

CASE STUDY

A new, clear field of vision

How a leading life sciences company radically improved its supply chain to see into the future

WHO WE WORKED WITH

Life sciences major specializing in eye care.

WHAT THE COMPANY NEEDED

A supply chain that could keep up with the market, a reduction in manual order fulfillment, and a better way to forecast demand.

HOW WE HELPED

Advanced analytics and process transformation to help the company respond better to market shifts—impacting supply, demand and order fulfillment.

WHAT THE COMPANY GOT

- 35% reduction in non-compliant orders
- 20% reduction in inventory levels
- 80% reduction in supply planning turnaround time

As a global leader in life sciences, this company worked with a diverse set of fulfillment partners, distribution centers and manufacturing units, causing supply (production and stocking) and demand (orders from market) to be out of sync.

The problems stemmed from the company's existing order management process, which struggled to work with unpredictable demand, inventory shortages and inadequate insight. We arrived on the scene to help the company develop a technology-driven supply chain that enabled better supply chain responsiveness, increased product availability, and improved service levels.

CHALLENGE

Get the product where it needs to be, when it needs to be there

The demand-supply imbalance affected the company in many ways. For example, the company launched and delivered new products even before getting regulatory approval in some markets, which not only led to compliance issues but caused supply shortages in markets where the products had already received approval.

Ad hoc wasn't cutting it

To complicate matters, the company's planning parameters were often inaccurate, and its markets weren't forecasting their needs correctly, either. So the enterprise was filling orders on an ad-hoc basis, which often strained supply in the central warehouse. For its part, manufacturing couldn't plan or budget for these erratic orders. And on the order fulfillment side, as a tactical measure to counter this supply constraint, people were manually determining which orders to fulfill first. As a result, fulfillment lead times grew, customer satisfaction suffered, and the company had a sluggish response to fluctuations in supply and demand.

SOLUTION

Advanced analytics for data-driven decision making

With our help, the company put Genpact's Lean DigitalSM approach and Lean management principles to work. Together, we created a holistic solution to make sure stock was available wherever needed despite constrained supply.

For immediate impact, we introduced analytical models that apply parameters such as historical sales trends, forecast and target levels, and demand variability. That way, the company could determine order quantities right away and flag or block large aberrant orders.

We didn't want to interrupt or interfere with existing technology. So we added an agile technology layer that integrated with legacy ERP and ordering platforms to validate orders in real time – and to block them when they were above acceptable limits. We soon learned that inbound order quantities depended on forecasts and that over-forecasting caused large orders. To address this, we put a suite of advanced analytical models in place to ensure reasonable order quantities.

Target inventory levels were also impacting inbound orders. Unnecessarily high targets drove higher orders, which drained capital. The company needed to use variability trends to right-size its inventory and avoid central stock depletion. So we simulated a target-setting methodology that stress-tested inventory management under highly volatile demand and supply scenarios. Now the company can get a sense in real time of what costs and services attach to each condition.

Another upshot: The company can now make data-driven decisions about inventory policy and ensure that as much product as needed is always available. The company is also eliminating aberrant, off-trend orders that resulted in unplanned inventory consumption. And when demand still exceeds supply, we've applied an algorithm that prioritizes the most critical orders for faster turnaround.

IMPACT

Supply and demand are now seeing eye to eye

Within the first few months the company saw:

- A 35% reduction in non-compliant orders
- A 30% improvement in supply at warehouse locations through order management transformation
- Increased product availability for markets across the world and improved service levels
- An 80% reduction in the time taken to plan global supply

- A 20% reduction in inventory levels for faster order fulfillment and reduced inventory holding, which eases working capital requirements

Order management. Inventory allocation. Supply and demand planning based on market conditions. The new, responsive supply chain is getting so much more out of all these functions. And the company's supply chain, which continues to evolve, soon will be ready to use the Internet of Things to assess promotions as well as inventory and stock levels. In the foreseeable future the company could even begin using social media analytics to predict demand.

For now, the company can clearly see the advantages of a future-ready supply chain.

ABOUT GENPACT

Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally-enabled intelligent operations for our clients, guided by our experience running thousands of processes primarily for Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. Combining our expertise in end-to-end operations and our AI-based platform, Genpact Cora, we focus on the details - all 87,000+ of us. From New York to New Delhi and more than 25 countries in between, we connect every dot, reimagine every process, and reinvent companies' ways of working. We know that reimagining each step from start to finish creates better business outcomes. Whatever it is, we'll be there with you - accelerating digital transformation to create bold, lasting results - because [transformation happens here](#).

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