



SUPPLY CHAIN
SOLUTIONS



E-BOOK

INVENTORY PLANNING

Introduction

Over the past few years, purchasing teams and inventory planners have faced challenges unlike anything seen before. Companies that rely on warehousing and distribution have been particularly affected. The pandemic, geopolitical uncertainty, component shortages, inflation, rising interest rates, disruptions in global supply chains and increasing energy costs have all put purchasing and inventory management under greater pressure. As markets become more unpredictable, traditional purchasing methods and manual inventory planning are no longer enough. Businesses need better visibility, faster decision-making and more accurate planning to remain competitive. At the same time, management teams have become increasingly aware of the impact purchasing and inventory planning have on profitability, customer satisfaction and working capital. This has accelerated investment in digitalisation and automation, while creating greater expectations for purchasing teams to work more strategically and spend less time on manual administration.

One of the biggest challenges is managing demand volatility. Purchasing teams must be able to identify changing demand patterns quickly and adjust forecasts before stock shortages or excess inventory begin to affect business performance. For more than two decades, IMI has helped companies across the Nordic region improve inventory planning, automate purchasing processes and gain better control of their supply chains through IMI's inventory management system. Along the way, we've seen how changing market conditions create new challenges, but also new opportunities for businesses willing to modernise their processes. In this e-book, we share practical insights, customer examples and proven approaches that can help companies improve inventory performance, free up working capital and strengthen customer service.

Enjoy the read.

How can you reduce inventory value while improving customer service?

A common challenge among inventory-based businesses with large warehouses is balancing inventory levels and customer service performance. Many companies struggle with periods of stock shortages followed by excessive inventory when sales decline and demand patterns change. Others face poor inventory control, resulting in unnecessary amounts of capital being tied up in stock. These challenges have only increased in recent years due to the pandemic, component shortages and disruptions across global supply chains. When competition is intense and customer expectations are high, it is easy to think this way. So what benefits does it bring to purchasers?

"We need to maintain sufficiently high inventory levels to avoid losing sales and disappointing our customers!"

The problem is that this approach can lead to unwanted consequences, such as high inventory carrying costs and excessive capital tied up in stock, which negatively impacts cash flow. This is something many e-commerce businesses are all too familiar with.

Lower inventory values, released working capital, improved profitability and high customer service levels are priorities for many management teams. Is it an impossible equation to solve? The answer is no. However, success requires both a long-term strategy and the right system support.

Challenging old purchasing routines is essential

There are two factors that make it particularly difficult for inventory-based companies to reduce inventory value while maintaining the desired service level.

The first is the use of ERP systems that lack the functionality required to optimise inventory management effectively.

The second is that many purchasers and inventory planners still rely on Excel as their primary working tool. This creates a complicated and time-consuming purchasing process, especially in fast-growing companies.

The result is often reduced control, increased capital tied up in stock and declining customer service levels. For management teams in growing businesses, it is therefore important to challenge traditional purchasing routines. Once that realisation is made, the step from manual routines to automated purchasing and inventory management is not far away.

With IMI's inventory management system, a company with only a few purchasers can comfortably manage a tenfold increase in turnover without expanding the purchasing department. But what impact does this have on reducing inventory value and strengthening customer service?

One company that knows the answer is Schenker Dedicated Services, Home Distribution Health Care (HDHC).

Reduced inventory value from SEK 26 million to SEK 16 million in four months

The division delivers healthcare products directly to patients and manages an assortment of more than 1,300 inventory items.

To replace a system with limited functionality and eliminate time-consuming manual routines, the company decided to automate purchasing and inventory management with IMI's inventory management system. Two of the key objectives were to reduce inventory value and improve customer service.

IMI supported the implementation by setting parameters, carrying out ABC classification of inventory items and defining important key performance indicators.

After only four months, the division's inventory value had been reduced from SEK 26 million to SEK 16 million.

At the same time, customers felt that a customer service experience that was already very good had become even better. Delivery performance exceeded 99%.

