

OPTIMUM SOLUTIONS

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Demantra: Understanding Causal Factors - *The Next Logical Steps to Improving Your Forecasts*

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ORACLE CERTIFIED ADVANTAGE
PARTNER

Agenda

- **Introduction**
- **Optimum Solutions Corporate Snapshot**
- **Demantra Overview**
- **Traditional vs. Next Generation of Forecasting**
- **What are Causal Factors?**
- **How do you Identify Causal Factors?**
- **Examples of Causal Factors**
- **Question and Answers**

Introduction

Corporate Snapshot

SERVICE OFFERINGS

Solution Value Assessment, Process
Roadmaps, Business Process /
Knowledge Transfer Approach

Centers of Excellence:

DEMANTRA, Oracle, PeopleSoft,
Siebel, CRM, HCM, Financials, SCM,
EPM, Portal, Business Intelligence

Industry leading Methodology:

Optimum METHODSM,
Optimum TOOLKITSM,
Optimum SUPPORTSM Program

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**Optimum Solutions is a full-service consulting firm,
specializing in enterprise system implementation and
integration solutions.**



Selected Clients by Industry

PRODUCTS:

Dolby
DRS
Emerson
Ricoh
Springs Creative
Tootsie Roll
Weyerhaeuser

COMMUNICATIONS & MEDIA:

AT&T Wireless
CNET
Hawaiian Telcom
McClatchy Company
PacWest Telecomm
8X8

ENERGY:

Calpine
Omaha Public Power
Kerr-McGee

FINANCIAL SERVICES:

Charles Schwab
Chicago Board Options
Exchange
Fidelity National Financial
Fireman's Fund
Guarantee Trust
PayPal
Wells Fargo

HEALTH & LIFE SCIENCES:

Affymetrix
Alcon Labs
Bio-Rad
ChartOne
Genentech
Premera Blue Cross
St. Joseph Health Systems
Theravance
TriWest Healthcare

PROFESSIONAL SERVICES:

Ajilon
Expedia
Latham & Watkins LLP
Morrison & Foerster LLP
Paul Hastings LLP
Pomeroy

PUBLIC SECTOR & HIGHER EDUCATION:

Corinthian Colleges
Foxwoods Resort
Ramsey County
Salt River Pima Maricopa
Indian Community

RETAIL:

Kohl's
Pamida
Raley's
Ross Stores
ShopKo
The Sak

SOFTWARE:

Ariba
Business Objects
Electronic Arts
EMC | Documentum
FileNet
Informatica
Interwoven
Intuit

TECHNOLOGY:

ADP
DataCard
Expedia
Fujitsu
Hitachi
Logitech
NEC
Rockwell Scientific
Yahoo!

Optimum Solutions

BUSINESS PROCESS EXPERTISE

- Business Intelligence
- Customer Relationship Mgmt
- Enterprise Service Automation
- Financial Mgmt
- Human Capital Mgmt
- Supply Chain Mgmt

FULL SERVICE

- Implementation & Upgrade Assessments
- ROI Analysis
- Technical Infrastructure Planning
- Project JumpStart Capability
- Business Process Optimization
- Customized Training

OptimumMETHODSM

- Process-based Orientation
- Stresses Knowledge Transfer
- Incorporates Industry Best Practices
- Thorough User Defined System Testing
- End User Preparation - Training & Procedures

ERP EXPERTISE

- Top-tier ERP Solution Experience
- Strong Vendor Relationships
- Direct Product Input
- Enterprise-wide Implementations
- Cross-Functional Consultants

TECHNICAL EXPERTISE

- Planning & Architecture
- Hardware/Software Assessment & Configurations
- Custom Development
- Database Administration & Optimization
- Interface Development
- Data Conversion Automation
- System Performance Tuning
- Middleware / Integration

