Lessons learned from DCP study at Ericsson AB

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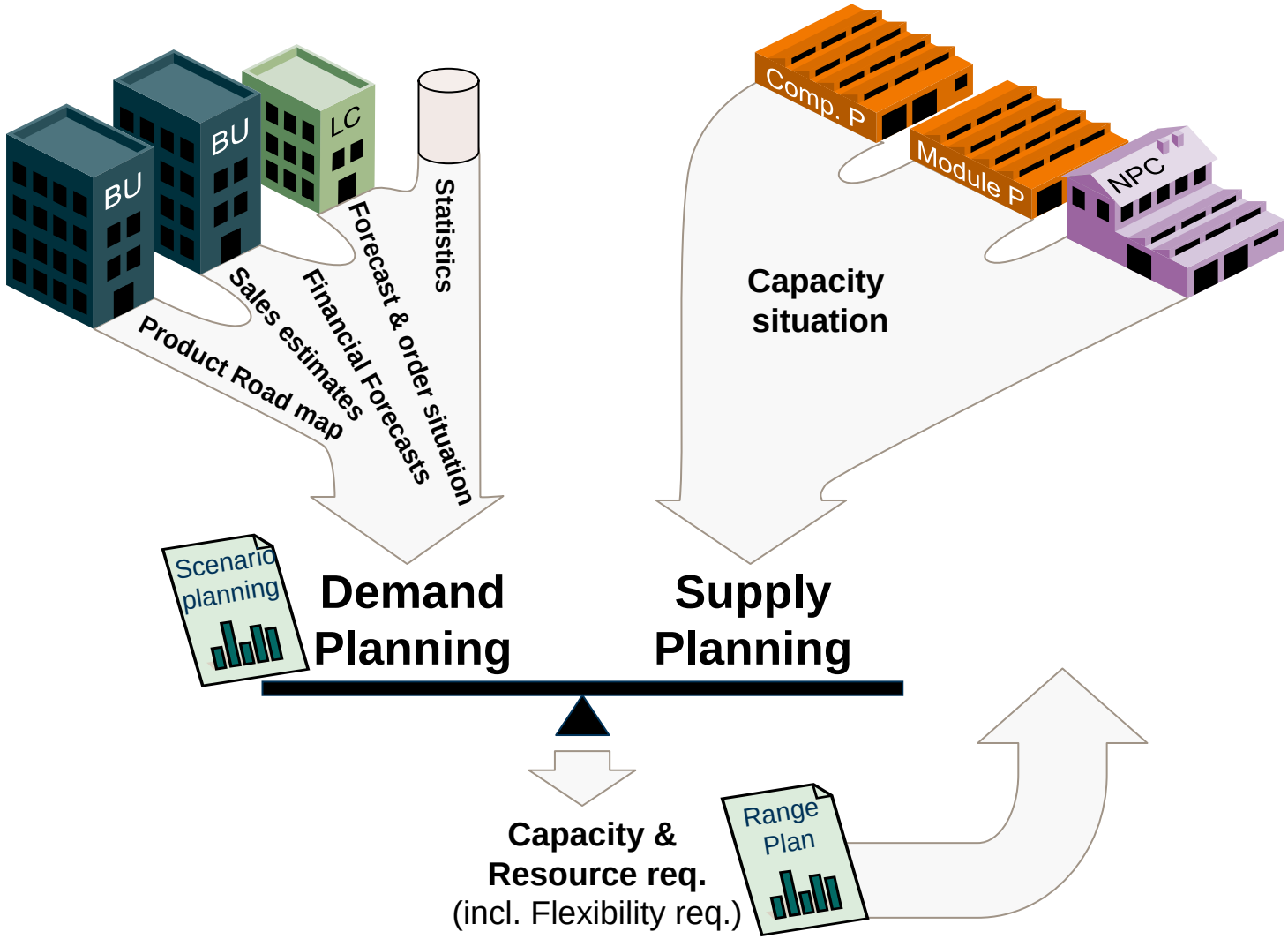
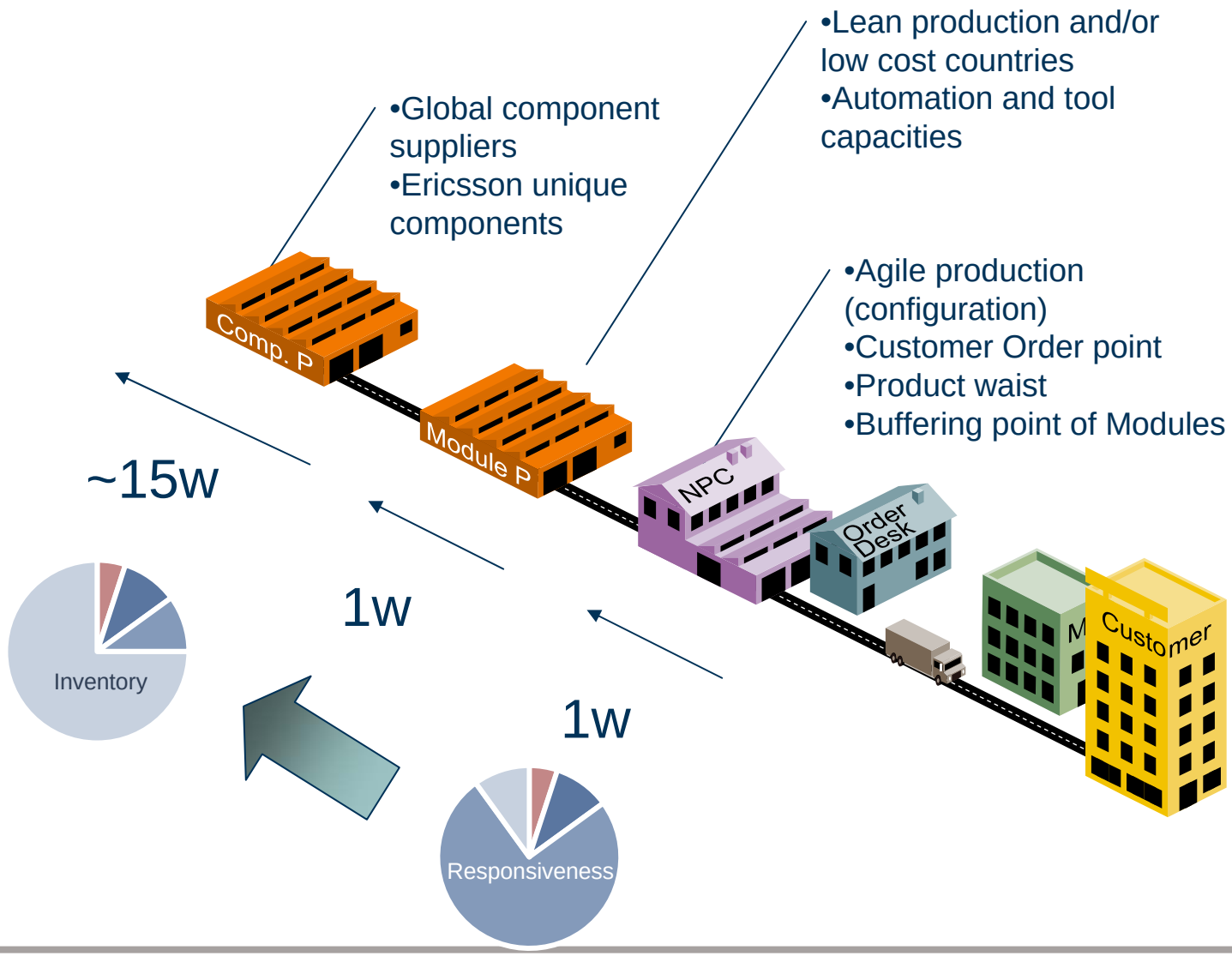
