



500,000 Shipments in North America



2000+ Stores



800+ Vendors

## Major Home Improvement Retailer

Concurrent planning of network inventory, fulfillment and transportation

### Results

- ▶ 105M USD (~7%) savings in annual inventory and transportation costs without detrimental effects in store shelf availability
- ▶ Internally consistent planning parameters related to order frequency, transportation mode, flow path and shelf availability targets for each SKU

### Journey with Solvoyo



#### Digital

- ▶ All cost data on a single platform for Total Cost to Serve definition
- ▶ Dynamic and adaptive input data processing that supports changes in seasonal demand, product portfolio, vendor capabilities and costs



#### Intelligent

- ▶ Total Cost to Serve optimization with explicit trade-offs among inventory, transportation and store operations
- ▶ What-if analyses on transportation cost vs inventory investment for a given shelf availability target
- ▶ Quantitative basis for seasonal flow optimization – vendor direct versus through the cross-dock network



**\$105M** Recurring inventory & transportation cost savings



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Concurrent planning of network inventory, fulfillment and transportation

### Goal

- ▶ Minimize the total cost of the supply chain network while ensuring that the SKU x Store shelf availability targets are met

### Issues

- ▶ Conflicting KPIs among functional silos: Store operations planning high shelf availability through more frequent shipments vs logistics reducing costs through more frequent FTL shipments vs inventory management reducing inventory investment in the network
- ▶ Diverse SKU portfolio and vendor capabilities requiring different operating models and different planning parameters
- ▶ No quantitative basis for network-wide improvement initiatives

### Transformation Scope



Frequency  
Optimization



Network Inventory  
Planning



Order  
Fulfillment



Transportation

RETAIL



Global Headquarters  
77 Franklin Street  
Boston, MA 02110  
+1 617 642 1338  
info@solvoyo.com  
solvoyo.com