



# Demand Forecasting and Replenishment with Absolute Visibility

## Absolute Value

### Comprehensive Forecasting and Replenishment

In this economic climate, forecasting is a must for distributors, but it alone is not enough. Replenishment that addresses long lead times, across the supply chain, encompassing all warehouse locations, is critical. Absolute Value starts with the statistical and collaborative forecast and then compares it to time phased expected inventory to determine where your inventory needs and surpluses are. Absolute Value identifies inventory need, surplus, and excess across your company on a daily basis and gives you the visibility of your entire company when making a buying decision. More than 180 companies use these methods in Absolute Value to reduce inventory levels, transportation costs, and stock outs to improve their return on investment.

### Flexible ERP Independence

Many ERP systems represent significant investments in cash and time. Often they have been customized to meet the specific needs of your business and are performing much better than an off-the-shelf system. Unfortunately, most of these ERP systems do not address today's forecasting and replenishment needs. Absolute Value was designed to integrate with your existing ERP system to preserve your current software investment while updating your forecasting and replenishment capabilities.

### Accommodating On Demand Architecture

Absolute Value is delivered in a SaaS (Software as a Service) architecture as a monthly service affording you minimal up-front investment and no long term commitment. Use the system as long as it works for you. Absolute Value is proud to earn your business every day.

Title	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Pr
Item No. . . . .	06-01-447							
Current Formula. . . . .	AVE-EH/EL							
▶ AFP1	01/01/09	02/01/09	03/01/09	04/01/09	05/01/09	06/01/09	07/01/09	08/01/09
Forecast	18.2	18.8	19.8	20.8	20.3	18.6	19.4	
Forc. Adj.	0	0	0	0	0	0	0	
Cust. FC	40	80	80	40	40	30	20	
Demand	19	25	25	60	0	0	0	
Consumed	49	0	0	0	0	0	0	
Auto Forc. Adj.	9.8	0	0	0	0	0	0	
<b>Total FC</b>	<b>68</b>	<b>98.8</b>	<b>99.8</b>	<b>60.8</b>	<b>60.3</b>	<b>48.6</b>	<b>39.4</b>	
Consumed FC	49	0	0	0	0	0	0	
<b>Accum FC</b>	<b>19</b>	<b>117.8</b>	<b>217.6</b>	<b>278.4</b>	<b>338.7</b>	<b>387.3</b>	<b>426.7</b>	
Inventory	103	103	103	103	103	103	103	
Transfers	-4	0	0	0	0	0	0	
Pur. Orders	0	20	-4	0	0	0	0	
Prod. Orders	0	0	0	0	0	0	0	
Components	0	0	0	0	0	0	0	
<b>Net Inv. Pos.</b>	<b>80</b>	<b>1.2</b>	<b>-102.6</b>	<b>-163.4</b>	<b>-223.7</b>	<b>-272.3</b>	<b>-311.7</b>	
Horiz 03/25/09			-83					
Prior Yr	12	6	9	26	37	10	12	
Description	Replenishment Source		Safety Stock Days	Spor. Target Stock.				
ALL-LOCK AUTOMOTIVE L	Apex Products		7	0				

### Absolute Visibility

Absolute Value delivers the ultimate visibility. It is not a black box, but rather provides drill down visibility to every calculation. You are provided visibility at the forecast, summary rollup, branch location, collaborative forecast, promotions, and suggested order levels.

Absolute Value ensures the highest quality solution:

- Premium best-fit, formula-based forecasting
- Accurate replenishment with lead time consideration
- Multiple warehouse forecasting and replenishment
- Seasonal, trending and low-usage item identification and management
- Forecast roll up views
- Collaborative forecast to capture major customers' anticipated buying patterns

*Absolute Value is proud to earn your business every day*



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### Best-Fit Forecast Method

Absolute Value forecasting uses a best-fit formula approach to ensure that the most suitable formula is automatically assigned to each item in each warehouse. The result is an extremely accurate 12 to 15 month forecast.