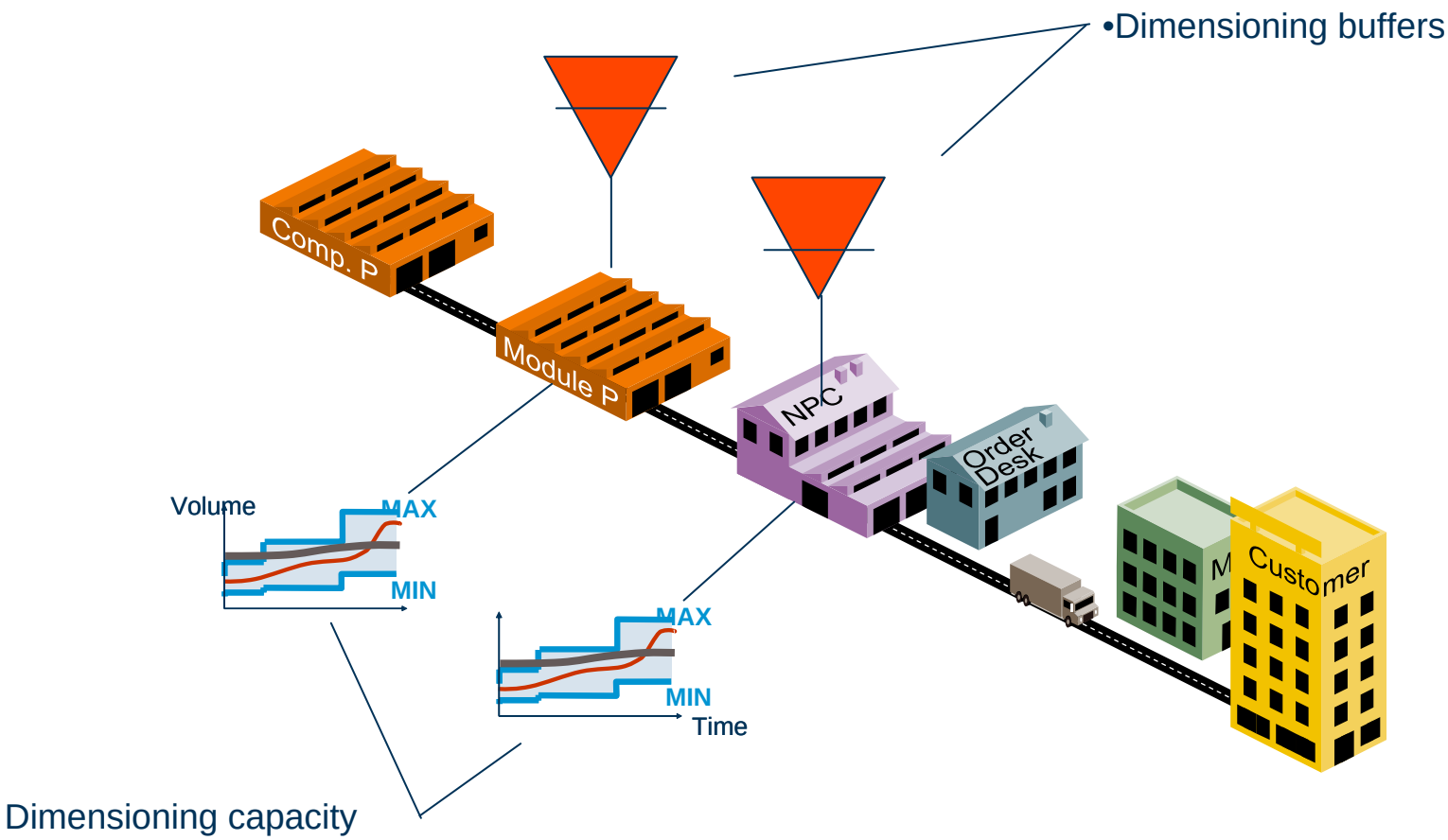
Demand & Supply Planning