In addition, the automation provided by IMI's inventory management system created substantial time savings for purchasers. The estimated saving was approximately half a working day per purchase order.

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What happens in the purchasing department when purchasers get AI as a new tool?

It is highly relevant, widely discussed and sometimes even questioned. We are referring to AI, Artificial Intelligence, and Machine Learning, which are now making their way into many areas of both everyday life and business. In some industries, the technology is creating a revolution and fundamentally changing the way things work. In other areas, AI is driving the next phase of a digital transformation that has already been underway for years. Purchasing and inventory management is one such area.

Many may wonder what additional value AI can provide when IMI's inventory management system has already digitalised and automated a company's purchasing and inventory management processes. We would like to explore that question, and one thing is certain: the business value is significant.

Our belief in integrating AI into IMI's inventory management system led us to begin a long-term AI journey in 2020. The initiative was carried out within the framework of EU-funded projects and in collaboration with AI specialists from Chalmers University of Technology. The first AI version was launched in 2022. So what benefits does it bring to purchasers?

Improves forecasting accuracy in IMI's system for inventory planning

Many purchasers face similar challenges: Having the right products in stock at the right time. Avoiding both overstocking and understocking. Anticipating seasonal fluctuations and other factors that influence sales. These are difficult challenges. They become even more demanding for purchasers who rely on Excel as their primary working tool and are burdened by time-consuming manual routines. For purchasing departments that have automated their processes using IMI's inventory management system, the situation is quite different. One example is the statistical models available within IMI's system for inventory planning, which simplify demand forecasting. When AI is integrated into the system, forecasts become even more accurate. AI enables the system to continuously improve its own algorithms, while calculations can be adjusted based on patterns that are difficult for the human brain to identify. The objective of IMI's first AI version was to develop a forecasting model specifically designed for Demand & Supply Planning. The solution supports the entire process, from forecasting and purchasing through to supplier call-offs, delivery monitoring and inventory optimisation.

Lower safety stock through more accurate forecasts

By using the demand forecasting capabilities in IMI's system for inventory planning, companies can reduce inventory values and lower the amount of working capital tied up in stock. As AI makes forecasts even more precise, inventory levels can be reduced further. In addition, inventory levels are adjusted automatically to reflect seasonal variations. Companies can also reduce obsolescence by reacting earlier when products approach the end of their lifecycle.

For purchasers, AI will also make it possible to take a more proactive approach. The technology can help anticipate events such as economic fluctuations and changing market conditions, allowing future challenges to be addressed at an earlier stage. Because AI can process larger volumes of data and identify more patterns and trends than humans can, the technology has a natural place within IMI's inventory management system.

IMI's data scientists will develop additional AI versions

Our first AI version will be followed by several more, each designed to handle different types of planning challenges. In the future, there will be AI models specifically developed for:

- High-frequency products
- Low-frequency products
- Seasonal products
- New products

Nils Robertsson, one of the founders of IMI's inventory management system, sees even greater opportunities ahead:

"We will be able to expand the amount of input data available to IMI's inventory management system by adding information such as weather data and market data. This will enable even more accurate forecasts, as well as extrapolated forecasts that extend further into the future than has previously been possible. We are only at the beginning of an exciting AI journey!"

Why don't we have our most in-demand products in stock?

For trading companies, the ideal scenario is always to have the right products in the right quantities on the warehouse shelves. Few achieve this, and the reality is that many businesses struggle to find the right balance in their inventory management. Sometimes there is an excess of products that are rarely in demand. At other times, shelves stand empty when demand suddenly exceeds supply.

When popular products run out of stock, sales are lost and customers may become dissatisfied because they perceive the service level to be low. Internally, inventory issues also create "time thieves". Purchasers and inventory planners often have to spend considerable time identifying the root cause of the problem and then resolving it. Excess inventory also ties up unnecessary capital and increases the risk of write-offs and reduced profitability.

One industry that can find inventory optimisation particularly challenging is e-commerce. These businesses often manage large product ranges with varying demand patterns and, in recent years, they have faced new challenges in the form of rapid and significant shifts in customer demand.