OptimumLABSSM

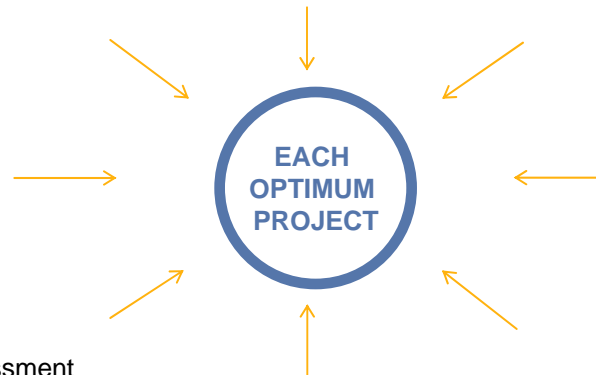
- Upgrade & Implementation Lab
- Support Services
- Hosting
- Demonstration & Training Environments
- Testing Facilities

OptimumTOOLKITSM

- Process Analysis & Design Tools
- Requirements Database
- Customization Templates
- Test Script Library
- Project Administration Tools

INDUSTRY FOCUS

- Communications & Media
- Energy
- Financial Services
- Health & Life Sciences
- Products
- Professional Services
- Public Sector & Higher Education
- Retail
- Software
- Technology



Optimum | Oracle

Oracle and PeopleSoft have long recognized Optimum's industry domain expertise and leadership position in target markets, viewing Optimum practitioners as trusted business advisors and industry thought leaders.



Oracle E-Business & BI

Optimum has been working with Oracle applications since the introduction of release 9.3. We have seen the product evolve and mature from an initial release of core functionality to today's robust ERP solution. As a result, we know how to maximize the benefits of Oracle and deliver exceptional added value to the enterprise.

PeopleSoft Enterprise

We have significant experience with the newest releases of PeopleSoft Enterprise including working with v9.0 since late 2004 and continuing through our numerous implementations to date – a claim few can make.

Demantra Demand Management

Optimum has been selected by Oracle as one of two National Demantra Partners.

As one of the few truly capable Demantra implementers in the marketplace, Optimum continues to solidify its leadership position with client successes and its jointly-sponsored events.

A Completely Integrated Solution

Promotions & Trade Management

Oracle Demantra Predictive Trade Planning

- Promotion definition & management
- Lift computation, decomposition, and display
- Promotion impact, ROI analysis

Promotion Optimization

- Suggested optimum promotions to maximize ROI

Deductions & Settlement Management

- Reconciliation of deductions and payments with performance proof

Demand & Replenishment Planning

Oracle Demantra Demand Management

- Statistical, attribute-based forecasting
- Monitoring and responding to demand
- Collaborative planning

