



SOLVOYO



Improving Profitability Through Optimal Inventory Planning & Automated Replenishment

ABOUT SOK MARKETS

SOK Markets operates as a fast-growing hard discount retail chain with 2,500 stores, 18 DCs, 3,500 SKUs and 2014 sales of \$1.7 billion. The company looked to Solvoyo for a solution to address its profitability during rapid growth, optimize its inventory and help tackle its most crucial operational challenge of keeping its shelves full.



THE CUSTOMER CHALLENGE

SOK's business model is to offer high-quality products at a low cost. In the super-competitive hard-discount market, SOK needs to be highly efficient to protect its slim margins.

Before Solvoyo, SOK's ordering and inventory management process consisted primarily of store employees spending multiple hours each day manually reviewing store shelves and subjectively determining what products should be ordered from the DCs. No centralized store replenishment process was in place across the company. Not only was this approach time-consuming and prone to human error, it often resulted in inventory overstocks on many items and stock-outs on others.

THEIR GOAL

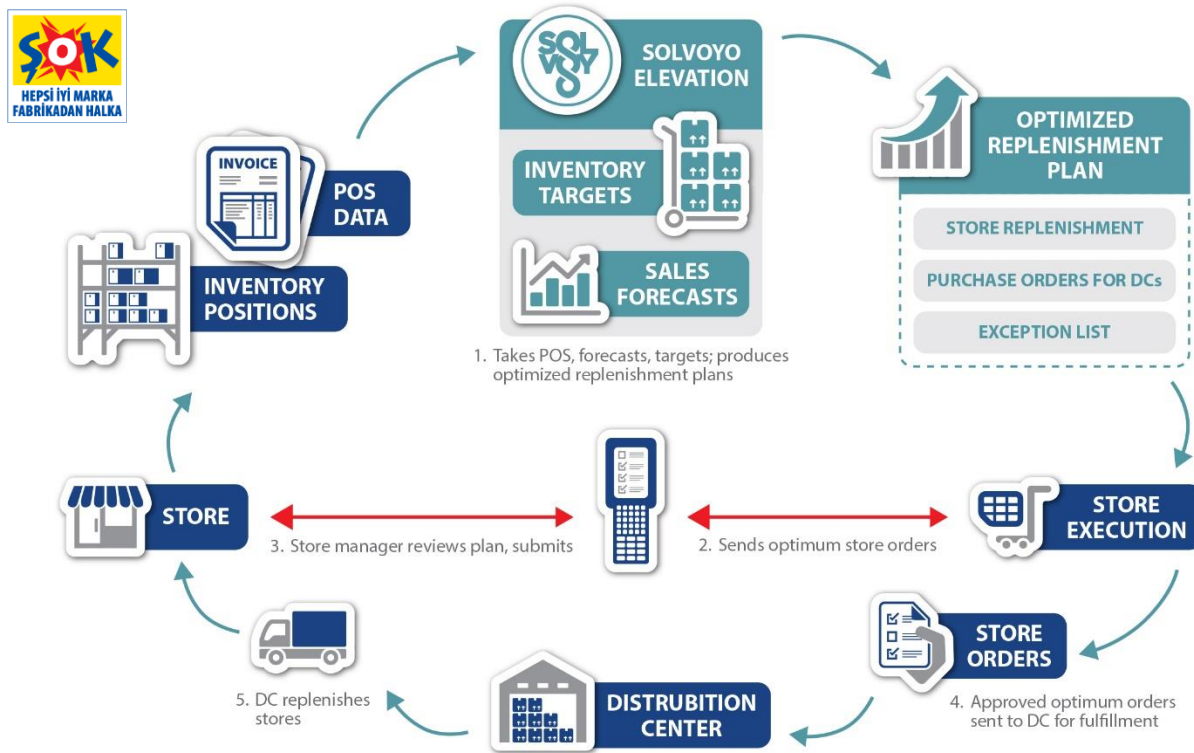
SOK started a series of initiatives to address its profitability during growth, and identified supply chain efficiency as the primary driver. SOK already had an operational ERP system in place. As part of building a streamlined supply chain infrastructure to support this aggressive growth, SOK looked for an integrated forecasting, inventory planning and automated replenishment solution that would support a more efficient ordering process with limited human intervention at the stores and the DCs, easily integrate with its existing IT infrastructure, and go live fast.