Companies that try to compensate with large safety stocks often struggle to achieve profitability, even when growth is strong. At the same time, some e-commerce businesses have experienced declining sales, where excessive inventory values further contribute to profitability challenges.

IMI's inventory management system provides automated and optimised replenishment

Inventory optimisation is about having the right products on the shelf and in the right quantities so that a company can deliver quickly without tying up unnecessary amounts of capital in excess stock.

So how do you create the optimal balance and ensure that the right products are available in the right quantities?

Many companies that base purchasing decisions on forecasts provided by sales departments and estimates of expected sales volumes have discovered that this is difficult. Combined with time-consuming manual ordering processes, the result is often excessive inventory levels and service levels that fail to meet customer expectations.

Automatically generated demand forecasts based on statistical analysis, with demand patterns updated down to individual SKU level, provide a far more effective approach. This minimises the risk of selling out of popular products while avoiding overstocked shelves filled with slower-moving items.

IMI's system for inventory planning also includes a range of automated functions designed to ensure inventory availability. For example, the system generates alert levels when an item is beginning to run low. This helps purchasers stay one step ahead with new orders, which can also be generated automatically by IMI's inventory management system, making it easier to order the right products at the right time and in the right quantities.

The business value includes maintaining high customer service levels, avoiding disruptions to sales and achieving the lowest possible level of tied-up capital.

IMI's inventory management system delivers the inventory optimisation that many companies are looking for.

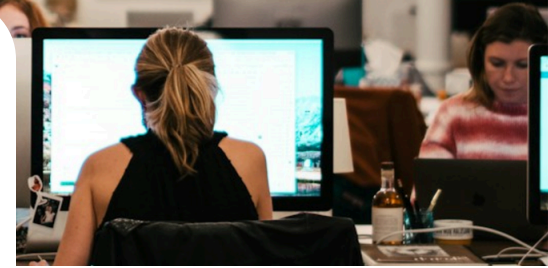
Safety stock adapted to volatile demand

Many IMI customers have strengthened their inventory optimisation by gradually taking advantage of the full range of functionality available within IMI's inventory management system.

Examples include the ability to sort, group and analyse KPIs based on A-items, product categories, brands and suppliers. Another example is the ability to maintain complete visibility of service levels across the entire assortment, both historically and in real time, as well as for selected parts of the product range.

For companies where reducing inventory value is a strategic goal, IMI Dashboard for inventory management quickly provides insight into how much inventory can be reduced over the coming years if inventory management continues to operate according to current parameters. The fact that IMI's inventory management system continuously and dynamically adjusts safety stock levels based on factors such as demand patterns, supplier lead times and defined service targets also provides reassurance for organisations dealing with significant and sudden fluctuations in demand.

Purchasing departments burdened by time-consuming manual Excel routines face an uphill struggle



In today's increasingly digitalised world, it is easy to assume that most traditional and manual business processes have been replaced by automated workflows. To a large extent this is true, but many purchasing departments are still operating the old way.

One reason may be that the importance of purchasers, and their need for digital system support, has not yet received sufficient attention at management level. Simply put, many organisations do not place enough strategic business value on the purchasing process.

This may stem from a lack of awareness of the role purchasers, equipped with the right tools, can play in reducing costs, improving profitability, strengthening customer service and lowering working capital requirements.

When spreadsheets remain the primary working tool, it becomes difficult to develop profitable purchasing strategies and more efficient ways of working. Even with ERP system support, a significant amount of manual work and personal judgement is often required.

From personally driven routines and decisions to a standardised purchasing process with IMI's inventory management system

Calculating optimal inventory levels using Excel is difficult and, in some cases, nearly impossible. It is time-consuming, subject to numerous uncertainties and highly exposed to the risk of human error.

The absence of a standardised system for purchasing often results in purchasing decisions being influenced by personal preferences and individual assessments.

For companies looking to recruit purchasing professionals, there is also an important question to consider:

Will we attract the right type of purchaser if we tell candidates that Excel will be their main working tool?

