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How to Adjust Oracle **Advanced Inventory Planning (AIP)** Processes & Parameters Through a Time of Crisis

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PURPOSE STATEMENT

This document provides guidelines on processes and parameters that need to be reviewed and adjusted in AIP to help manage your inventory during severe supply chain disruptions.

DISCLAIMER

ADJUSTING AIP PROCESSES AND PARAMETERS TO MANAGE THE SUPPLY CHAIN THROUGH A CRISIS

We understand many AIP customers are experiencing challenges managing their supply chain during this unprecedented era in Retail. Depending on the impact to your business, the Oracle Retail team recommends users review, assess, and adjust parameters that affect the functionality of AIP to manage the flow of inventory as needed during and after the health crisis period.

ORDERING FREQUENCY

Change driven by Distribution Centers (DC) and Supplier constraints

- Available to Plan Days – Extend days between ordering; for example, from daily to weekly
- Store & Warehouse Receiving Calendar – Manage at exception level to temporary change the receiving days
- Temporary Unorderable – Suppliers not shipping or without available inventory set to unorderable
- Stores not currently open remain in the 'No Replenishment' method – to avoid recommending orders and exceeding a warehouse's holding capacity. The forecasts should reflect a store's closing and thus not recommend receipt need, but setting the replenishment method to "No Replenishment" eliminates the risk of ordering for closed stores.

SUPPLIER CONSTRAINED STOCK

Only shipped on supplier determined days (linked to above).

- Inventory is Stockless in the DC – Consider changing a SKU from Stockless to Stocked to keep the product from flowing automatically through the warehouse to stores.
- Allocation (Push) vs. AIP (pull) – Switching becomes relevant in the short term as orders are constrained by the supplier
- Use of an alternative Allocation Tool – the user of a separate allocation tool may be an option in the short term while dealing with supplier constrained stock
- User Specified Allocation – Switch to User Specified Allocation as a short-term solution in AIP
- Source Splits – Switch to supplier splits where the supply chain is affected to make sure orders are assigned to multiple suppliers over time for an item delivered into a destination warehouse

- Secondary or Alternate Sources - Revisit the Secondary (Alternate) Source setup which could be used to provide inventory in the event of a shortage caused by the original source's inability to meet unconstrained demand
- Possibly look at using the "Inventory Selling Days" parameter instead of Review Time to have the impact of replenishing/ordering less often. Orders will be larger but allow the retailer to procure products in a competitive market for a scarce item with unknown future availability.
- Supplier Purchase Quantities (SPQs) – If vendors are limiting order quantities below demand or stating that set quantities must be ordered regardless of demand then this functionality may be considered

SIMPLIFY ORDERING ON A SHORT-TERM BASIS

- Replenishment methods – Move to simpler replenishment methods. For items with forecasts that may not be as reliable due to crisis, it may be warranted to select less sophisticated replenishment methods.
- Non-forecast-based replenishment – Consider methods that do not use inaccurate forecasts in the short-term
- Forecast-based replenishment – When forecast-based replenishment is still required, make sure the forecast is maintained correctly in the source system. If the forecast comes from RDF, you can refer to the already-published RDF white paper

INCORRECTLY ADJUSTING PARAMETERS

- Safety Stock – Incorrectly adjusting the safety stock parameter to artificially inflate orders to get more stock and also to quickly push stock out of the warehouse to reduce holding capital
- Expected Spoilage (ES) - Revisiting and tuning the Expected Spoilage parameter to the right value considering the current demand will help in achieving the right stock levels.
    - Also, increase the Acceptable Loss value
- Store Rounding Method and Store Round Threshold – Readjusting can help in fine-tuning the store ordering and making sure that optimum levels of the stock are maintained based on the current demand
- For replenishment parameters, consider using Replenishment Optimization (RO As a Service) to recommend optimized replenishment method with associated parameters

OTHER PARAMETERS

Review the following parameters

- Lead Times - Consider that transportation frequency will be changing to move stock quicker, therefore, lead time parameters will change
- Display Capacity in Store
- Supplier Minimum
- Warehouse Receiving Capacity and Pull Forward Days (where smoothing is being used)
- Location Open & Close Dates
- Item Substitution
- Inventory Capping - Balancing Store Demand vs. Store Physical Space
- Alert parameter thresholds – to reduce their sensitivity to better manage the day to day processes

CONSIDER THE FUTURE

When things move back to a new normal, i.e., returning to demand-driven replenishment and how to replenish with a phased opening of locations and less restriction of supplier availability. Consider the use of AIP time-phased options to manage the transition and shift as it occurs.

- Reconciliation Across Time Method – To slowly build up the stock in the stores when things return to normal. As stores open, Supplier constraints may be in place, and to ensure all stores have an adequate balanced assortment and opportunity to receive scarce items, this method may provide that.

The Oracle Retail team is here to help and is standing by its customers and solutions during these difficult and challenging times. If you have any questions regarding this or the RPAS CE platform, please feel free to email us at retail-central-consulting_ww@oracle.com, and one of our specialists will be in contact with you

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