



High Tech Demand Management and Cisco Solution



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January 21, 2009

About the presenters

Partha Chakraborty

Sr. Project Manager

Cisco Systems

Partha Chakraborty, PMP is a Sr. Project Manager in charge of the Consensus Demand Planning implementation in Cisco. In his current role Partha has been instrumental in the success of Demantra implementation and adoption within various groups in Cisco.

Partha has Over 10 years of leadership experience in Supply Chain Management (SCM) solutions in the Hi-Tech industry. He has experience in many facets of Program Management, Change Management, Business Analysis, Solution Architecture. Prior to Cisco Partha worked as the Supply Chain Initiative Manager in Hitachi GST and as a Project Manager and Solution Architect in i2 Technologies.

Partha holds a MS degree in Engineering from University of Victoria, Canada.

Daniel Soosai

Supply Chain Strategist/Architect

Gaea Global

Daniel Soosai heads the Supply Chain consulting practice. He has worked with numerous customers ranging from Fortune 500 customers to early stage start up devising innovative and value focused supply chain solutions .

Prior to Gaea Global, Daniel was with Oracle for 11+ years building supply chain products and architecting supply chain solutions for Customers. He last served in Oracle as Sr. Director in charge of selling Supply Chain Applications to High Technology Industry.

Daniel holds a MBA from Wharton and MS in Industrial Engineering from University of Arizona