When IMI's inventory management system automates large parts of the purchasing process, significant benefits emerge. This is particularly true for larger purchasing departments with multiple purchasers.

With manual processes, it is common for each purchaser to have their own way of thinking and planning. When purchasing decisions are not supported by reliable data and statistics, intuition often takes over, and intuition is a very blunt tool.

The functions and reports available in IMI's inventory management system ensure that products are ordered at the right time and in the right quantities without relying on personal judgement. The result is a standardised purchasing process that improves efficiency and optimises inventory management.

IMI's inventory management system simplifies work and frees up valuable time

For many purchasers, IMI's inventory management system has delivered substantial and positive changes.

One of the most significant is that the purchasing role becomes far more strategic rather than operational and focused on time-consuming detail management. When companies move away from manual Excel routines, a considerable amount of time is released that can instead be devoted to supplier relationships and customer contacts.

This often plays an important role in improving service levels. Better visibility of inventory levels also enables purchasing decisions to be made faster, more accurately and with greater confidence. As a result, inventory levels can be reduced while ensuring that the products customers want remain available in stock.

Significant time savings, lower inventory value and fewer write-offs

At Kobia, a supplier of bakery and confectionery products, the purchasing team estimates that IMI's inventory management system has reduced purchasers' workload by approximately 30%.

This time can instead be invested in strengthening relationships with customers and suppliers.

Purchasing Manager Jonas Huss points to two additional benefits:

"I estimate that our inventory value has decreased by 10–15%, and we have also experienced significantly fewer write-offs compared with before."

When the goal is a more efficient purchasing process, you need to monitor and follow up on KPIs

KPIs, key figures, metrics, indicators, performance measures. Different names, same purpose.

For companies looking to improve the efficiency and profitability of their purchasing and inventory management processes, it is essential to identify relevant KPIs, define target levels and follow them up regularly.

Tracking performance provides the answer to a fundamental question: How are we performing? It also makes it possible to analyse why performance is developing in a particular way. For purchasing and inventory teams, regular follow-up provides valuable feedback and a clear understanding of what actions are required moving forward. It helps maintain a shared vision and increases the likelihood that performance targets will not only be achieved but potentially exceeded.

The use of KPIs is widely regarded as the best way to determine how successful a purchasing organisation is and whether purchasing processes and inventory management are truly operating efficiently. The question is: which KPIs should be selected? And how can organisations simplify monitoring and analysis?

Choosing the right and measurable KPIs is essential

In businesses where warehousing and distribution are core activities, purchasing and inventory management can be highly complex. A large number of activities, processes and people are involved in ordering products, storing inventory, picking goods and delivering orders to customers.

KPIs make it easier to analyse and understand how successfully the organisation is achieving established goals related to inventory turnover, inventory levels, forecast accuracy, service levels and working capital.

The list of potential KPIs can become very long. For organisations aiming to improve efficiency through KPI-based management, selecting the right performance indicators is critical. This is a prerequisite for achieving maximum efficiency and significant time savings.

To define appropriate KPIs, many organisations use the SMART framework. SMART stands for:

- Specific
- Measurable
- Accepted
- Relevant
- Time-bound

Every KPI should contribute to achieving the overall strategic objectives of the purchasing organisation.

A fundamental rule is that KPIs should never be vague or difficult to measure.

For example, instead of defining a goal as:

"We will significantly improve our customer service level"

it is far better to state:

"During the next six months, the service level will increase from XX% to XX%."

Different service level targets can also be established for different parts of the product range depending on the importance or profitability of a product or product category. An ABC classification can be used as a basis for setting these targets.

