



## ADVANCED FORECASTING & PROCUREMENT FOR NAVISION

### Advanced Forecasting and Procurement

As a distributor your largest and most costly asset is inventory. Reducing inventory carrying cost and increasing margins can cause a greater effect on the bottom line than increased sales. By doing both you will significantly increase profitability.

### Forecast Input

Any forecasting tool is only as good as the accuracy of the historical data that it bases its forecast on. AFP provides several ways to improve the accuracy of historical data.

- Filtered Usage – Only sales that are expected to reoccur should be considered as demand input for the forecast.
  - One-time sales can be flagged by the customer service person and excluded from usage.
  - Unusual usage is flagged by the system to provide a means of adjusting abnormalities.
  - Usage for lost customers is not included.
- Smoothed Usage – Irregular usage can be automatically smoothed to improve usage patterns.
- Re-directed Usage – New items that replace discontinued items can use the old item usage.
- Collaborative Input - Large customers who will share their expected buying patterns can be imported.

### Forecast Method

AFP is delivered with 18 formulas. New formulas can also be added or existing ones can be modified. During forecast calculation, all items are reforecast, using each formula, in order to choose the formula that most closely matches the historical usage pattern of the item. This allows different formulas to be used for an item as its usage pattern changes.

### Forecast View

The twelve-month forecast is presented with drill down capabilities to allow the user to view the details of the forecast input, as well as the calculations used. In addition, the forecast is compared to the time phased expected inventory to predict the expected inventory level for each period.

Title	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	P4
Per Start Date	12/01/03	01/01/04	02/01/04	03/01/04	04/01/04	05/01/04	06/01/04	07/01/04
Forecast	18.86	11.74	11.71	22.60	30.32	16.96	14.69	
Cust. FC	20	25	30	35	40	40	40	
Sls. Orders	63	30	0	0	0	0	0	
Shipments	55	0	0	0	0	0	0	
Forc. Adj.	79.13	0	0	0	0	0	0	
<b>Total FC</b>	<b>118</b>	<b>36.74</b>	<b>41.71</b>	<b>57.60</b>	<b>70.32</b>	<b>56.96</b>	<b>54.69</b>	
Consumed FC	55	0	0	0	0	0	0	
<b>Accum FC</b>	<b>63</b>	<b>99.74</b>	<b>141.45</b>	<b>199.06</b>	<b>269.38</b>	<b>326.35</b>	<b>381.04</b>	
Inventory	93	93	93	93	93	93	93	
Transfers	-24	-17	0	0	0	0	0	
Pur. Orders	40	0	18	0	0	0	0	
<b>Net Inv. Pos.</b>	<b>46</b>	<b>-7.74</b>	<b>-31.45</b>	<b>-89.06</b>	<b>-159.38</b>	<b>-216.35</b>	<b>-271.04</b>	
Horiz 01/10/04		<b>34.14</b>						
Prior Yr	12	6	9	26	37	10	12	

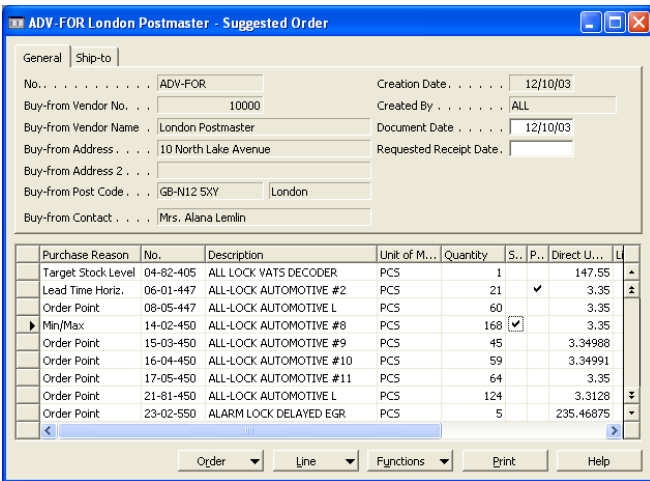
### Collaborative Forecast

The Forecast View is made up of both the statistical formula based forecast and the collaborative information that is received from customers or sales representatives. Although the statistical forecast is calculated at period end, the collaborative forecast is dynamic and will reflect any changes that are made day-to-day.

The collaborative forecast can be a valuable tool to improve the total forecast accuracy, but again it is only valuable if it is more accurate than the statistical forecast. For this reason, the collaborative forecast is compared to actual to determine the accuracy of the data.

### Procurement

In addition to forecasting future sales, AFP considers usage patterns, vendor lead-time, vendor targets, and time phased expected inventory to create a suggested purchase order. Like the Forecast view, the user is presented with ample opportunity to evaluate the suggested order calculations, as well as the detail of the forecast and expected inventory.



### Suggested Order

Using this information, the user can make changes to the suggested order if necessary, and create a purchase order. When a purchase order is created, the suggested order is also saved along with all information that was used to make the recommendation.

### Surplus Inventory

The system looks at inventory levels in other warehouses for all the items being suggested for order. If a surplus is found in another warehouse, the user is notified, and a transfer can be created instead of purchasing more inventory from the vendor.

### About the Developer

Lanham Associates began its relationship with Navision in 1997 by creating the product's first distribution functionality, Advanced Distribution. A certified MBS ISV, Lanham Associates, has been creating complementary supply chain planning and execution products inside Navision ever since.

Current products include Retail Supplier Link (RSL), EDI, E-Ship, E-Receive, Advanced Forecasting and Procurement (AFP), Credit Card Processing, ADCS Warehousing, History Management, and Security Management.

Lanham Associates maintains high standards for product excellence, and has been the recipient of both the President's Club and Inner Circle Awards each year since being affiliated with Microsoft. Lanham products are available through the extensive Microsoft Business Solutions reseller channel.