Agenda



Introduction: Company Background



Focus Area: Demand Management in High-Technology



Solution: Cisco's Demand Management Excellence Initiative

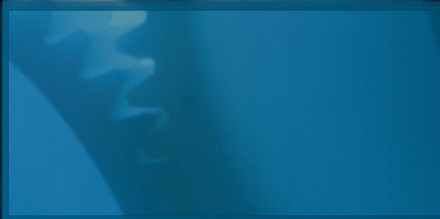


Results: Benefits, Lessons Learnt , Next Steps

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Cisco at a Glance

Changing the way we work, live, play, and learn

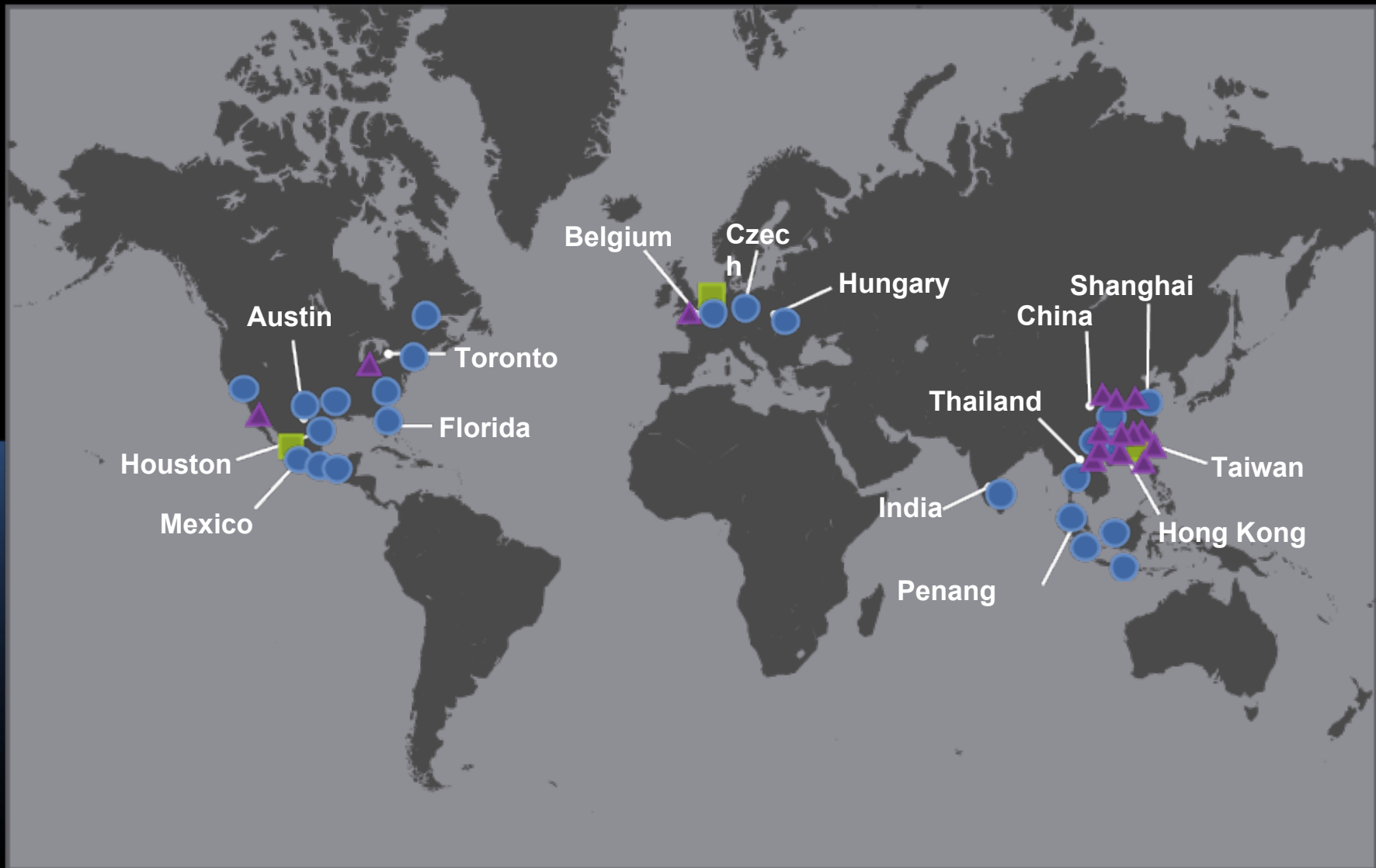


- Worldwide leader in networking for the Internet
- Founded in 1984
- More than 56,000 employees
- \$165.2B market cap
- \$22.3B cash and investments
- More than \$4B/year in R&D

- Recognized as #11 on *Fortune* magazine's "Best Companies to Work in America" list
- 121 acquisitions
- 86% of Cisco Systems products are distributed via channels
- Headquartered in San Jose, CA
- Operating in more than 75 countries
- *BusinessWeek* valued Cisco's brand at U.S. \$17.5B and ranked #18 WW

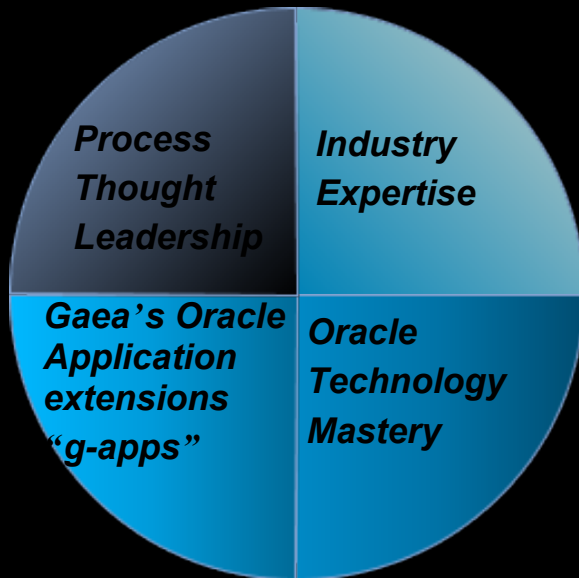
updated June 18,
2007

Complex Global Factory and Distribution Infrastructure



What does Gaea do?

Gaea's core competency



Gaea's offering

Operations Strategy and BPR

Oracle Functional Consulting

Oracle Technical Implementation

Gaea Oracle Bolt-On Solutions - "g-apps"