Supply chains at Ericsson

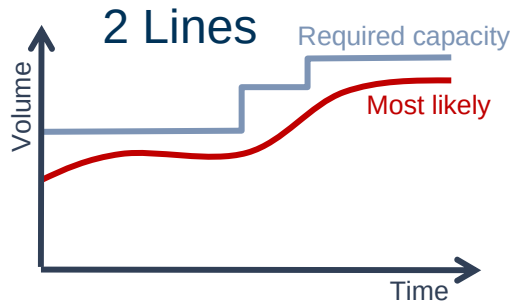


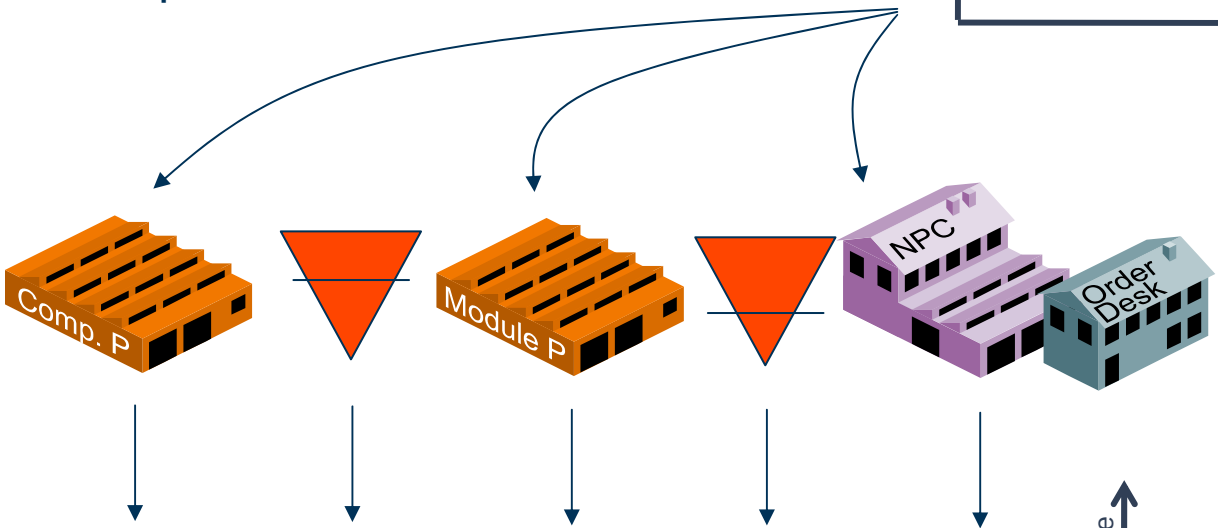
Supply chains at Ericsson



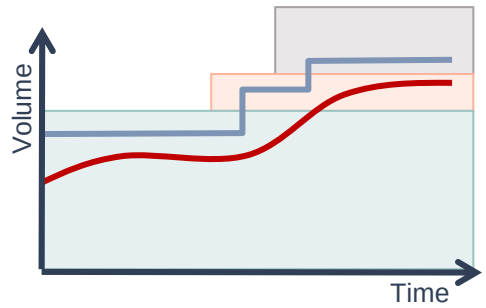
Dimensioning process at Ericsson (DCP)

- Medium Range Plan month 1-12
  - Most likely value
  - Flexibility needed or capacity requested





- Capacity and capability response
  - With normal, flex and capacity building steps



Pilot purpose and High level IT-specification

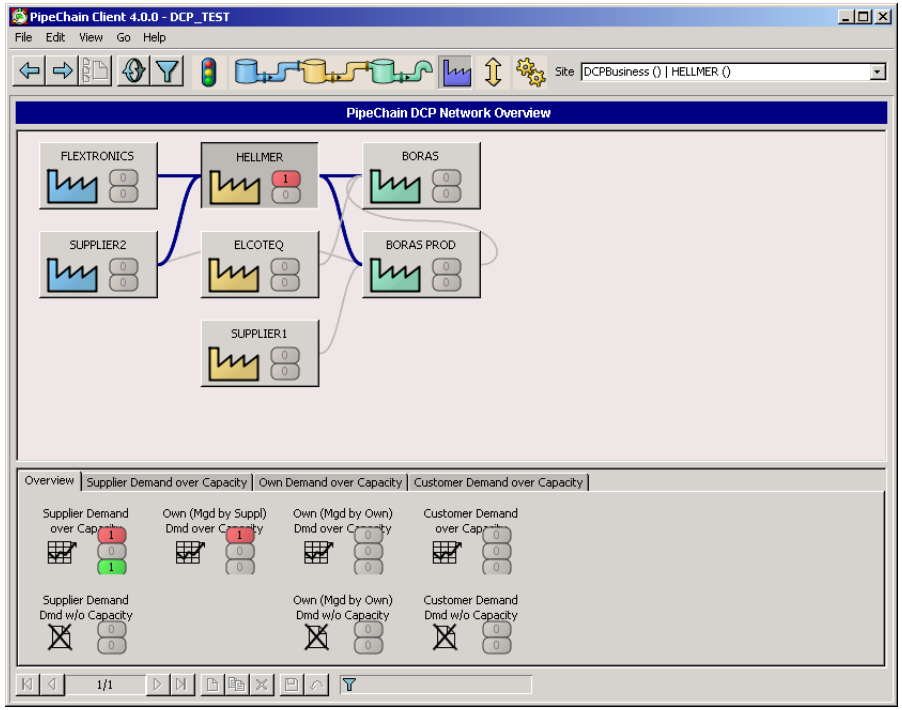
- Answer the questions
  - How can we with help from visibility in the Supply chain monitor and control capacity?
  - Can we improve the planning process with help from an IT solution
- Build a prototype with limited functionality and run a pilot with a few external suppliers. The pilot aims for:
  - Define the functionality needed in a final solution.
  - Identify what change management needed to get the suppliers involved
  - Identify witch processes that will be effected
- Prototype build on PipeChain platform