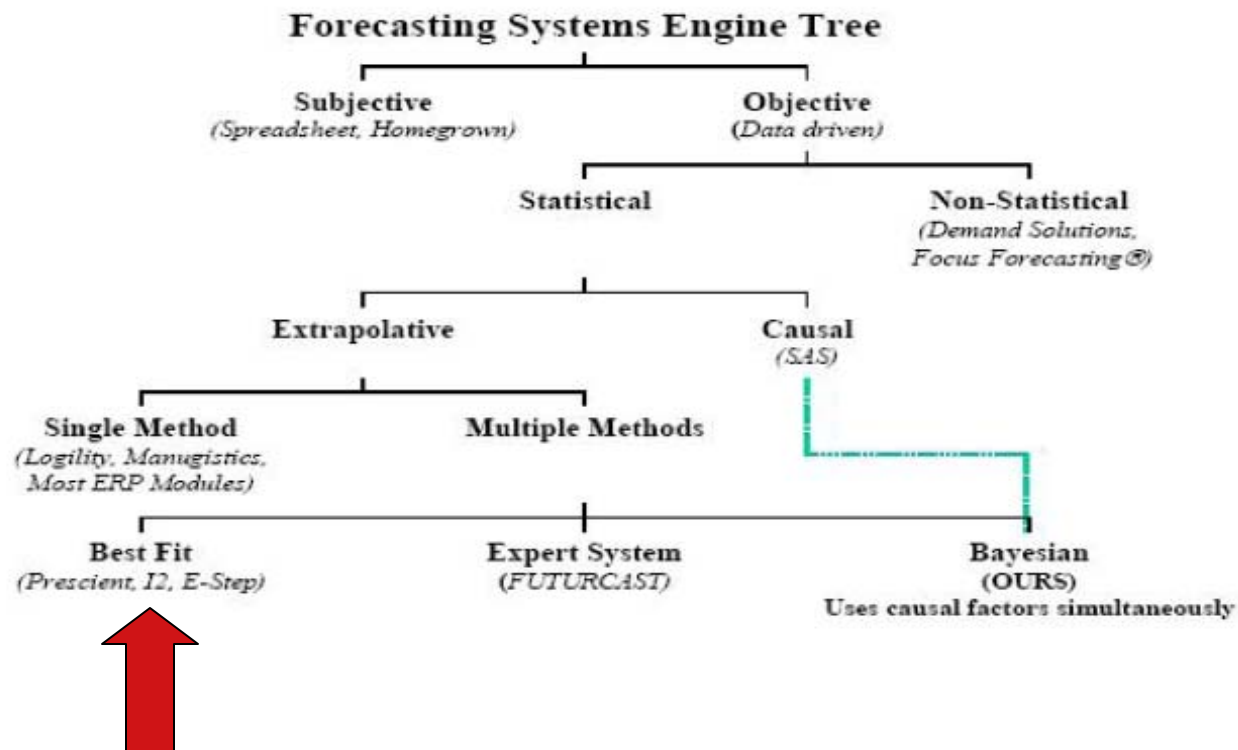
Advanced Forecasting & Demand Modeling

- Promotional lifts
- Demand shaping
- Cannibalization & halo effects
- New release planning

