

Thrive Technologies, Inc.

VENDOR MANAGED INVENTORY

Thrive VMI for Vendor Managed Inventory

Benefits

- Generates accurate forecasts for each item at each location
- Utilizes customer EDI data for sales, on-hands, shipments
- Generates real time replenishment orders
- Web service integration
- Attains strategic goals for desired service levels and turns
- Provides analysis, reports and graphs on key metrics
- Handles promotions' impact on forecasts



ClearDay Web Modules

CDW Replenish

CDW Forecast

CDW Kitting

CDW Events

CDW GroupCast™

CDW Transfers

Today, many companies are taking over the responsibility to manage the inventory for their customers in order to provide more value, as well as achieving better inventory efficiencies themselves. The Vendor Managed Inventory (VMI) system from Thrive Technologies is a flexible, easy-to-use, interactive inventory management solution that helps companies fulfill these vendor managed inventory objectives.

Thrive VMI constantly evaluates and compares each VMI customer's item sales forecast, safety stock requirements and economics to its existing inventory situation to create orders, and prompts the user if there are situations that require attention.

Through Thrive VMI, the user can link their customer service and inventory strategies to their sales and/or purchasing strategies. To service the dynamic changes in supply and demand, Thrive's VMI system monitors inventory requirements as changes occur.

Thrive's VMI system is a powerful decision support

tool that enables your VMI buyers and planners to *proactively* manage inventory for your VMI customers.

Accurate Demand Forecasts

Although it is very easy to use, Thrive's software has a powerful statistical engine that uses proven methodologies as a basis for generating and revising forecasts. The formulas account for long-range trends, as well as seasonality by SKU. Thrive's forecasting engine applies seven different forecast models to each product to apply the best fitting forecast for each.

Time-Phased Replenishment Planning

The system utilizes the concept of time-phasing to maximize customer service with minimum inventory investment. To support vendor man-

aged inventory planning for multiple customers across multiple distribution centers, Thrive's VMI system automatically generates an inventory supply plan for each product at each customer location.

Through integration with host systems, Thrive's VMI system schedules and evaluates the demand forecasts as well as the current onhands and incoming shipments to create time-phased replenishment plans. Evaluations done by the system include:

- Anticipated demand (forecasts)
- Lead-time length and variability
- Desired customer service-level requirements
- Item level safety-stock and targets

The calculated replenishment orders result in the optimal inventory investment required to support the desired level of customer service.

Exception Based Workflow

Ideally, a system for vendor managed inventory should alert the users to issues, as well as those items that may have issues in the future. Thrive's VMI system performs the complex calculations for each item at each location, and then flags those items with specific conditions based on user defined tolerances. Thrive's VMI system action messages:

- Recommend purchase order releases, stock transfers and forecast evaluation
- Highlight current out-of-stock and overstock situations
- Signal in advance when recent trends may result in future out of stocks or overstock situations
- Flag past-due shipments.



Real Time Ordering

Sales and stock status data from your VMI customers may not always come in a timely manner. Thus the VMI system needs to be able to accept and process that data regardless of the timing.

Thrive's VMI system can take your customer data via a Web service interface, and calculate orders automatically for just that customer at just that location.

Inventory Performance Measurement

It is well known that companies need to measure results in order to improve their efficiencies and gain competitive advantage. Thrive's VMI system stores data in a SQL Server database which provides comprehensive management reporting to help evaluate progress in achieving specific customer service and inventory performance objectives. Powerful reports provide key inventory statistics, including values for projected inventory investment by dollars, units, cube, weight, and margin. Other analytics include projected inventory turnover, projected customer service levels, periods of supply, order quantities, and safety stock levels. Finally, the system's graphs make spotting trends very easy.

Multi-Echelon Distribution Network

If you are performing VMI for a retailer, you may need to replenish both their distribution centers as well as to their store levels.

This multi-echelon network complicates the replenishment process. Optimally, you want to rollup the demand from the stores to their respective distribution centers, so that you can replenish the correct quantities to the DC's and the stores. The Thrive's VMI system Multi-Tier module is designed to do this sophisticated math for you.

Efficiently Managing Your VMI Customers

Thrive's VMI system software provides an option to drive the minimum inventory levels based on a desired level of customer service. For example, the user can simulate the additional investment in inventory required to support a customer service level increase from 90 percent to 95 percent.

Thrive's VMI system projects the impact on inventory investment for proposed changes at the Item level, including safety stock options and ordering preferences. Users can review analytics to show the projected impact on inventory investment and customer service level, then post the changes as the new settings.

With Thrive's VMI system, inventory plans can be based on strategic company-specific inventory investment preferences, customer service level goals and item and location level information and objectives.

Most importantly, the company's capabilities to handle important clients are greatly improved because the investment in inventory versus customer service tradeoff is now visible and controllable.

Collaborative Planning

ClearDay facilitates collaborative planning across your company and your VMI customers so that you can work together on inventory issues. For example, your VMI customer can view their forecasts and/or projected availability through a secure browser based view. You VMI buyers can utilize forecasts for that customer based on your sales data, or from their EDI sales data, or the greater of the two (if desired). Warehouse managers can evaluate, at an aggregate level, warehouse space requirements based on 12 month projected volumes by cube.

With Thrive's VMI system's decision support information, each company can fine tune their sales and operation planning goals and objectives, and concentrate on specific inventory problems, such as overstocks, obsolescence, or poor service levels, that are hindering their ability to improve profitability and customer

service.

The screenshot shows the 'Replenish' screen in the ClearDay software. At the top, there's a navigation menu with options like 'Manage SKI's', 'Status', 'Watch', 'Overview', 'Go To SKU', 'Forecast', 'SKU Detail', 'Summary', and 'Group Add'. Below this, there are sections for 'Replenish', 'SKU Detail', 'Orders', 'Admin', 'SKU Maint', 'Group Maint', 'Risk Office', 'Preferences', and 'Logout'. The main area is titled 'Replenish' and contains a table with columns for 'On Hand', 'Back Ordered', 'Past Due In', 'MTD Demand', and 'Reduce by MTD Sales'. The table has rows for 'Forecast', 'Customer Plan', 'Consumed', 'Special', 'Dependent', 'Demand Plan', 'Due In', 'Firm Orders', 'Release', 'Supply Plan', 'Available', 'Minimum', 'Safety Stock', and 'Target'. The data is organized by dates from 03/07 to 05/09. There are also controls for 'Prior', 'No', and 'Time 2' at the top of the table.

About Thrive Technologies

Thrive Technologies is a leading provider of advanced replenishment and inventory optimization software to distribution intensive companies who desire best-in-class functionality, yet require low total cost of ownership. Since 1983, Thrive's easy to use products have provided companies the documented ability to reduce inventory and increase sales. Thrive's browser-based software integrates easily to a company's existing enterprise software, adding significantly greater control over service and inventory levels. Thrive's implementation staff has strong domain expertise in the area of advanced replenishment buying. For more information, visit Thrive on the Web at www.thrivetech.com.



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