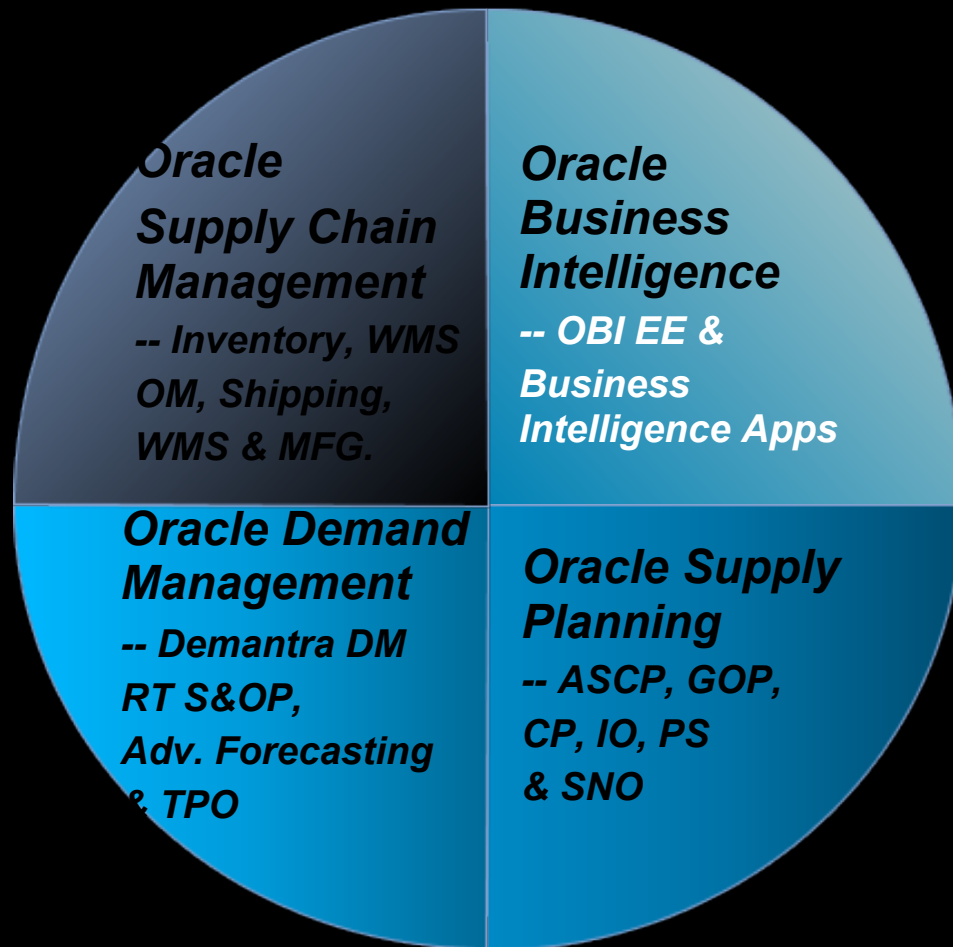
Custom Customer Applications

Gaea's goal

Maximizing Gaea client's ROI on Oracle Enterprise Software Investments

We achieve our goals by successfully implementing Best-in-Class business processes in a risk-mitigated approach.

Gaea's Focus Area



Industry Focus



- Network Equipment Mfg
- Semiconductor
- Web 2.0, Media & Entertainment
- Consumer Packaged Goods
- Distribution
- Industrial Manufacturing

