NETSUITE DEMAND PLANNING

Reducing Inventory, Increasing Turns, Reducing Lead Times

NetSuite was built to support the needs of product-based businesses from its beginning and today offers a variety of native features, functions and processes to help these businesses to have the right materials available—at the right time—in the right place.

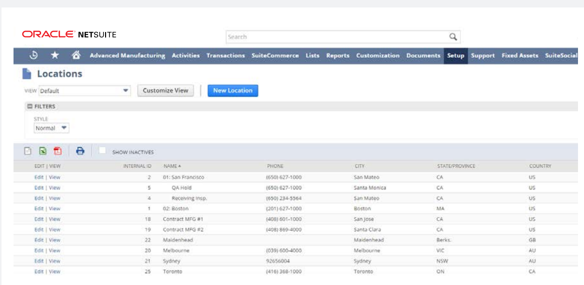
One of these key features is our native demand planning module that is specifically designed to provide the user with the ability to predict required inventory based on historical demand or sales forecasts. This innovative tool offers the right balance of powerful functionality and ease-of-use to help you manage your inventory more efficiently.

Key Benefits

- Optimize inventory levels.
- Increase turns.
- Reduce costs with order consolidation.
- Simplify the ordering process.
- Workflow approvals.

Multi-Location Inventory

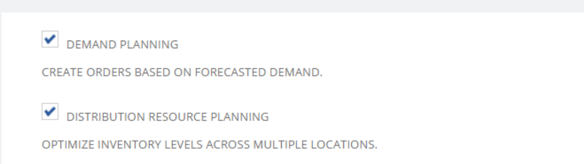
One of the key features that NetSuite delivers is the ability to easily define multiple inventory locations with real-time visibility. Locations can be organized hierarchically, and for global businesses the country can be defined. During the planning process, the system can be set up to automatically create transfer orders between locations where necessary.



Multi-Location Inventory

System Setup

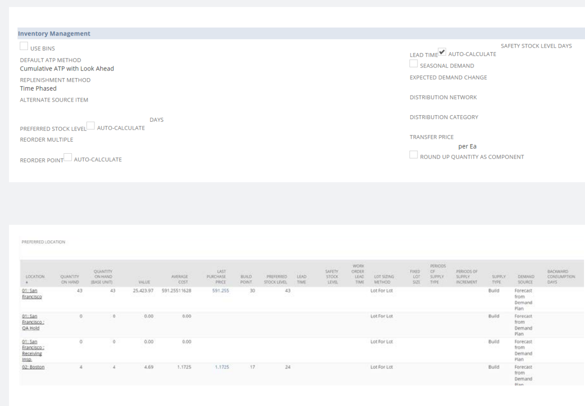
Demand Planning and Distribution Resource Planning need to be enabled in your account in order to be available to users and there are a number of other settings that affect how the system behaves.



System Setup

Item Setup

One of the most critical areas to the planning process is defining the parameters that affect each item. The settings that are found in the Inventory Management section of the item apply to the item as a whole unless they are over-ridden in the location sublist. This defines the item as being available to demand planning, establishes an alternate source item (if you are trying to plan a new item with no sales history) and establishes which Distribution Network and Category it might belong to if you are using our DRP functionality.

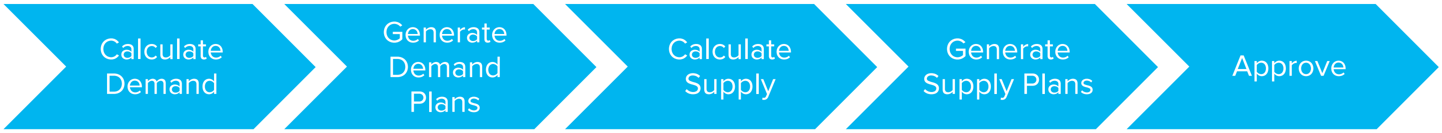


Item Setup

On the Location sublist is where you will find a lot of additional planning parameters that affect either how demand is evaluated or how the planned orders are generated.