### The Total Forecast

The total forecast is made up of the following:

- Statistical formula-based forecast
- Adjustments to the statistical forecast, including promotions
- Collaborative forecast

### Forecast Summary

The forecast can be rolled up based on the categories you select, and can be represented in quantity, cost, or price. Adjustments made to any of the forecast summary levels can then be applied as individual adjustments to each item in that level.

### Promotions

Promotions are often used to increase sales, but sometimes serve as the source of future forecast errors. Absolute Value separates the anticipated forecast for promotions, and enables the user to adjust historical usage for promotion-based sales.

### Collaborative Forecast

Your large customers can dramatically affect demand unexpectedly. By giving them a way to notify you of their anticipated demand, you minimize both overstocks and stock outs that can impact all your customers. Collaborative forecasts are only valuable if they are reasonably accurate. Absolute Value compares actual sales to the collaborative forecast to determine the historical accuracy of that forecast.

### Replenishment

Even a forecast that is 100% accurate does not solve the whole inventory management problem. Stocking levels, long and short lead times, unanticipated demand, surplus inventory, excess inventory, dead stock, late and early purchase orders, and branch replenishment are only a few of the issues that must be handled each day. Absolute Value places as much emphasis on replenishment as it does on the forecast.

### Surplus Inventory and Excess Inventory

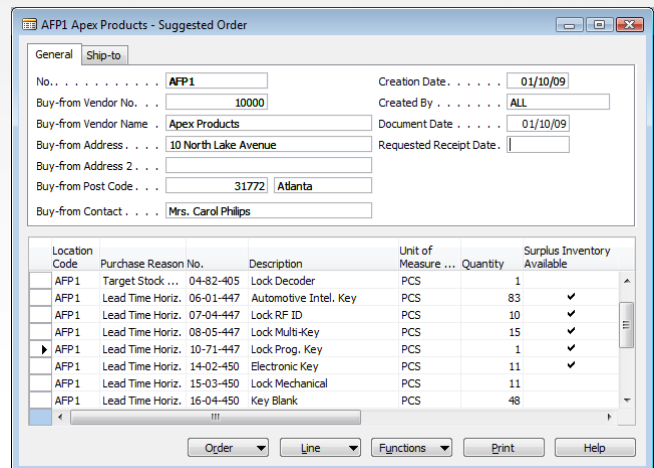
The system reviews inventory levels for all items in all warehouses to identify surplus and excess inventory. While surplus is more inventory than you need, excess is defined as inventory that may not sell before it is obsolete. These calculations are also available when the purchasing department is making a buying decision. It is common to have a need in one warehouse and a surplus in another. Depending on the cost of transferring products, you may want to transfer rather than purchase, thus lowering your company-wide inventory levels.

### Branch Replenishment

The system automatically suggests transfers to replenish branches based on their defined replenishment path. Often branches carry a 1 to 2 week supply of an item that may have a much longer lead time. Absolute Value looks at anticipated transfers, within the vendor lead time, when suggesting the purchase of an item.

### Suggested Order

The suggested order is automatically created during the overnight process for each vendor. Buyers then use the vendor buying calendar to review the suggested orders before placing their purchase orders. Drill down capabilities enable buyers to view the calculations for each order quantity.



### Absolute Visibility

When reviewing the suggested order you have access to:

- Detailed sales history by period
- Total forecast detail
- Time phased expected inventory
  - On-hand inventory
  - Open sales orders
  - Purchase orders
  - Warehouse transfers
  - Kit components
- Surplus and excess inventory in all warehouses
- Replenishment path of the item
- Detailed calculation lines for each item

### About the Company

Absolute Value has roots in the distribution software industry that are extensive, with specific strength in Forecasting and Replenishment. Constructed of both end-user and software vendor experience, the Absolute Value team bridges a dual perspective on the complex needs of today's distributors.

Blending this depth of experience with knowledge of state-of-the-art technology and application solutions provides our clients a unique pathway to success. The Absolute Value team offers this key experience gained as an evolution of Lanham Associates, a Microsoft Gold-Certified partner.