We are also experts in **Oracle Fusion Middleware** and have deep programming expertise in **Business Integration, Business Intelligence, Business Process Management, Application Server and Developer Tool** modules of the Fusion Middleware Suite.

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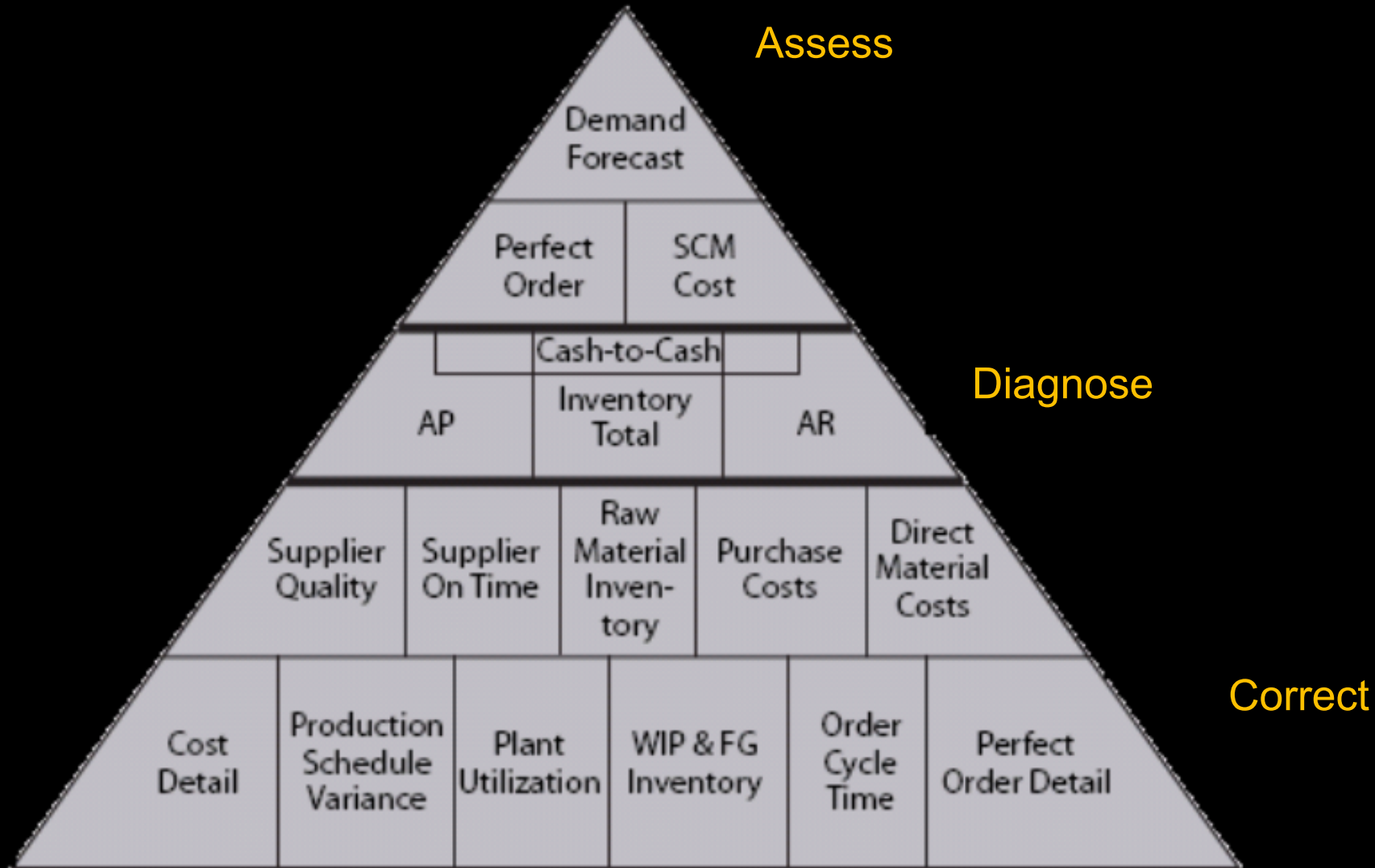
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Importance of Demand Management

