can set optimal inventory targets at each node of a multi-echelon manufacturing or distribution network. This module was built from the 2010 acquisition of Optiant's MEIO software capabilities.



**Figure 2.** Logility Voyager advanced analytics

The Logility Voyager Inventory Planning module allows enterprises to effectively measure the trade-off of finished goods inventory investments and desired customer service levels. The solution dynamically sets time-phased inventory targets based on specific safety stock and order quantity rules.

The Voyager Merchandise Planning and Voyager Assortment Planning modules—based on 2014 acquisition of MID Retail—create financial merchandise plans for the entire retail company and its individual stores to increase visibility and maintain “open to buy” plans, margin planning, and unit ladder plans at various levels in the merchandise hierarchy. In addition, the Voyager Allocation module aims to optimize short-term unit sales and stock projections by store and facilitate automatic replenishment based on daily sales data.

The Logility Voyager Solutions platform now includes an integration layer to import/export data while leveraging artificial intelligence (AI) to validate and harmonize the data used in the disparate enterprise applications. One can think of this capability as intelligent supply chain master data management (MDM).

Multi-enterprise supply chains have heightened the need for robust supply chain MDM to provide an accurate digital twin of the supply chain network. This capability allows enterprise businesses to plan strategically and to more quickly and accurately respond to dynamic market conditions in order to harness business opportunities and mitigate risk.

Finally, Logility had worked with its former partner AdapChain for more than four years perfecting this technology and the process via a template-based approach that reduces the cost and complexity associated with best-of-breed SCM to enterprise resource planning (ERP) software integrations.

By taking care of up to 90 percent of the integration logic up front, Logility can significantly ease the supply chain master data management process and allow companies to focus on their strategic initiatives. As it saw more companies interested in the integration service, Logility acquired AdapChain in 2016 to help scale its capabilities to meet the current and expected demand.

## **Streamlining Supply Chain Processes, Building a Competitive Advantage**

Logility Voyager Solutions enable enterprises to increase their market visibility and build competitive advantages. They also help companies increase profitability—by reducing costs; increasing revenues; improving operational efficiencies; and collaborating with customers, suppliers, and carriers to more effectively sense and respond to dynamic market conditions.

Additionally, Logility’s solutions streamline and automate the S&OP/IBP process to create and assess business plans that profitably match supply with demand while synchronizing supply chain operations with strategic corporate goals. IBP allows companies to assess the financial impact of future changes, such as entering a new region.

Logility solutions can help distribution-intensive industries—such as consumer goods, retail, manufacturing, wholesale distribution—which face considerable competitive pressure, collaborate with their trading partners to improve customer service and optimize their sourcing, manufacturing, inventory, distribution, and retail networks. These companies also face high costs for inventory and distribution investments, dynamically changing consumer needs, and variability in overall supply chain performance.

Logility’s current version of Logility Voyager Solutions, V 1702, was released in August 2017. It uses a cloud-based architecture for maximum scalability and messaging functionality that supports the increasingly distributed nature of supply chain planning, global sourcing, supply chain execution, collaborative commerce, and advanced retail planning.

Logility Voyager Solutions interfaces with software from leading ERP vendors such as SAP, Oracle, and Infor through its supply chain MDM solution, Logility Voyager AdapLink. Logility offers these capabilities, bundled with the company’s knowledgeable professional services and renowned post-implementation

customer service and support, fast return on investment (ROI), quick-to-implement customer service, as well as ongoing service and support.

## Logility Case Study

### Case Study

Leading global designer, manufacturer, and marketer of consumer product brands in the outdoor sports and recreation markets.

### Challenge

The company needed to leverage supply chain and S&OP processes to increase efficiency across its expanding product portfolio and become a top supplier to its customers.

### Solution

Logility Voyager Solutions helped the consumer goods manufacturer streamline and accelerate its S&OP process, including demand, inventory, replenishment, and life cycle and proportional profile (attribute-based) planning.

### Results

- Increased fill rates by 7%, on average
- Increased in-stock rates by 14%, on average
- Improved customer direct forecast engagement
- Accelerated demand consensus preparation by 10%
- Reduced lead times via collaborative planning with suppliers
- Reduced unplanned air expense by 33%
- Eliminated spreadsheets to streamline S&OP analysis

## Future Outlook

Today, several market trends are driving organizations to expand collaboration with trading partners along the supply chain. A general shift in market power has forced manufacturers and distributors to become more proactively responsive to retailers and consumers, and has increased the demand for improved planning capabilities. At the same time, global economic conditions and competitive pressures are forcing businesses to reduce costs, decrease order cycle times, and improve operating efficiencies.

As companies are becoming increasingly customer-centric, they are looking at continuous planning capabilities. Thus, the supply chain has become the platform to model and analyze business opportunities as well as mitigate associated risk. Logility is shifting away from cadence-based planning (while monthly, quarterly, annual reviews will continue) to real-time (in the now) planning.



Logility continues to invest in the future of digital supply chain. The recent Logility Connections 2017 customer conference was focused around the supply chain of the future and the move toward continuous planning and the digital supply chain. The company sees S&OP, MEIO, and omnichannel retail as needing much attention, as does enabling the connected enterprise and supply chain MDM. The company is also interested in furthering the role of AI and machine learning in the supply chain.

Additionally, Logility has worked hard to overcome SCM data integration obstacles, and has identified opportunities to accelerate not only the implementation but also the quality, consistency, and volume of information to give more visibility across the connected enterprise, regardless of the source of that data. For example, Voyager AdapLink brings in data from disparate sources around the enterprise, and the AI capabilities of the solution can identify the right data, ensure the cleanliness of data, and pay attention to only data that has changed.

Improving these facets of supply chain management will enable Logility to help companies make the transition to the digital supply chain while continuing to ensure that today's operations move forward without major disruptions. Logility will be there when the companies are ready to move away from manual data gathering, collaboration, what-if scenario creations, etc., to real-time connections and digitized collaboration, scenarios, and automatic simulation.

## About the Author



**Areas of Expertise:** Enterprise Resource Planning (ERP) | Manufacturing | Product Lifecycle Management (PLM) | Supply Chain Management (SCM) | Wholesale and Retail Trade

**Predrag (PJ) Jakovljevic** focuses on the enterprise applications market. He has over 20 years of industrial experience within the discrete manufacturing sector, including the machinery and equipment, automotive, construction and engineering, and electronics industries.

Prior to joining TEC, Jakovljevic was a senior consultant in the package-based solutions (PBS) group of CAP Gemini in Houston, Texas (US), with Baan's Manufacturing and Logistics modules as his main field of expertise. At CAP Gemini, Jakovljevic was involved in system demonstrations, software gap analysis for prospective clients, and Baan implementation assignments.

Before CAP Gemini, Jakovljevic was employed as a senior consultant for Deloitte & Touche Consulting Group in Johannesburg (South Africa), where he specialized in Baan's Manufacturing and Logistics modules, and engaged in the processes of ERP package selections, as well as in proposal preparation. Jakovljevic served as a team lead for manufacturing, and for service and maintenance package system integration. As a consultant he has been involved in business requirements definition and software gap analysis, business process mapping to software functionality, software configuration and parameter setup, and key user training.

Jakovljevic holds a degree in mechanical engineering from the University of Belgrade in Serbia. He has also been certified in production and inventory management (CPIM) and integrated resources management (CIRM), and is an Association for Operations Management (APICS)-certified supply chain professional (CSCP).

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