

ToolsGroup Introduces First Outsourced Inventory Target Setting Service

BOSTON, March 8, 2012 – As a new addition to its “Powerfully Simple” supply chain planning solution, [ToolsGroup](#) today announced the first outsourced service that feeds optimized inventory targets to companies, allowing them to manage and respond to demand volatility.

Many companies collect detailed demand data, but don't possess the analytical tools to choose the right inventory targets to achieve their performance goals. ToolsGroup's new outsourcing offering provides these companies with a service that analyzes and understands their demand and supply uncertainty and calculates optimized inventory targets to achieve customer service levels objectives.

Inventory Optimization as an Outsourced Service

Inventory target setting delivered as an outsourced service allows companies to avoid implementing expensive systems and processes. Instead, users take advantage of ToolsGroup's advanced inventory modeling and optimization engine at their disposal. A secure cloud-based portal allows users to easily upload data and retrieve inventory recommendations.

Users get SKU-Location level inventory targets, such as safety stocks and reorder points, for a low monthly cost. This approach allows companies to deploy optimized inventory targets using their current systems and processes. They can quickly deliver revenue, margin and cost reduction objectives while avoiding both capital expenditure and cost of ownership.

A typical user example of the new outsourced service is a North American fast moving consumer goods manufacturer which is optimizing 800 unique SKUs in a network of four plants and 60 distribution centers. Its challenges include seasonal capacity constraints and high demand volatility driven by promotions, media events and competition's activities. The service-based approach is helping it address immediate working capital and inventory objectives during a global ERP rollout.

Analyzing Demand Volatility to Improve Corporate Performance

Demand volatility is cited by Gartner, IDC and other analyst firms as the number one obstacle identified by corporate executives to achieving their supply chain goals. But companies can overcome this obstacle by positioning the right inventory levels across the supply chain to absorb such volatility.

“Responding to the customer can be achieved with cost overruns, excessive inventory and firefighting, but to respond profitably means understanding the sources of volatility and planning for them appropriately,” explains Tim Payne, Research Director for Gartner Research in Hype Cycle for Supply Chain Management, August 2011.

“Many companies need reliable inventory targets that will allow them to achieve their customer service and corporate performance goals, yet don’t want to make a large upfront investment in software and infrastructure,” said ToolsGroup CEO Joe Shamir. “ToolsGroup and our partners can help them extract the demand signal from the noise and set the right inventory targets to deliver these objectives.”

Available Now from ToolsGroup and Partners

The new outsourced Inventory Target Setting service is available from ToolsGroup and its [partner network](#). Additional information on the new service will be available at Convergence 2012 (Booth #952) March 18-22 in Houston, where ToolsGroup will also be displaying [SO99AX](#), their supply chain planning software for Microsoft Dynamics AX.

About ToolsGroup

ToolsGroup (www.toolsgroup.com) is a global provider of [Powerfully Simple](#) supply chain planning software. Powerful behind-the-screen engines enable highly intelligent data-driven decision making. Reliable and scalable statistical models are continuously and automatically tuned to automate and simplify the planning and control process. Our customers overcome volatile supply chains to generate accurate forecasts and outstanding customer-service levels with less global inventory. ToolsGroup’s solutions span key supply chain planning areas such as [Demand Planning](#), [S&OP](#), [Demand Sensing](#), [Promotion Forecasting](#) and [Multi-Echelon Inventory Optimization](#).

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