Hierarchy of supply chain metrics



Key enablers for Value Chain's Value Creation

Supply Chain Benchmark

Demand forecast accuracy, perfect-order fulfillment, supply chain cost and cash-to-cash cycle time are the four most critical metrics a company can use to get a quick, balanced snapshot of its supply chain performance. **The Takeaway: With these four metrics, you can see how good a view of demand you have, where you're making tradeoffs between cost and service and how well you're managing your cash flow.**

Source: AMR Research



Supply Chain Benchmark

High investment in enablers does not pay off unless in the presence of best practices. The top three best practices are:

Source: AMR Research

- Sales and Operational Planning
- Lean
- Vendor Managed Inventory / CPFR

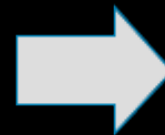
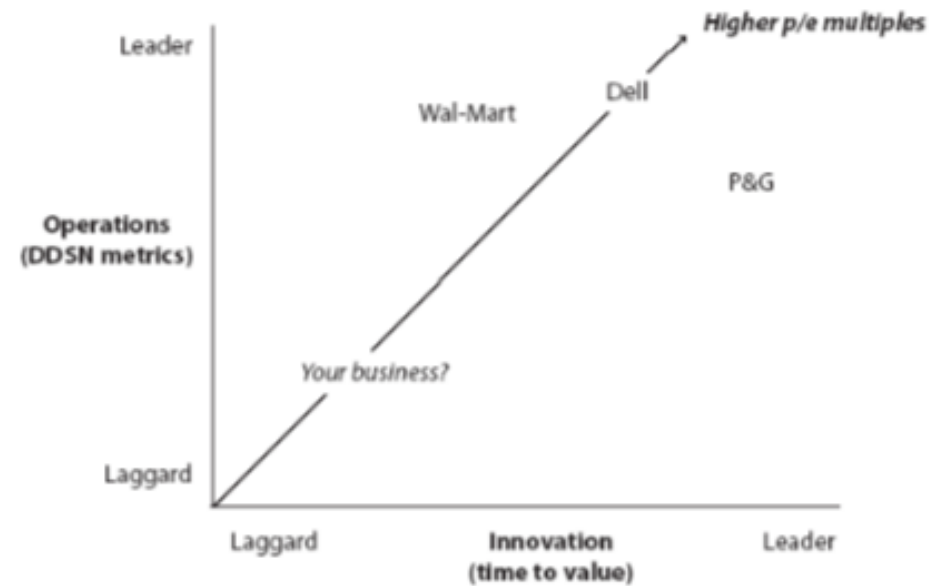