With IMI Dashboard for inventory management, you stay in full control

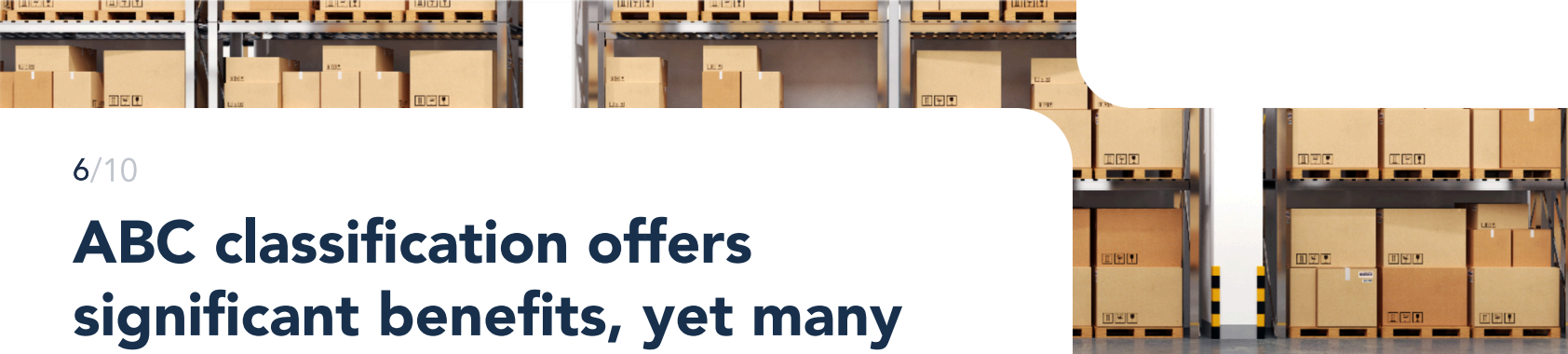
Implementing KPI-driven management across an organisation can be challenging, but ensuring KPIs are actively used is essential. That's why IMI developed IMI Dashboard for inventory management.

By making key metrics easily accessible, the dashboard helps purchasing and inventory teams work towards shared goals while providing a clear understanding of performance and areas that need attention.

Built on Microsoft Power BI, IMI Dashboard for inventory management offers an intuitive and interactive way to analyse data from both IMI's inventory management system and integrated ERP systems.

Users can quickly move from a high-level overview to detailed analysis using drill-down functionality, with reports presented through tables, charts and graphs. The dashboard can also be tailored to the specific needs of different users, ensuring everyone has access to the insights they need.

If your organisation is struggling to define the right KPIs or establish a consistent KPI-driven way of working, we'd be happy to help.



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ABC classification offers significant benefits, yet many companies still don't use it

ABC classification, or ABC analysis, is a topic that often generates considerable interest, but also plenty of questions. Some organisations are unsure whether it's worth investing time in implementing a classification model, while others assume it's a complicated exercise. In reality, the opposite is true.

ABC classification is relatively straightforward to implement, and many companies become motivated to introduce it once they understand that the absence of a structured classification is often the root cause of several common challenges faced by inventory-driven businesses.

These challenges can include:

- Excessive inventory levels and unnecessary working capital tied up in stock
- Low profitability
- Service level issues
- Inefficient warehouse operations caused by poorly organised storage locations

ABC classification identifies which products deserve the most attention

Put simply, ABC classification involves categorising products within an assortment to make them easier to manage.

The classification improves understanding of how different product categories impact overall inventory costs and purchasing activities. In practice, it provides a framework for better inventory management and a more efficient purchasing process.

The purpose of the classification is to clearly indicate how business-critical each product is to the organisation. Through an ABC analysis, it becomes easier to determine where resources should be allocated and where strategic attention is most valuable.

It's therefore reasonable to view ABC classification as a form of "importance ranking".

One common approach is to classify products based on sales volume:

- A-items represent 80% of sales
- B-items represent 15% of sales
- C-items represent 5% of sales

Products can also be classified based on inventory value, demand frequency or contribution margin. Multiple criteria can be combined, such as sales volume and inventory value, to create an even more accurate classification.

For companies planning to introduce ABC classification, it is important to first define the purpose of the initiative.

If the primary goal is to improve profitability, an ABC classification based on contribution margin may be more effective than one based solely on sales volume.

