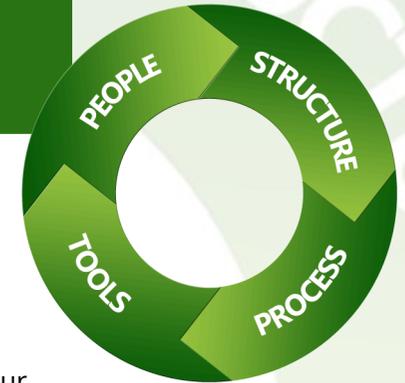


Sequoia Spotlight

Software that hits the spot



During our first fifth of a century in business, we at Sequoia were drumming our fingers waiting for the software industry to build a halfway decent inventory targeting system. Surprisingly SAP seemed to have no interest in it. Oracle? No dice. IBM – nada. We even worked with Manugistics for a year... and they got very enthusiastic. But... after sitting in a three year development queue topped-off by a JDA buy-out, the scent went cold. So – drum roll – while working for PepsiCo Worldwide Flavours, we buckled and built one ourselves. Well, clearly someone had to do it...

So, what's the fuss about, I hear you ask? As you know, while most elements of an inventory target are easy to understand and compute (e.g. Cycle Stock = half your batch size), Safety Stock is a tricky statistical calculation which many get wrong. And if you can't explicitly compute your Safety Stock then you are left in a situation where it simply becomes "the extra bit" that makes up the difference between all your other stock and a pin-the-tail-on-the-donkey target.

Often there's a bright spark - a whizz with a spreadsheet who has a respectable go at calculating it. Mostly they confuse statistical confidence limits with service targets (for stats geeks, what is needed is a 'partial expectation' calculation. Obviously). But even if you get that right, there's still the dreaded pitfall of fiendish complexities when tackling

intermittent demand patterns, or long transit times. Fortunately, over the last few years, software has become far easier to build; we've acquired the skills and trusty Web Services have arrived. So whereas 10 years ago there'd be the need for a field support team, nowadays we can provide highly interactive, graphical tools that are web-enabled. Plus, having PepsiCo's real, live inventory team as development partners we were kept well away from those theoretical consulting 'ivory towers' and rolled up our sleeves to build what was really needed.

So, may we present OnTarget; which, since its launch, has seen keen-bean FMCG companies lapping it up, with implementations across Europe, Asia and the Americas for Finished Goods and Raw Materials.

A further bonus is that, with the OnTarget system in place, Inventory Managers have a complete end-to-end view of all the Supply Chain parameters that are driving working capital. So they are able to initiate targeted improvement projects to Conformance to Plan, Forecast Value Add, Lot Sizes or Lead Times – focusing management effort across departments. PepsiCo have grasped the nettle and are already moving beyond this to optimise SKU deployment, now that they can accurately assess the precise, SKU-by-SKU implications of centralised vs distributed stock holding.

So, if we may beg your indulgence, we'd like to quote Peter Benenson, the English lawyer and founder of Amnesty International, who said in 1961: it is better to light a candle than curse the darkness. We wouldn't dare compare our achievements with his, but, nevertheless, we've done our bit to light up a dark corner of the FMCG inventory world. So, for your delectation, we give you our candle – OnTarget!