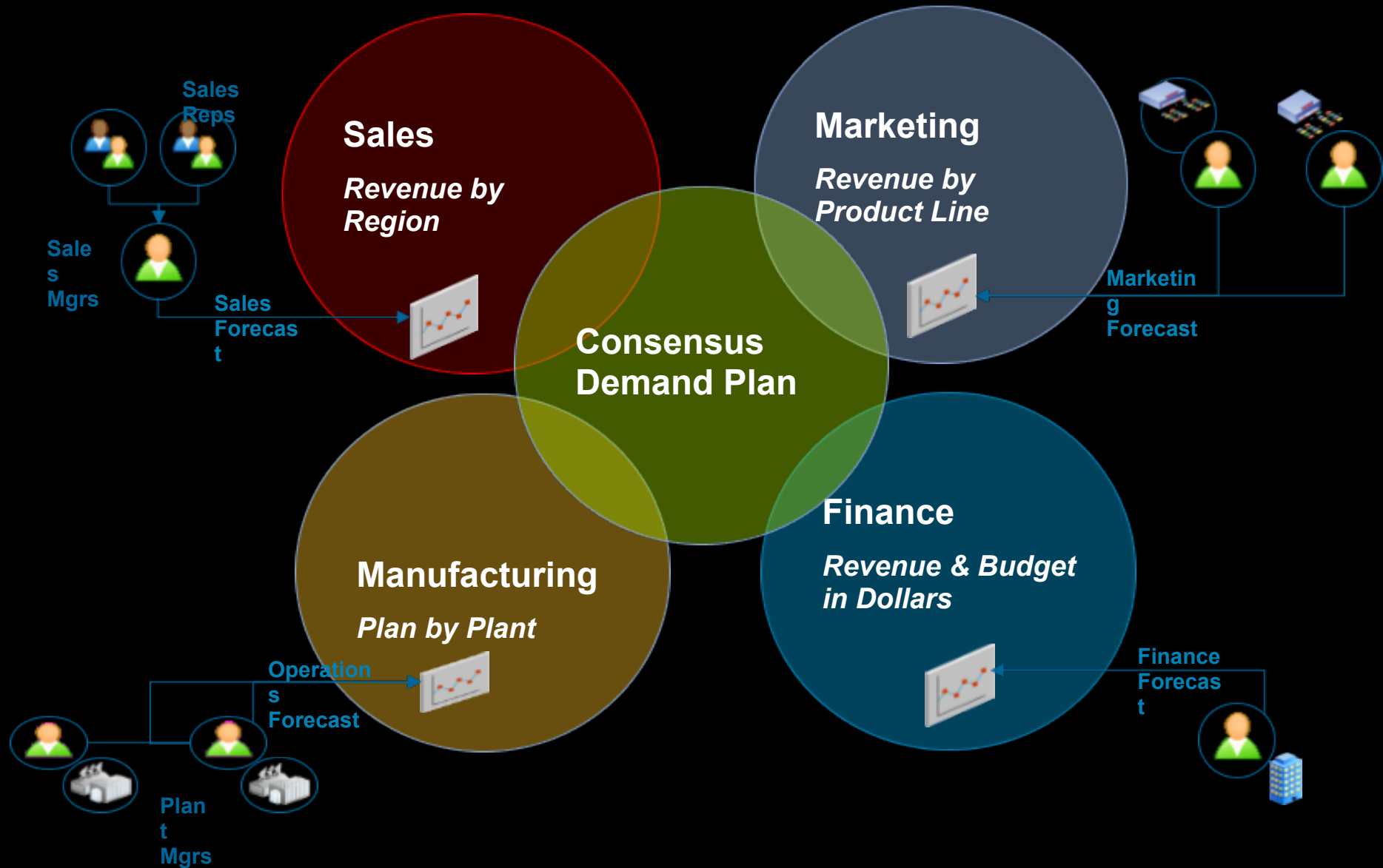
Figure 2: DDSN and market domination



Source: AMR Research, 2004

Enabler I: The Wisdom of Crowds

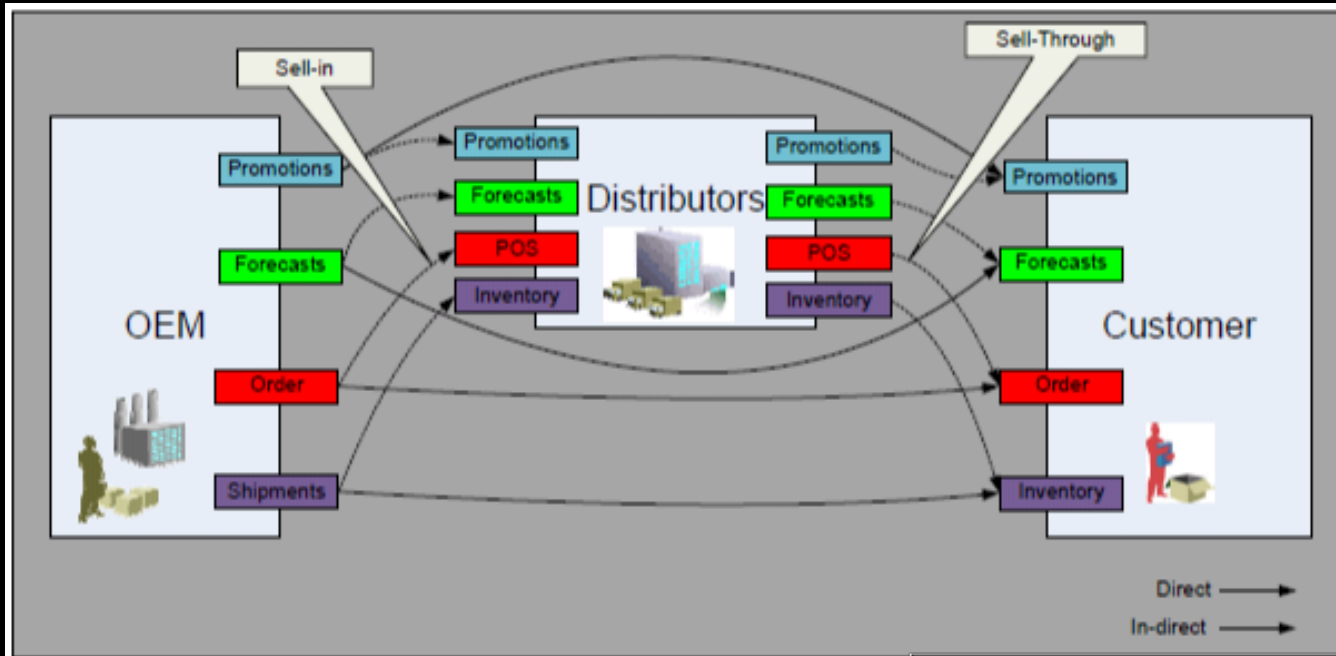
How the many are smarter than the Few



Key Criteria for a Wise Crowd: Diversity of Opinion, Independence, Decentralization and Aggregation

