

Case study

Forecasting, Inventory
Optimization, Supply Planning,
Factory Planning



Creating a Flexible Supply Chain at Western Digital

10%+

improvement in safety stock and on-time delivery metrics

95%+

performance to promised delivery dates

Flexible supply chain

Western Digital Corporation (formerly SanDisk) is a global leader in flash memory storage solutions which can be found in many of the world's largest data centers, embedded in advanced smartphones, tablets and PCs and at hundreds of thousands of retail stores worldwide. "During our partnership with Blue Yonder, our mix of OEM and retail customers has changed substantially, requiring us to be flexible. We have adapted our business processes using Blue Yonder solutions to support our company's growth." – **Director of IT, Western Digital**

Challenges

- Western Digital's resource-intensive spreadsheet-based planning process involved four-week planning cycles with only basic planning assumptions. Western Digital wanted a daily integrated supply chain plan that includes demand, material supply and capacity constraints and utilization, allocation and execution objectives.
- Western Digital wanted visibility into demand and supply across the entire organization, including the inventory in each segment and channel, promotion plans and supply and production plans.
- Western Digital wanted to use customer segmentation and a multi-layered postponement strategy to reduce overall inventory levels while better positioning products and materials to support improved customer service.

Advanced planning

As Western Digital's business grew, they needed to migrate from homegrown, spreadsheet-based planning tools to robust, scalable solutions that would support their expanding original equipment manufacturer (OEM) channels and retail presence. Western Digital sought an integrated advanced planning solution that would help them maintain





profitable growth and maximize margins while continuing to meet customer demand and increase customer satisfaction. They chose Blue Yonder's Luminate™ Planning solution to transform their planning processes.

“We felt that Blue Yonder had the best solutions and that those solutions would enable us to grow on a much larger scale.” – VP Supply and Demand Planning, Western Digital

Western Digital leverages Blue Yonder's advanced planning capabilities to manage demand, compute statistical forecasts and translate sell-through forecast data and actuals to sell. This allows them to effectively identify optimal inventory levels and stages and manage silicon allocation. The solution is also used to manage complex demand prioritizations, optimize supply and demand responses based on material, capacity, cost and service levels and support re-planning multiple times per day based on demand signals and what-if analysis.

Balancing supply and demand with postponement

Western Digital leverages Blue Yonder's Planning suite to profitably balance supply to meet demand through deployment of its carefully planned manufacturing and inventory postponement strategy. The postponement strategy includes effectively staging inventory across the supply chain based on product flexibility, supply chain constraints and the required response to demand. Through the increased supply chain visibility Blue Yonder's solution provides, and the ability to reduce frozen production from weeks to days, Western Digital has significantly improved its response to demand changes. The postponement strategy has also played a critical role in improving the company's inventory turns.

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Customer segmentation

Western Digital serves a wide array of customers and industries, each with its own unique requirements for service level, cost and replenishment lead times. “We carefully segmented the supply chain based on our understanding of our customers' product needs. We were able to accomplish this by working closely with our sales, business unit, customer collaboration and product development teams. It's important to optimize and maximize the efficiency of our inventory. Using the supply chain segmentation capabilities from Blue Yonder and customizing a unique supply chain for each of these channels to optimize the inventory is really the key.” – Director, Supply Chain strategy and Optimization

Solution benefits

- Improved safety-stock inventory and on-time delivery performance metrics by more than 10%
- Consistently delivered above 95% performance to the original customer promise date
- Improved inventory turns and response to demand changes through strategic postponement
- Shortened the frozen production plan period from weeks to days

Blue Yonder expertise

“As our unit volume grows year-over-year, along with the broad portfolio of products and customers, keeping the supply chain flexible and adaptive is very critical. We chose Blue Yonder as our partner because of its deep domain knowledge and willingness to apply that knowledge to our business problems.” – Director of IT, Western Digital

 Luminate Planning