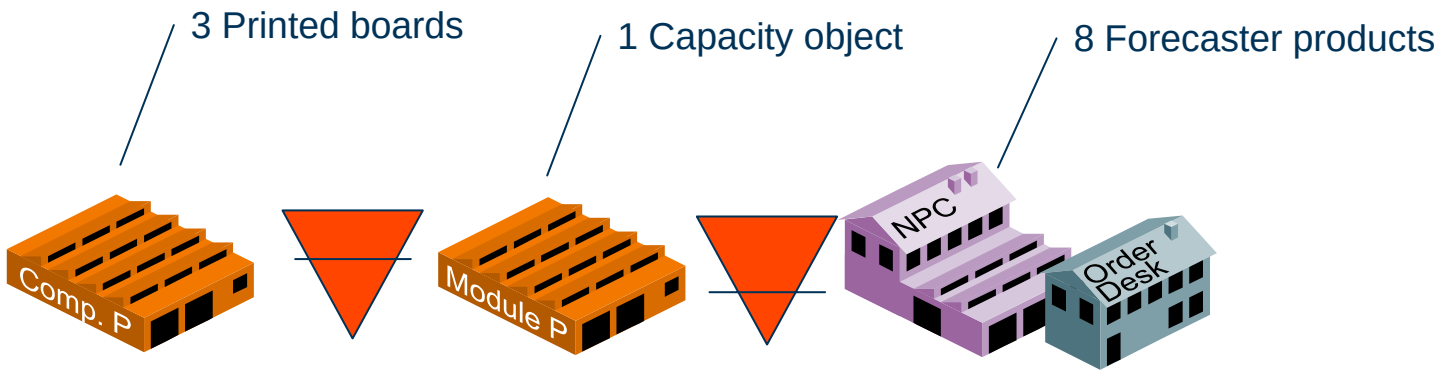
Pilot purpose and High level IT-specification

- Normal working cycle
  - Collect normal, max and capacity building steps from supplier.
  - Enter new demand plan with flexibility.
  - Monitor alarm (against 4 levels)
  - Take actions on deviation (change capacities and/or change demand plan)
- System should not be fixed to monthly or weekly cycles
- Overview screens should visualize Supply chain and indicate were problems are
- Monitoring screens should visualize situations in “traffic lights” and graphs.

IT-study set-up

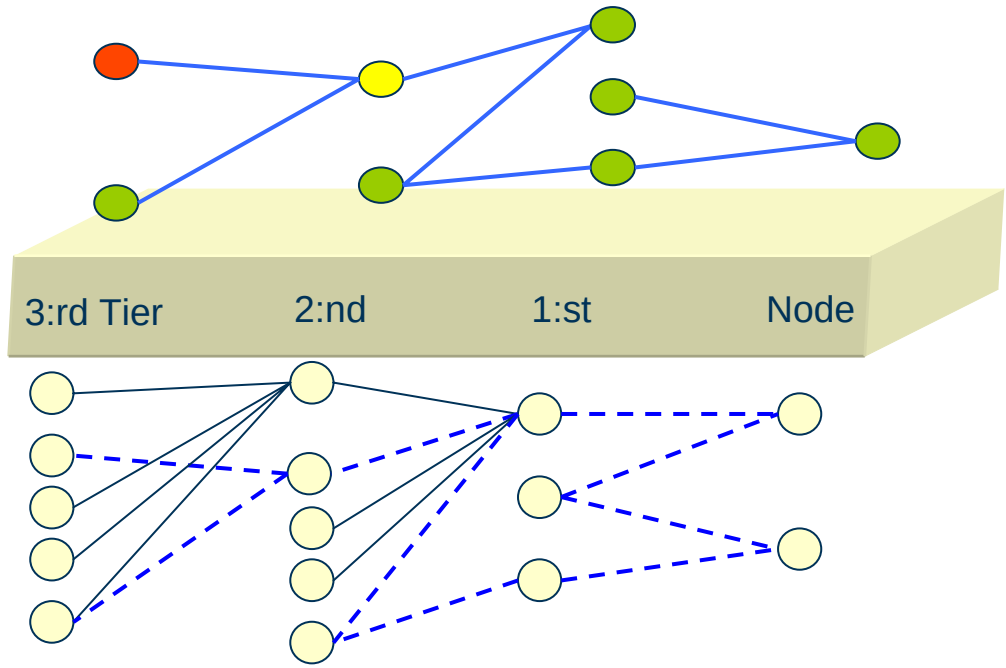
- 1 product family
  - 8 products sharing the same capacity
- 3 tier deep Supply chain
- 6 month cycle