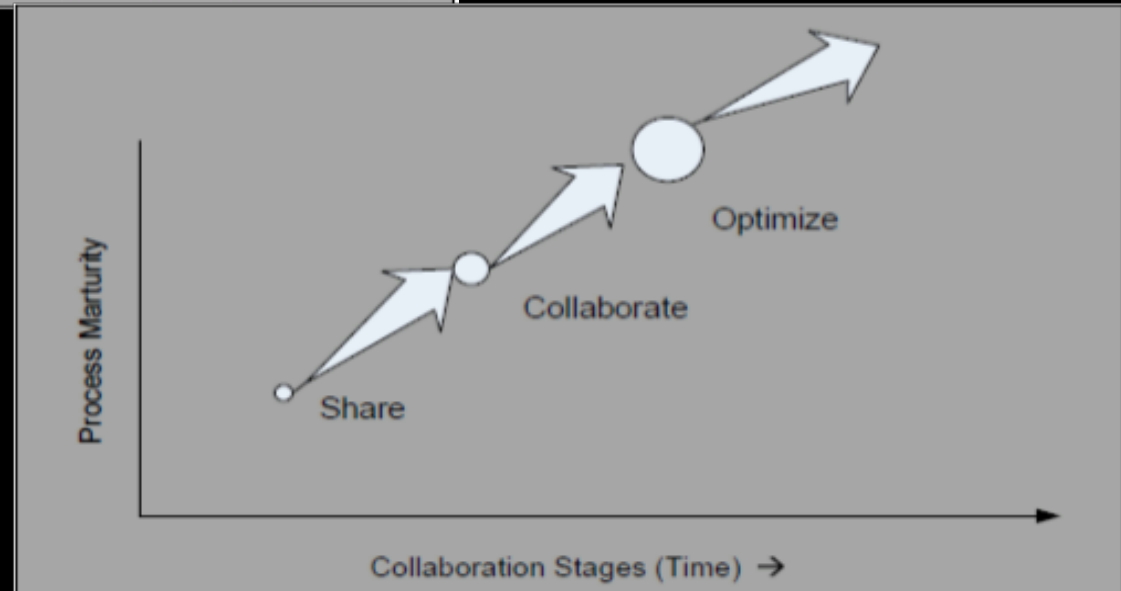
Enabler II: Channel Collaboration

Not just channel visibility, but collaborate and optimize channel inventory



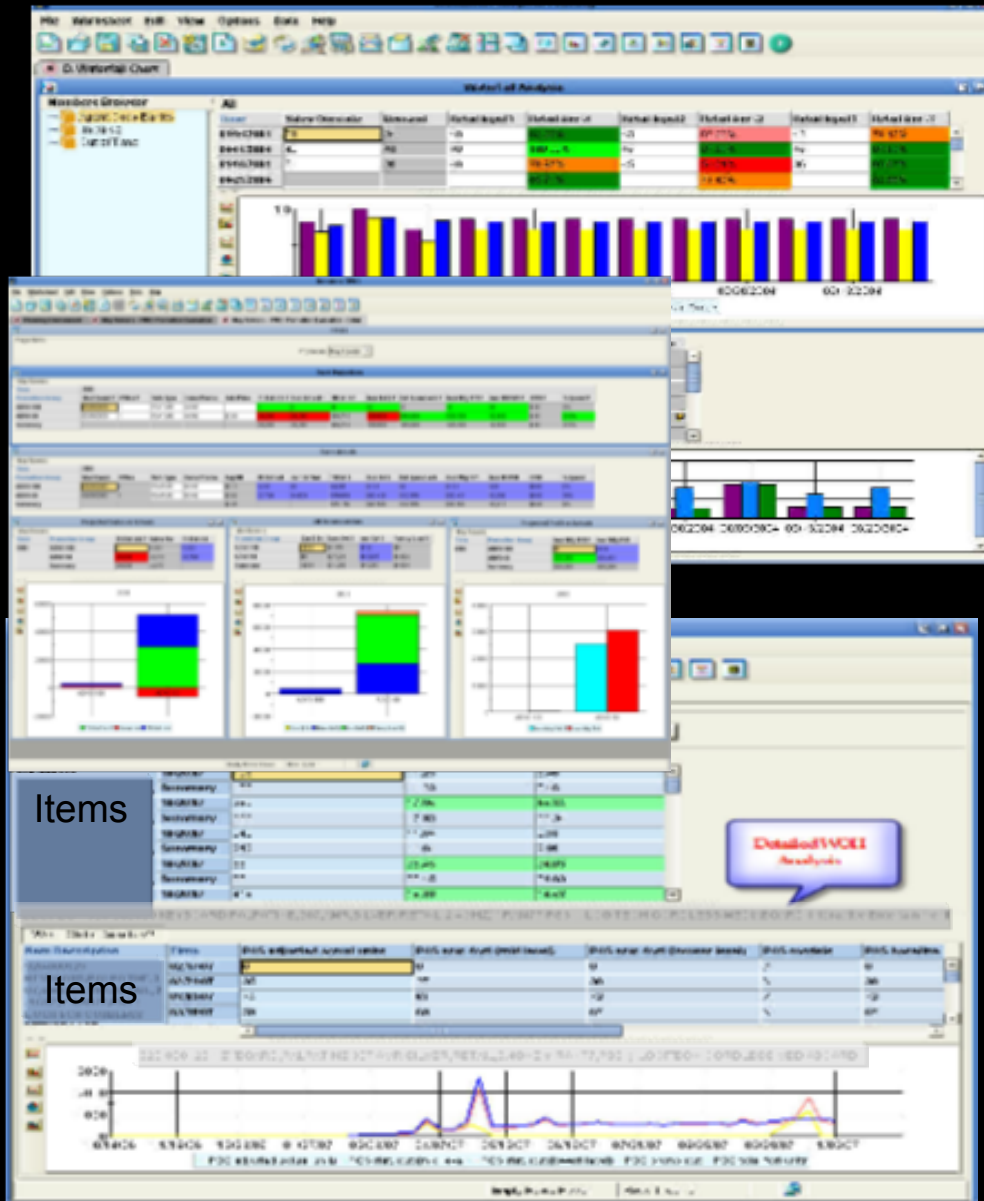
Channel collaboration across both Direct and In-Direct channels is pretty imperative in the current economic climate

As Channel management evolves into more of a collaborative process, the OEM and the channel partners can work together to smoothen the bull-whip effect and eliminate excess inventory in the value chain



