Demand Management Technology Evaluation
—Executive Summary—

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About ChainLink Research

ChainLink Research, is a Supply Chain research organization dedicated to helping executives improve business performance and competitiveness through an under-standing of real-world implications, obstacles and results for supply chain practices, processes, and technologies. The ChainLink Inter-Enterprise Model is the basis for our research; a unique, real-world framework that describes the multi-dimensional aspects of the links between supply chain partners.

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Executive Summary

WHY A DEMAND MANAGEMENT REPORT?

The complexity of business today—working a myriad of partnerships with both the channel side and the transportation partners, as well as dealing with the challenges of fickle and surprising markets—requires not only more visibility into ongoing operations, but more *intelligence* to operate successfully. Leading companies continue to pursue and achieve significant improvements in business performance, through the adoption of innovative Demand Management technologies.

There is a significant difference in corporate performance, both in strategic and tactical results, by companies who take Demand Management practices seriously. For example, *Scotts* became the supplier of the year to both *Wal-Mart* and *The Home Depot*, through significant attention to the technology focused on replenishments; *Nissan* turned around in the last few years, through the use of sophisticated market sensing. In their words, *"That's why we think beyond the answer. And ask. Because only through this process of constant challenge can real change occur."* Or the converse example: significant loss to shareholder value has been verified, as companies experience glitches in their supply chain.[1] These impacts can represent 10% or more in loss to shareholder value—and that is real cash!

Demand Management is not simply forecasting, as in the traditional sense of counting how many things we might sell. Demand Management is a broader process, and must tackle the questions of what *should* we be selling and to whom should we be selling it? Who are our desired customers? What is the right pricing for these markets? It's the vision thing—but it is validated through real systems.

Emerging technologies such as on demand, data subscription services, data analytics, and a new generation of collaborative software, offer us the opportunity to take a fresh look at Demand Management technology. In his report we examine the options, new approaches, and emerging technology offerings, as well as the traditional players (many firms have not even adequately implemented the basics fully).

WHAT WILL YOU LEARN IN THIS REPORT?

New technology and full adoption of traditional approaches require a quick look at current business practices in order to put technology functionality and implementation approaches in context.[2]

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1 Vinod Singhal—College of Management, George Institute of Technology
2 This report will not be a treatise of Demand Management practices, but references will be provided for more in-depth understanding of these concepts.

- *Understanding Demand Management Needs Today:* Revitalizing the Demand Management philosophy and its strategic value to the enterprise; establishing a framework for the enterprise focal areas.

- *Innovations in Planning:* The progress of the profession. What are the policy changes in government and business ecosystems that dictate change? What are the Performance Results that people are striving for? What are smart firms doing inter-enterprise in process, knowledge, and skills acquisition to further the profession?

- *Major Demand Planning Capabilities:* Progress is being made. There are many capabilities enabled by today's technology, and even more capabilities are emerging.

- *Solution Evaluations:* What and who are the technologies for today?

- *Where Is the Technology Going Next?:* Emerging technologies and approaches that you should be asking for (and are already being used by the leading enterprises).

ChainLink Research conducted the research for this report through interviews with many firms that have successfully gained value from Demand Management practices. These are new stories about fresh approaches. Therefore, in many cases, the firms have not yet approved the public pronouncements, so we may not always use their names. These interviews and cases provide an important validation of the technology firms' claims of the value of their capabilities.

This report was created with the user/buyer in mind. It was not sponsored or financially underwritten by any of the technology firms mentioned in this report. In some cases, these firms may not agree with our assessment.[3] This report is not a market report, i.e., focused at the financials of market size and share. It is written for the user's benefit.

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3 The templates that support this report will be updated frequently on the TEC website; so go there for the latest updates.
   www.technologyevaluation.com/news/20060220.html

EXECUTIVE SUMMARY

Understanding Demand Management Needs Today
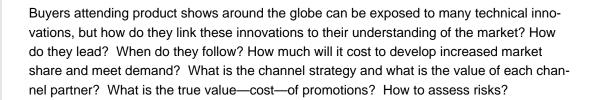
THE STRATEGIC VIEW

Leading firms understand that Demand Management is all about the customer: What are their needs, spoken or latent, and how do we procure or design just enough to sell to them? Demographic dynamics challenge the assumptions of what worked on the shelf last year, if it actually did work. Software is capable of recording and analyzing data within strict formats. But the reality is that life challenges a structural approach to knowledge. A great merchant or designer may be able to visualize a new product and who to sell it to, so most organizations need to understand the needs of their markets in a broader context.

With more competitors, due to globalization, more channels, and a greater ability to refine markets (markets of one), getting this initial understanding and revising it consistently are critical. Customers are bored with finding the same products and brands everywhere. Yet, there are economic and knowledge challenges to getting unique brands into the channel, to say nothing of after market issues.

Buyers attending product shows around the globe can be exposed to many technical innovations, but how do they link these innovations to their understanding of the market? How do they lead? When do they follow? How much will it cost to develop increased market share and meet demand? What is the channel strategy and what is the value of each channel partner? What is the true value—cost—of promotions? How to assess risks?

Demand Management techniques should include not only sensing the needs of the future, but understanding and assessing who your desired customer is today. Many of these techniques are done within the various modeling analogs, but don't become part of a consistent planning and execution platform.

In addition, business processes and systems strive to apply structure and consistency in order for computers to process data—but customer behavior and future demand live in the zone of variable or unpredictable. In fact, many of the new rage products would never have been created by evaluating replenishment numbers.

