



# Precision Forecast to Cut Supply Chain Costs

## Challenge

- 1000s of drug SKUs - complex inventory planning
- Inventory is expensive and demand fluctuates
- Using previous month's sales as main predictor
  - Significant statistical error (>20%)
  - Error could be present in either direction
- Require precise prediction of future sales to:
  - Reduce logistical costs
  - Streamline internal processes
  - Optimize the supply chain

## Solution

- Domain experts can develop & validate models
  - Predictive models were cost-sensitive
  - Optimized for positive business outcomes
- Identified new, important sales influence factors
- Created 360° view of factors driving future sales

## Impact

- Newfound precision in sales forecasting
  - Across dozens of product lines
- Optimized supply chain & investments
- Decreased product waste
- Reduced unnecessary carrying costs
  - Contract right amount of storage space

**Problem type:** Regression

**Universal relevance:** You don't need to have 1000s of SKUs with expensive shelf-stability implications in order to benefit from more accurate and precise forecasting methodologies. AI can help cut your supply chain costs.