IMI's inventory management system includes integrated ABC classification

Digitalising and automating purchasing and inventory management with IMI's inventory management system delivers many benefits. One of the most important is improved inventory planning and stock control through integrated ABC classification.

The classification makes it easier to determine appropriate service levels and inventory targets for different product groups.

For critical A-items, service levels can be increased by maintaining higher safety stock levels. Inventory levels for these products can also be optimised through the demand forecasting capabilities available in IMI's system for inventory planning.

For less critical B- and C-items, it becomes easier to identify opportunities to reduce inventory levels. This lowers purchasing costs while also reducing overall inventory value.

The result is a more balanced inventory, improved service performance and more efficient use of working capital.

You can't achieve high service levels without accurate inventory levels

Service level is a measure of a company's ability to fulfil customer demand. Expressed as a percentage, it indicates the extent to which customer orders can be delivered directly from stock according to customer expectations. Service level is one of the most important KPIs in inventory management. It is used both to measure warehouse performance and as a parameter when determining appropriate safety stock levels.

Many of IMI's customers achieve exceptionally high service levels, in some cases exceeding 99%. Reaching that level requires a very high degree of accuracy when it comes to inventory planning and stock levels.

Many companies maintain large inventory levels to minimise the risk of shortages and ensure high product availability. The downside is increased inventory carrying costs. Capital becomes tied up, and poorly optimised inventory also increases the risk of write-offs when products remain unsold. There is often a common denominator among companies that struggle to balance inventory levels, maintain high service performance and minimise working capital requirements.

They have not automated their purchasing and inventory management processes, but instead rely on manual routines, Excel spreadsheets and educated guesswork.

The solution is a combination of automated inventory management and inventory planning

Companies that move from manual routines to automation with IMI's inventory management system often see results quickly. Once a desired service level has been defined, the system automatically and dynamically calculates optimal inventory levels. By combining automated inventory planning and inventory management, companies can improve product availability while simultaneously reducing inventory levels. IMI's system for inventory planning automatically calculates both demand forecasts and forecast uncertainty. Based on these calculations, the system determines the appropriate safety stock and lead-time stock required to achieve inventory availability of more than 99% for important and high-demand items.

At the same time, inventory availability for less critical parts of the assortment can be reduced to more appropriate levels.

The result is a highly accurate inventory profile that matches actual business requirements.

Continuous updating of purchasing and inventory management parameters

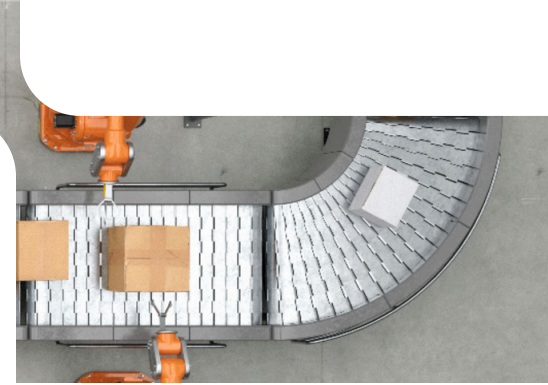
Optimising inventory levels based on forecast demand and desired service targets should be an ongoing process.

IMI's inventory management system acts as the engine behind this process, continuously calculating and updating purchasing and inventory management parameters. This ensures that the right products, in the right quantities, are always available when needed.

Even when demand fluctuates significantly over time, such as with seasonal products, IMI's system for inventory planning automatically analyses demand variations and adjusts planning parameters accordingly.

This helps prevent both excess inventory and stock shortages. The result is complete visibility of the inventory situation and the level of accuracy required to maintain profitability and competitiveness in markets where high service levels are a key success factor.

Automation is the key to ensuring purchasing strategies focused on profitable growth



In many companies where warehousing and distribution are core business activities, market developments in recent years have highlighted the need to redefine goals and priorities within the purchasing function.

As businesses face increasingly volatile demand patterns, uncertain forecasts, unwanted inventory growth, tied-up capital and challenges in achieving profitability despite growing sales, purchasing activities are coming under greater scrutiny.