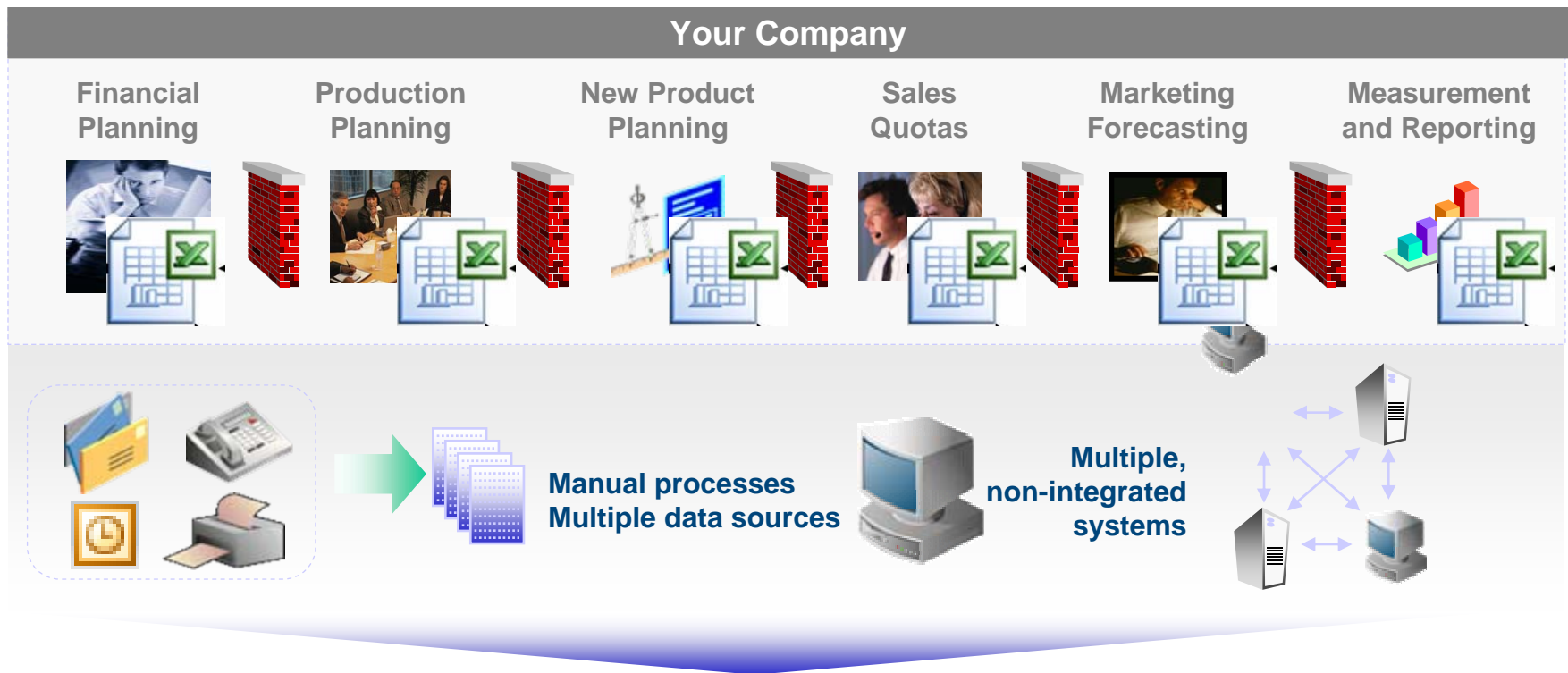
Real Time S&OP

- Balanced supply and demand
- Stock replenishment

Traditional vs. Next Generation Forecasting

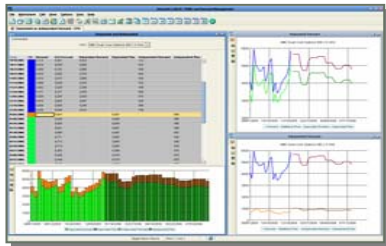


Traditional Approach to Demand Planning



No connection between plans, plans not tied to execution
Misalignment between metrics and objectives
Unreliable forecasts and production plans

Better Approach to Demand Planning

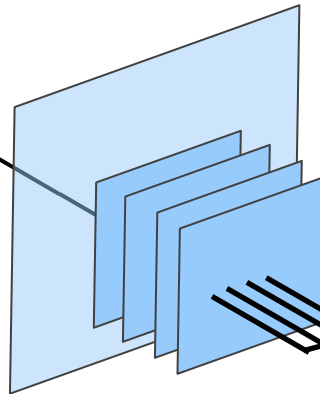
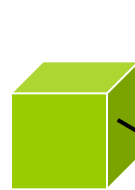


- **Eliminate decision making latency by focusing on excellence in demand visibility**
 - Sense demand more frequently and closer to the point of consumption
 - Replace spreadsheets with one number demand management - Collaborate with all constituents
- **Improve your forecast accuracy**
 - Use advanced analytics and statistics
 - **Formally introduce Causal Factors into your forecast**
- **Shape demand**
 - Promotion excellence and decomposition
 - Leverage granular demand signals (customer, channel, store, shelf)
 - Identify and simulate cross selling opportunities
- **Evolve to real-time S&OP**
 - Profitable demand response
 - Identify supply side opportunities
 - Define and monitor customer based metrics
 - Get real time visibility to sales tactics (price breaks, promotions, deals)

Traditional vs. Next Generation Forecasting

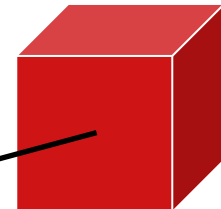
Traditional Forecasting - Best Fit

Historical Data
(Shipment / Order History)