As the knowledge and technology integration (visibility) capabilities increase, so does the expansiveness of the definition of the function. This is true in most supply chain areas—from sourcing all the way through to customer care and loyalty. There is a huge need to provide technology which will enable businesses to integrate their information into a comprehensive view of the business. Understanding how the thought processes, business events, and data connect and provide a more instructive view of the business, should rejuvenate our thinking about Demand Management and its effective use as a leadership activity that is critical to business success!

Most thoughts about Demand Management focus merely on the forecasting component. Although forecasting is essential, it is the middle, not the beginning of the Demand Management process. Here in Figure 1 you see the four major components of the Demand Management process. We will refer to these throughout this report.

Highlights and Innovations in Planning

In the last few years, firms along the supply chain—both the supply and the retail elements—have benefited from greater trading partner connectivity, as well as significantly cheaper telecommunications and mobility infrastructures. This has enabled a more rapid *market response,*[4] more collaborative approaches, and more *On Demand* services that can be relied upon to work in a pinch!

There has also been a resurgence of algorithmic approaches to sifting through the mountains of data to understand the patterns of market and customer behavior. These take significant compute power to achieve, and it is interesting that firms now are reaching for the 'expert' or domain leader for a component to bolt onto their traditional technology suites for these specialized capabilities. Demand planning vendors of old, boasting sometimes hundreds of customers, show no signs of abandoning their innovations. If they can keep pace and provide good partnerships, then they can ensure that evolutionary innovations are available for their customers. Young firms like *Terra Technology, Digital Tempus, Vivecon* and *Sockeye Solutions,* for example*,* provide very different components for Demand Management, but they compliment, rather than compete with traditional suites.

Six key areas that are gaining momentum as part of the Demand Management approach:
- Data Analytics (provided as a service or On Demand)
- Risk Management
- Rapid Response Forecasting
- Trading Partner Collaboration
- Blending RFID Data into the Demand Process
- Event Management

These capabilities are not 'islands' of functionality. They need to be understood and bundled in, where appropriate, to manage demand.
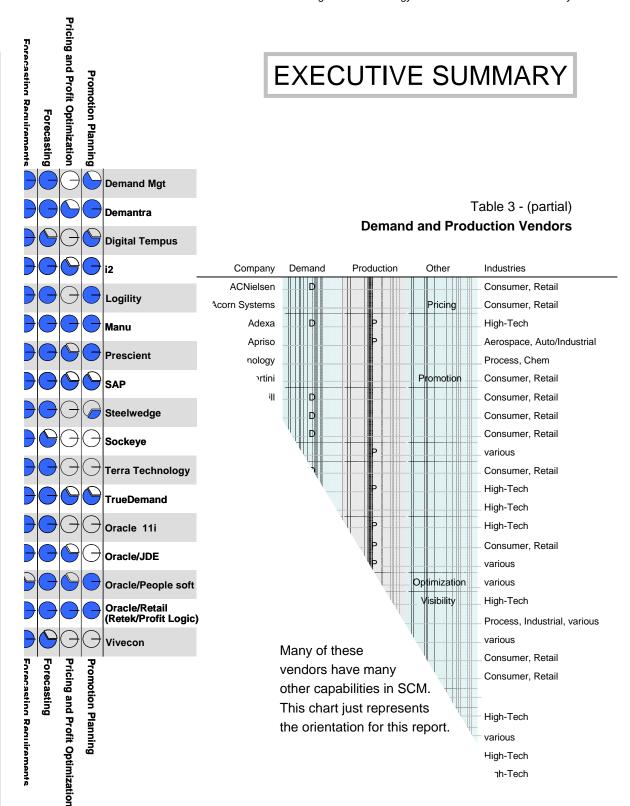
EXECUTIVE SUMMARY

Forecasting Requirements · **Forecasting** · **Pricing and Profit Optimization** · **Promotion Planning**

- Demand Mgt
- Demantra
- Digital Tempus
- i2
- Logility
- Manu
- Prescient
- SAP
- Steelwedge
- Sockeye
- Terra Technology
- TrueDemand
- Oracle 11i
- Oracle/JDE
- Oracle/People soft
- Oracle/Retail (Retek/Profit Logic)
- Vivecon

Forecasting Requirements · **Forecasting** · **Pricing and Profit Optimization** · **Promotion Planning**

Table 3 - (partial)
Demand and Production Vendors

Company	Demand	Production	Other	Industries
ACNielsen	D			Consumer, Retail
Acorn Systems			Pricing	Consumer, Retail
Adexa	D	P		High-Tech
Apriso		P		Aerospace, Auto/Industrial
nology				Process, Chem
rtini			Promotion	Consumer, Retail
ill	D			Consumer, Retail
	D			Consumer, Retail
	D			Consumer, Retail
		P		various
	D			Consumer, Retail
		P		High-Tech
				High-Tech
		P		High-Tech
		P		Consumer, Retail
		P		various
			Optimization	various
			Visibility	High-Tech
				Process, Industrial, various
				various
				Consumer, Retail
				Consumer, Retail
				High-Tech
				various
				High-Tech
				nigh-Tech

Many of these
vendors have many
other capabilities in SCM.
This chart just represents
the orientation for this report.

Table 4 - (partial)
Demand Management Functionality Summary

(Only the vendors who responded to our survey are featured here.)

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