At the same time, significant changes are taking place in how organisations view procurement and inventory management. More business leaders are recognising the direct connection between purchasing performance and bottom-line results.

"The purchaser is the fastest route to increased profitability" was the headline of one industry article.

The message was simple: when purchasing is managed effectively, results follow quickly. Combined with a strong sales organisation, it creates the foundation for long-term, profitable growth.

A thorough review of existing processes is often required

But what does it actually mean to "manage purchasing effectively"?

One conclusion is that companies seeking to improve their purchasing processes often need to establish new objectives for the purchasing function.

This typically starts with a review of current processes and an evaluation of the tools available to purchasers in their day-to-day work. As a more profitable purchasing strategy begins to take shape, many organisations realise that a major shift is needed: moving from manual, person-dependent routines to streamlined, automated and digitalised processes.

Implementing IMI's inventory management system is often a key step when the goal is to establish an effective purchasing strategy, improve purchasing control and allow purchasers to take on a more strategic role.

IMI can support this process by helping organisations assess current purchasing and inventory management practices, identify opportunities for improvement and demonstrate the potential benefits of automation.

A Business Review helps identify the most important opportunities

- How can we improve our forecasting accuracy to handle increasing demand volatility?
- How can we optimise inventory levels and reduce working capital?
- Why are the products with the highest demand so often out of stock?
- We want to improve our customer service levels, but how?
- Why do our purchasers make different decisions based largely on personal judgement?

When developing a new purchasing strategy, many areas need to be reviewed and important questions need to be answered. This is the first step towards creating a more efficient purchasing operation through automation.

IMI can support this process through a Business Review. Together, we can discuss your current challenges, identify improvement opportunities and demonstrate how IMI's inventory management system can help improve efficiency, automate key processes and support profitable growth.

With the right tools, purchasers can create significant value and improve profitability

The role of the purchaser has changed considerably over the past decade. One of the most noticeable developments is that purchasers in many organisations now have the time to focus on analysis, strategic decision-making, supplier agreements and business relationships. This shift has largely been made possible by moving from manual processes to automated and more efficient purchasing operations. With the right system support and leadership teams that recognise the importance of the purchasing function, purchasers can contribute to increased sales, improved profitability, reduced working capital and higher customer satisfaction.

In short, purchasers play a highly strategic role. IMI's customers are typically mid-sized businesses where warehousing and distribution are core activities. They often manage large inventories and operate across a wide range of industries, including food and beverage, packaging, textiles, consumer electronics, furniture, healthcare and industrial products. We have helped more than one hundred companies across the Nordic region transform their purchasing and inventory management processes.

The purchasers and inventory planners within these organisations no longer rely on Excel as their primary tool. They no longer spend countless hours manually reviewing purchase orders and deciding what should be ordered and when.

Instead, they use IMI's inventory management system, which helps them streamline inventory planning, optimise stock levels, save time and increase sales by reducing stock shortages. "The purchaser is the fastest route to increased profitability," stated one industry article.

We agree, and so do many business leaders who have come to recognise that purchasers equipped with the right tools are key contributors to both growth and profitability.

The answers to tough management questions are often found in the purchaser's toolbox

The answers to tough management questions are often found in the purchaser's toolbox. In organisations that have not modernised their purchasing processes with effective system support, several recurring questions often arise in strategic management discussions:

- Why are our inventory levels increasing and tying up so much capital?
- Why is inventory turnover declining?
- Why do we experience stock shortages that result in lost sales and dissatisfied customers?
- Why are our forecasts so inaccurate?

The answers are often found in the tools available to the purchasing team.

When purchasing processes are driven by traditional, time-consuming routines, where Excel spreadsheets manage ordering processes, purchasing parameters are maintained manually and purchasing decisions rely on outdated reorder points, neither purchasing nor inventory management can operate efficiently.

For businesses experiencing strong growth, the challenge becomes even greater as the number of products continues to increase.