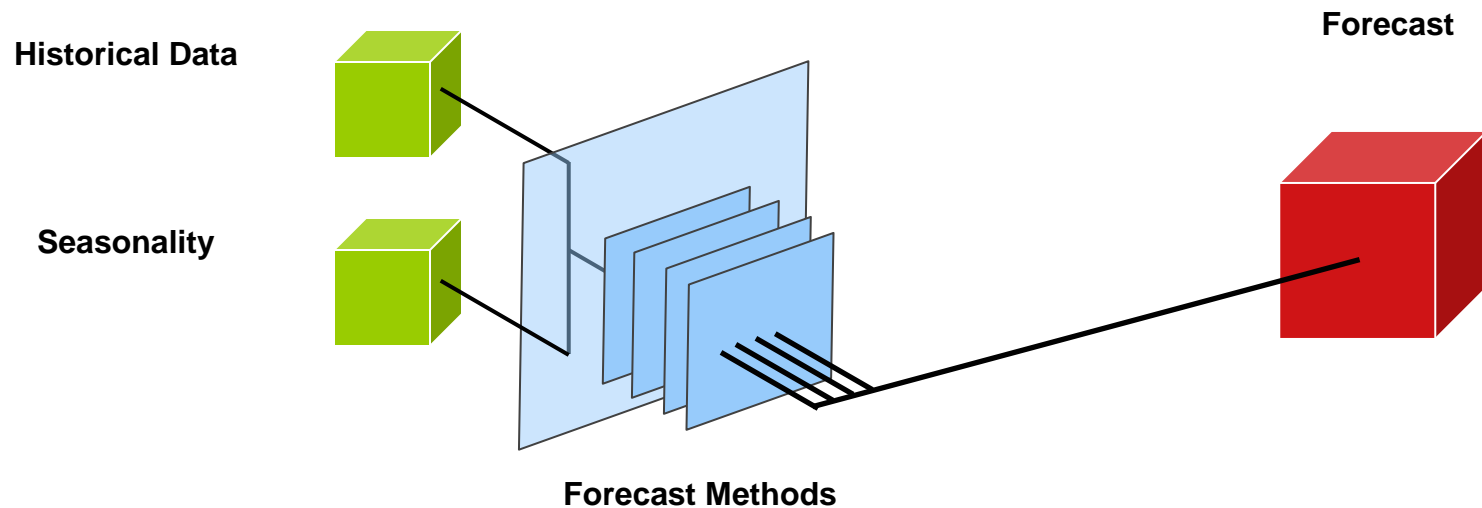
Forecast Methods

Forecast
(Best Fit)



Traditional vs. Next Generation Forecasting

Traditional Forecasting - Seasonality



What are Causal Factors?

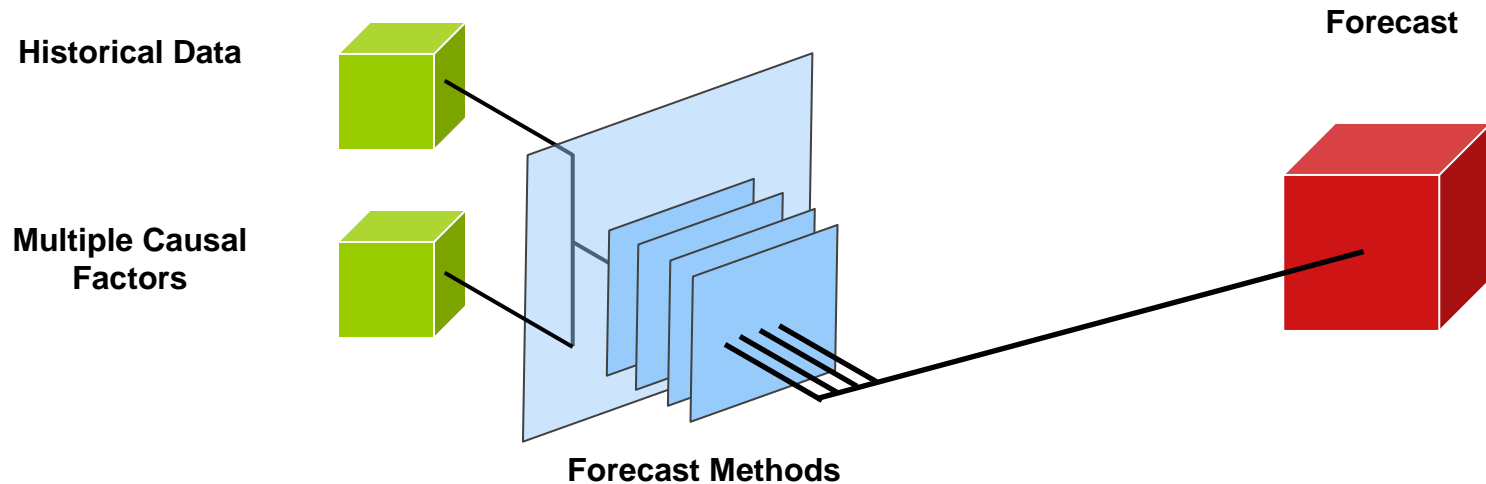
Traditional Forecasting Methods:

Seasonality

January	February	March	April	May	June	July	August	September	October	November	December
1.3	1.2	1.0	1.0	0.8	0.8	0.7	0.7	0.8	0.9	1.4	1.8

Traditional vs. Next Generation Forecasting

Traditional Forecasting - Causal Factors: More than just Seasonality



What are Causal Factors?

- **Oracle's Definition of Causal Factor:**
 - Causal factors provide information about historical events that are expected to recur in the future
 - Causal factors cause demand to deviate from a norm
 - Causal Factors can be treated as time varying quantities that affect demand
 - Engine establishes a relationship between sales and each of these causal factors (Correlation)
 - In the future, engine predicts the demand by multiplying these estimated coefficients with causal factor value

What are Causal Factors?