These settings include:

- Safety Stock
- Let Sizing Method
- Fixed Lot Size
- Supply Planning Periods
- Supply Type
- Demand Source
- Forward and Backward Consumption Days
- Demand & Planning Time Fences
- Reschedule In/Out Days



The Demand Planning Process

The Demand Planning Process

Now that the items have been set up as desired, the system can evaluate demand and present it in a number of ways. The menu structure is laid out in a way that shows the process to calculate demand, review the demand plans and edit where required, generate the supply plans, review and edit those and finally generate planned Purchase Orders, Transfer Orders and Work Orders as desired. Note that the system can be set up to generate actual transactions and skip the planned orders if desired.

Available Planning Methods

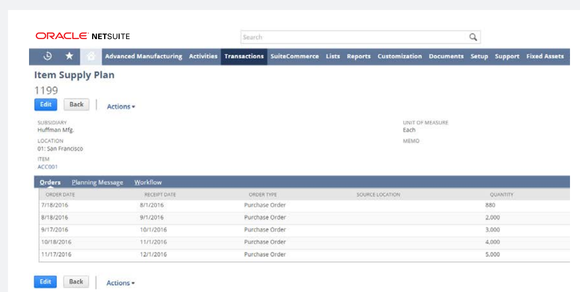
- Linear Regression – Use previous demand to project future inventory based on the ordinary-least-square regression method.
- Moving Average – Use the moving average of historical demand to calculate the overall average stock level needed, and then project future stock levels using that overall average.
- Seasonal Average – Use previous demand to examine the seasonal trend of inventory flow, and then project a similar seasonal trend for future stock levels.
- Sales Forecast – When using NetSuite for your sales operations, this option uses forward looking sales forecast data (such as opportunities, estimates, etc.) to project inventory demand.

Demand Plans

Once the demand plans have been generated, the user can easily modify them to include any known exceptions. This essentially becomes your MPS.

Supply Plans

Now that the demand plans have been generated and edited, creating the supply plans is a simple one-click process using the item settings to control how the orders are created. Depending on some parameters and approval workflows, the system will either generate planned, firm or released orders.



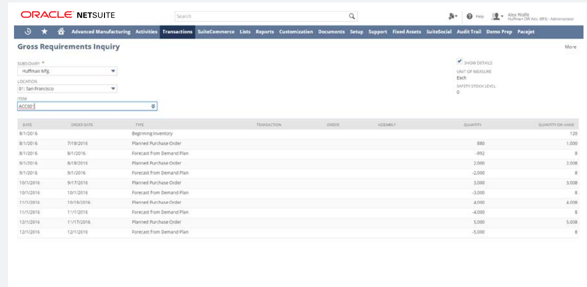
Supply Plans

Planning Action Messages

NetSuite can also generate planning messages to assist the user in making the right decisions and optimize inventory levels where appropriate.

Gross Requirements Inquiry

The Gross Requirements Inquiry provides an overview of the progressive supply and demand cycle by listing quantities required and quantities supplied on each transaction date listed. Each transaction and date is listed along with the more-on-hand or less-on-hand quantity of the transaction, as well as the resulting total quantity on hand for the item.



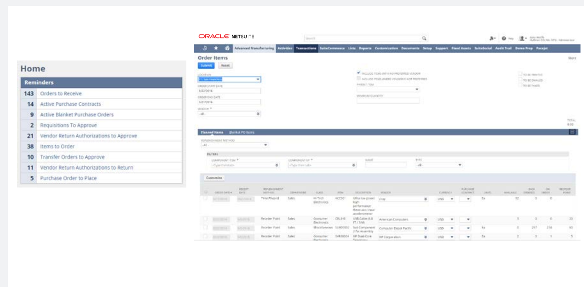
Gross Requirements Inquiry

Order Execution

The result of the planning process simplifies the process of creating purchase orders, transfer orders and work orders for the user and they can be notified in a number of ways when they have to do something—this includes:

- Reminders
- Email alerts
- Saved searches
- Scheduled reports

Executing these from the Order Items or Mass Create WO screens is a simple as checking a box beside the orders you want to create and hitting a button.



Order Execution