With manual processes, it is often impossible for purchasers to accurately determine how much inventory should be purchased.

If management also decides to increase service levels, purchasers face an additional challenge.

Out of concern about stock shortages, purchasing volumes can easily become excessive. Without clear visibility, inventory levels gradually increase to undesirable levels before anyone notices.

Signs that it's time to automate

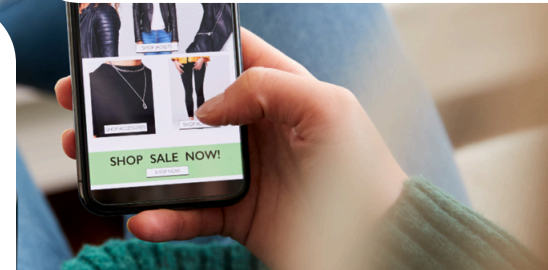
When management is evaluating whether it is time to provide purchasers with better tools through digitalisation and automation, the following indicators are often strong signals:

- Inventory levels continue to increase while inventory turnover remains low.
- Lost sales, and potentially customers, due to stock shortages when demand for certain products is high.
- Service levels fluctuate too much.
- Purchasing decisions depend heavily on individuals. No one has full control, and there is no consistent purchasing policy.
- Purchasers spend most of their time on manual administration and have little opportunity to work strategically. Urgent issues and fire-fighting dominate the working day.
- Purchasers struggle to manage fluctuating demand.
- Forecast accuracy is too low.

If several of these challenges sound familiar, it may be time to review current processes and consider how automation can create a more efficient, scalable and profitable purchasing operation.

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With an exception alert function, purchasers can act proactively



In today's uncertain business environment, characterised by volatile markets and significant demand fluctuations, achieving high forecast accuracy is a major challenge.

The risks associated with poor forecast accuracy are considerable and can result in stock shortages, obsolete inventory, reduced service levels and disruptions in supplier relationships. For many purchasers, forecast deviations are a recurring issue, particularly when they lack the tools needed to quickly identify changes in demand.

Suddenly, businesses may discover that actual demand differs significantly from the forecast. This is often the case when purchasers rely on ERP systems that only provide reactive support, informing users after an event has already occurred.

To act proactively, organisations need system support with an early warning function that alerts users well in advance when there is a risk of empty shelves or excess inventory. This enables purchasers to identify potential forecast deviations early and take appropriate action before problems arise.

IMI's inventory management system alerts users when demand deviates from the forecast

IMI's inventory management system delivers substantial value to purchasing teams. One example is the confidence created by the system's forecast deviation alert functionality. The system proactively identifies deviations that fall outside expected demand patterns and may result in demand and inventory levels becoming misaligned.

This functionality becomes particularly valuable during periods when demand changes suddenly and unexpectedly.

Many e-commerce companies have experienced exactly these challenges in recent years, resulting in excessive inventory levels, unwanted working capital commitments and difficulties maintaining profitability.

The deviation management capabilities within IMI's inventory management system also include automatic monitoring of supplier lead-time variations, as well as supplier KPIs related to delivery performance and lead-time accuracy.

Forecast errors can improve future forecasts

With IMI's system for inventory planning, purchasers benefit from automatically generated demand forecasts that support flexible safety stock levels, even during periods of significant demand volatility.

At the same time, the level of market uncertainty seen today makes it virtually impossible to achieve perfect forecasts.

Forecast errors should never be ignored, but when managed correctly, they can actually become a valuable source of insight.

By carefully analysing the reasons behind forecast deviations, organisations can determine whether the deviation reflects a genuine shift in demand trends or simply a one-off event.

If a trend change is identified, purchasers can take proactive action and make adjustments that further improve future forecasts generated by IMI's system for inventory planning.

If forecast deviations reveal a high degree of uncertainty for specific items, purchasers can proactively monitor demand development and make any necessary adjustments to inventory levels.

In other words, forecast deviations are not only warning signals. They also provide valuable information that helps businesses continuously improve inventory planning, maintain service levels and make better purchasing decisions.