Seasonality

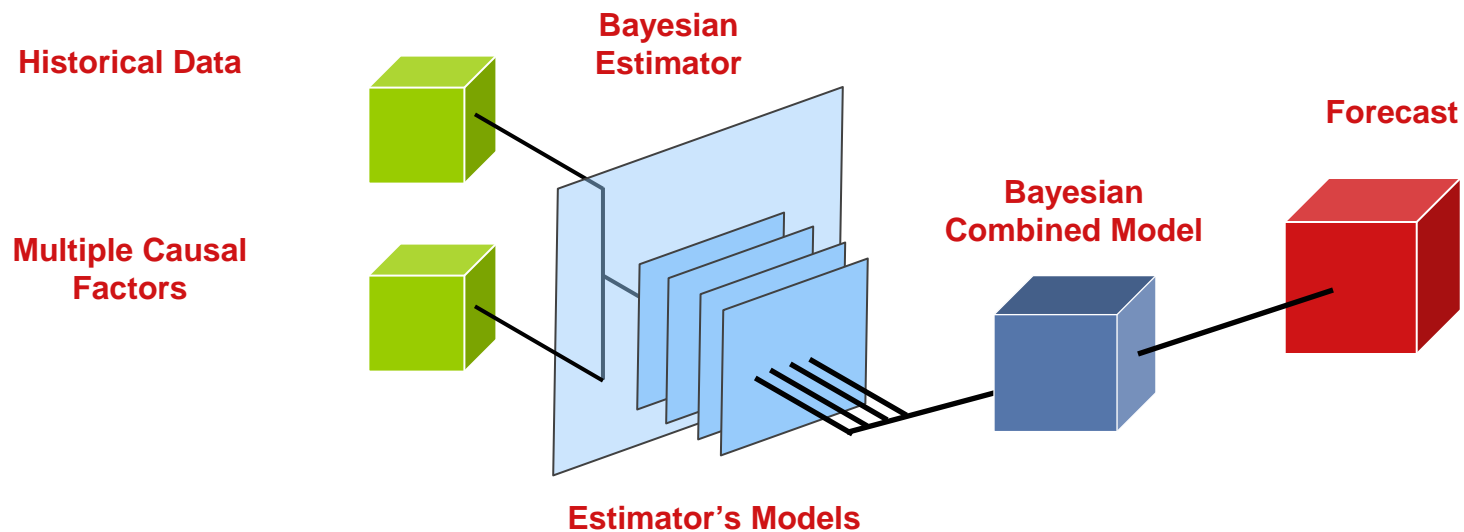
Price

Promotions

What Else?

Traditional vs. Next Generation Forecasting

Superior Bayesian-Markov Analytics



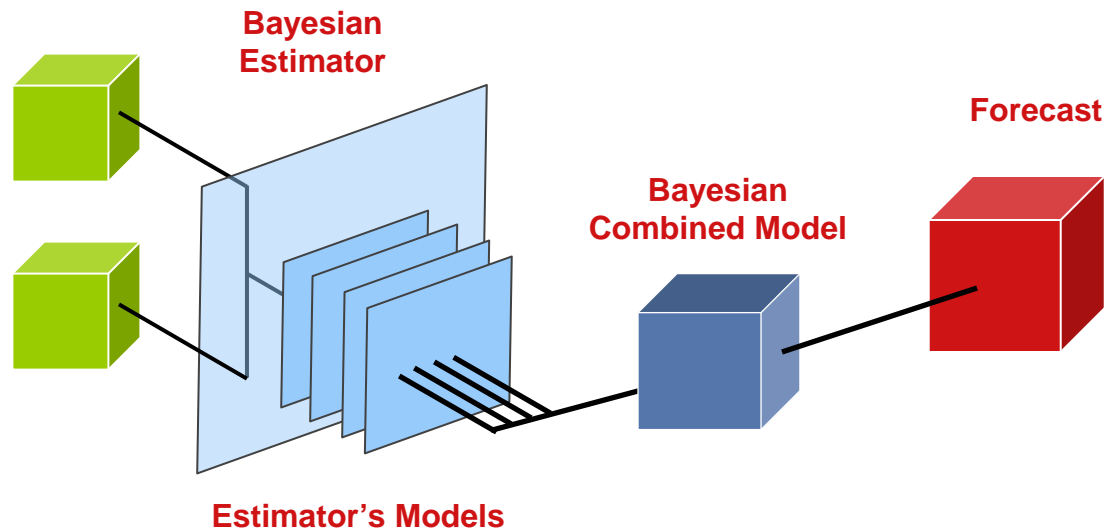
Traditional vs. Next Generation Forecasting

