Sometimes when customer meets supplier in the Automotive industry, the topic of demand variation is discussed. Intensively. Recognize this?

What if both parties agreed on a model of exactly how to measure demand variation? Then imagine a common tool to measure so that both parties came to the meeting with exactly the same view.

Odette Sweden decided in 2011 to focus on the issue of demand variation. A project was initiated, "Forecast Accuracy Index" with the main purpose of defining a model for the Swedish Automotive Industry.

The project has been very successful thanks to the participation of Scania, SKF Automotive, Volvo Group, Bulten and Autoliv. Besides the model itself, the project has delivered a tool which Odette Sweden now offers to manufacturing/distribution companies in the automotive industry.

Odette FAI
The Odette FAI application* offers both customers and suppliers a way to measure forecast accuracy, according to the Odette recommendation LG09**. "Odette FAI Analyzer" is easy to use, gives instant results and allows exporting data to spread sheets.

* Odette FAI application, Odette FAI Analyzer is available from Odette Sweden

** Odette recommendation LG09:"Forecast Accuracy Measurement", available from Odette National Organisations, free for members. More information on www.odette.org.

The data used are the same data as what are commonly sent via EDI (any standard or version).

The two KPIs defined and explained in the recommendation LG07 are used:

- o FAI –measurement, as percentages, of forecast accuracy for a particular demand period. (Decision point versus realization)
- o WTS - an index describing the general characteristics of forecasts in a given situation (from a specific customer, for a specific product range etc) - if forecasts are generally over or under the actual demand.

Other features of the application:
- o Quickly compare forecast accuracy for different Partners and/or Addresses and/or Items.
- o Get an overview of how Forecast accuracy has changed over time
- o Analyze what has caused bad forecasts
- o The parameters in the KPIs are all completely dynamic: Lag lengths, Alpha values and Period lengths (See Odette recommendation LG07 for definitions)
- o Get visualization of delivery schedules – watch demands over time in a graph
- o Useful both for customers - to measure what they send, and suppliers - to measure what they receive
- o Export data and KPI results to spread sheets.

Odette FAI Analyzer builds on usage of the Business Intelligence software QlikView® and runs today successfully with ERP-systems SAP and M3. For most other ERP installations the integration is quickly arranged. The necessary data can easily be extracted from any other source of information as well.

Training
The tool has been designed and developed by Meridion AB (meridion.se). To help your company on track Meridion offers one day training at your site.

Conditions for use and pricing
Information on conditions for use and pricing is available at www.odette.se

For further inquiries and/or ordering, including training, please contact Odette Sweden, +46 70 384 58 02 or michael.bogren@odette.se