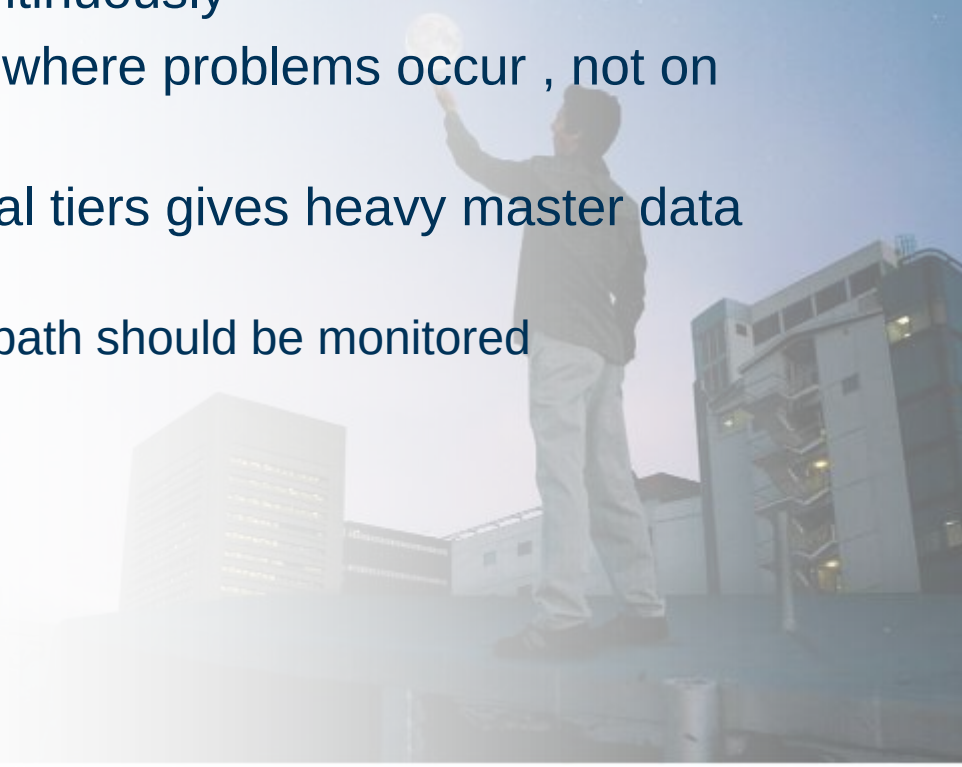
Insights gain during IT development

- Possibility to support short term planning and medium range planning in the same system
  - Medium range aims for dimensioning capacity
  - Short term monitors execution and identifies bottlenecks for ATP/CTP control
- Plans should be distributed in the same system where capacities are updated
- Key word for system, process and monitoring must be “keep it simple”



Conclusions and lessons learned

- Business critical process should not be maintained in Excel
- Better quality in S&OP meetings, rough cut consequence on new plan before it’s released
- Forecasting process can work continuously
- High level alarms should indicate where problems occur , not on the consequences
- Building capacity objects in several tiers gives heavy master data workload
  - Only critical supply chains or path should be monitored



Conclusions and lessons learned

- Monitoring buffers in medium range perspective doesn’t give information to act on.
  - Functionality that indicates how well dimensioned your buffers is, would be more useful.
- Buffer monitoring in the short term, can give you indications to the ATP/CTP process.
  - But to perform ATP on this data demands more inputs
- Gross planning should be used, with the purpose to secure capacity.
  - Replenishment should drive material
- Plans and capacity should be on time buckets that doesn't demand “time-offset”
- Easy wins in 3:rd Tier
  - Problem during vacations between 2:nd and 3:rd Tier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