Superior Bayesian-Markov Analytics

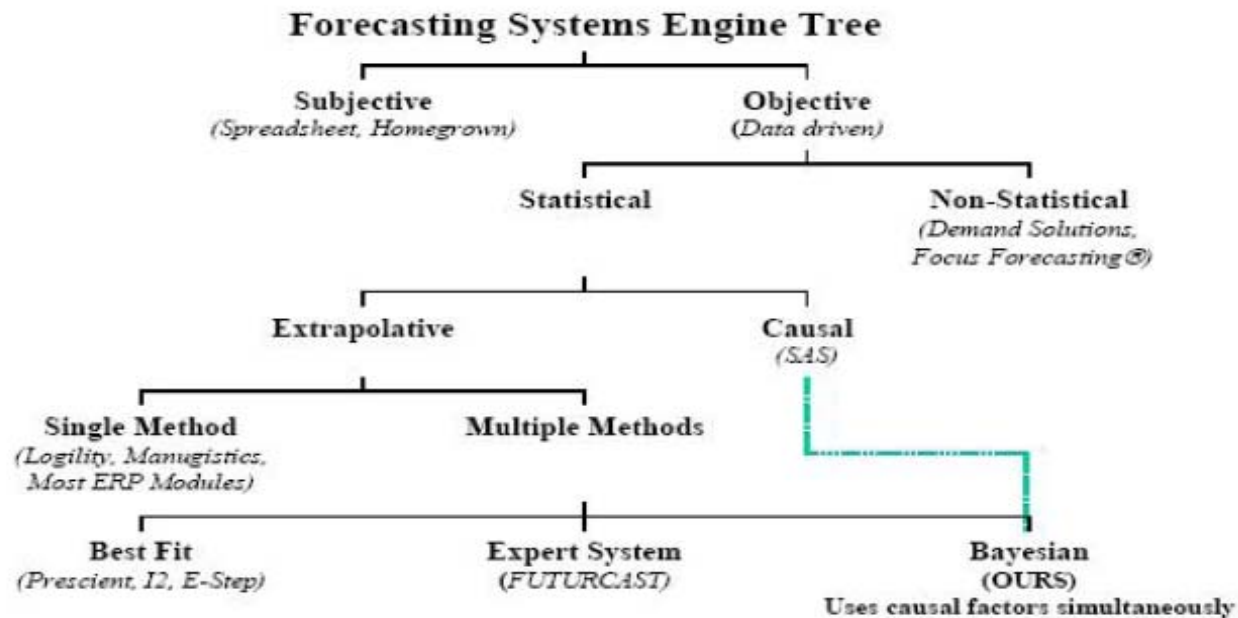
Historical Data

(Shipment / Order
History, POS Data)

**Multiple Causal
Factors**



Traditional vs. Next Generation Forecasting



What are Causal Factors?

Seasonality

Price

Other Complementary Products

Competitor's Products

Promotions
What Else?

How to Identify Causal Factors

- **Questions to ask:**
 - Find out from the sales department what impacts their sales?
 - Ask people in the marketing department who they do joint marketing ventures and why?
 - Find out who and/or what people BLAME when a forecast is missed.

Examples

Toys



Examples

Christmas - December 25th



Examples

Sale - A Promotion!



Examples

Housing Industry



Examples

Mortgage Rates



Examples

Gas Prices



Examples

Anything that uses gas



Examples

Camouflage Clothing, Rifles



Examples

Broadway Plays



Examples

Opera Season



Examples

Snow Blowers



Questions & Answers

Contact Information

*“Quite simply, Optimum
is the best ERP implementer
in the marketplace.”*

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Thank You