THE SOLVOYO SOLUTION

SOK and Solvoyo team implemented an automated replenishment planning system on the cloud. This closed-loop design tightly integrates Solvoyo Elevation Platform (SEP) into SOK's ERP system, and closes the action gap between planning and execution:

- Every week, SEP generates sales forecasts for each SKU at each store, and calculates optimal inventory levels for each SKU at the store and at the DC which can be reviewed on an exception basis.
- Every day, SEP extracts the inventory positions, open orders, in-transit orders from SOK's ERP system, then creates an optimized store replenishment plan for each store to review on their local devices.
- SEP also recommends purchase orders for each DC to replenish its stock, and creates an exception list for planners to focus on.

- Daily POS data from stores and the DC receipt transactions update the ERP, allowing the automated process to loop again the next day.



This automated planning process gets executed during the night, with order recommendations received by each store and all DCs by 8:00 a.m. in the morning. SOK’s previous method required the process to be completed during store hours, taking store employees away from customer service for approximately 4 hours every day. The manual process was prone to errors. Now store employees review and approve the replenishment order process on their intelligent devices in less than 30 minutes, paying attention only to the exceptions.

Adoption of the Solvoyo solution among SOK employees was seamless. The solution allows employees at SOK to see the order recommendations through the interfaces they’re already familiar with, with the Solvoyo solution “plugged in” as an added functionality.

BOTTOM LINE IMPACT

SOK initially ran a pilot implementation with one DC four months after project start. After a month of successful testing, Solvoyo solution was deployed to the other remaining 17 DCs within one month.

After 3 months of live operation, the results have been outstanding:



- A stock-outs decrease of **38%**, reducing the percentage of lost sales and increasing overall revenue



- A reduction in stock-days of **13%**



- A decrease in waste for short shelf-life products of **8%**



- Store employees have more time to spend with customers **enhancing relationships**

SOK continues to maintain high levels of operating efficiency and enhanced profitability, and continues to work with Solvoyo to improve its supply chain.

TAKEAWAYS

Using a closed loop operational management approach, Solvoyo adds value:

- Increase sales and revenue through keeping shelves full and minimizing stock outs
- Reduce costs through of optimal inventory policies
- Minimize waste associated with employee hours through automated planning,
- Maintain tribal memory through a process that is less dependent on people and less prone to costly error,
- Minimize conflicts in performance measurement through successful execution of a Total Cost to Serve (TCS) approach that is good for the company overall.

ABOUT SOLVOYO

Solvoyo is an enterprise software company based in Boston, MA, and Istanbul, Turkey. We bring your business significant value through the use of innovative supply chain optimization techniques that help you minimize costs while you maximize customer service and profit.

We offer the only platform that allows you to perform your strategic, tactical, and operational supply chain planning -- and with a common data model. We are unique in being able to plan inventory, orders, and transportation concurrently. By optimizing across your entire network, as opposed to individual silos, you get business results and benefits that are multiples of traditional solutions. Concurrent planning, combined with the speed of our models, allows us to implement Closed-Loop Operational Management Solutions.

We make it easy for you to get immediate benefits -- our Software-as-a-Service based *Elevation* platform is implemented very quickly. When combined with our pay-as-you-go business model, you get an extremely short time-to-benefit and at a minimum up-front cost. The *Elevation* platform is based on the latest technology and uses state-of-the-art operations research methods to provide you with a cloud-based offering that integrates seamlessly with existing operational management systems.

We have a Rapid Assessment methodology that will quickly identify your key issues and an economic model that will provide you with order-of-magnitude benefits. We have documented cases where our technology has solved complex, high-volume problems that competitors could not solve at all!

Challenge us -- see what we can do! Call us today and let us demonstrate how Closed-Loop Operational Management can work for you.

You can also obtain more information from our website: www.solvoyo.com