Enabler III: Calibrating forecasts

Forecast waterfall reports and forecast comparison reports



- Calibrate current forecasts using forecast waterfall reports that compare current forecast with prior week forecast as well as the forecast that are done before the prior week.
- Identify the nervousness in the various revisions of the forecast and identify the source of deviation and errors in the forecast revision and fine-tune the forecasting model.
- Compare the forecast to actuals and identify the source of deviation and incorporate these sources into the forecasting models and fine-tune the forecast

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Demand Management Excellence

DMx Mission

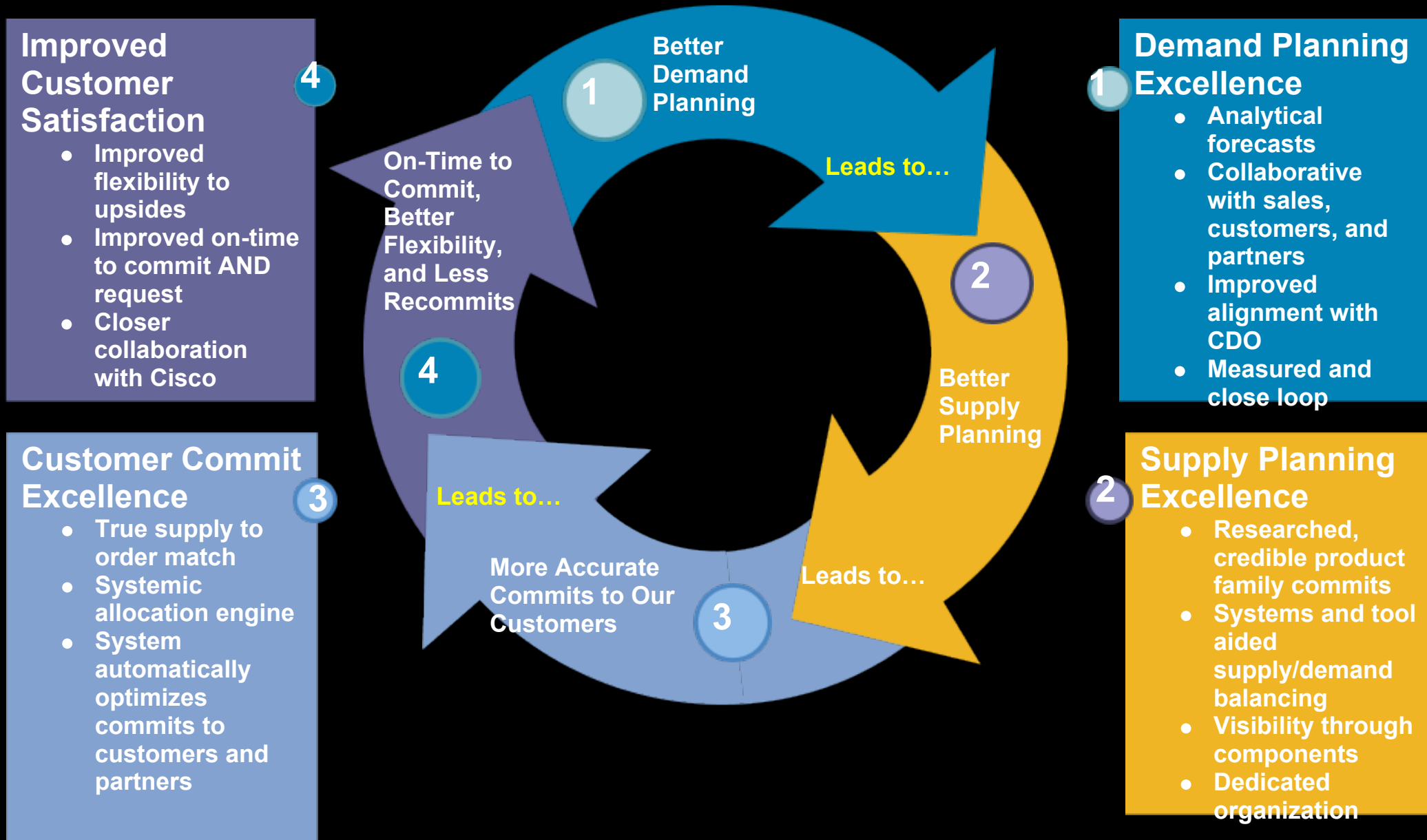
Create world-class, corporate-wide planning processes, systems, and structures that enable sales opportunity, process simplification, supply chain flexibility, and asset velocity



Manufacturing Excellence Strategic Intent

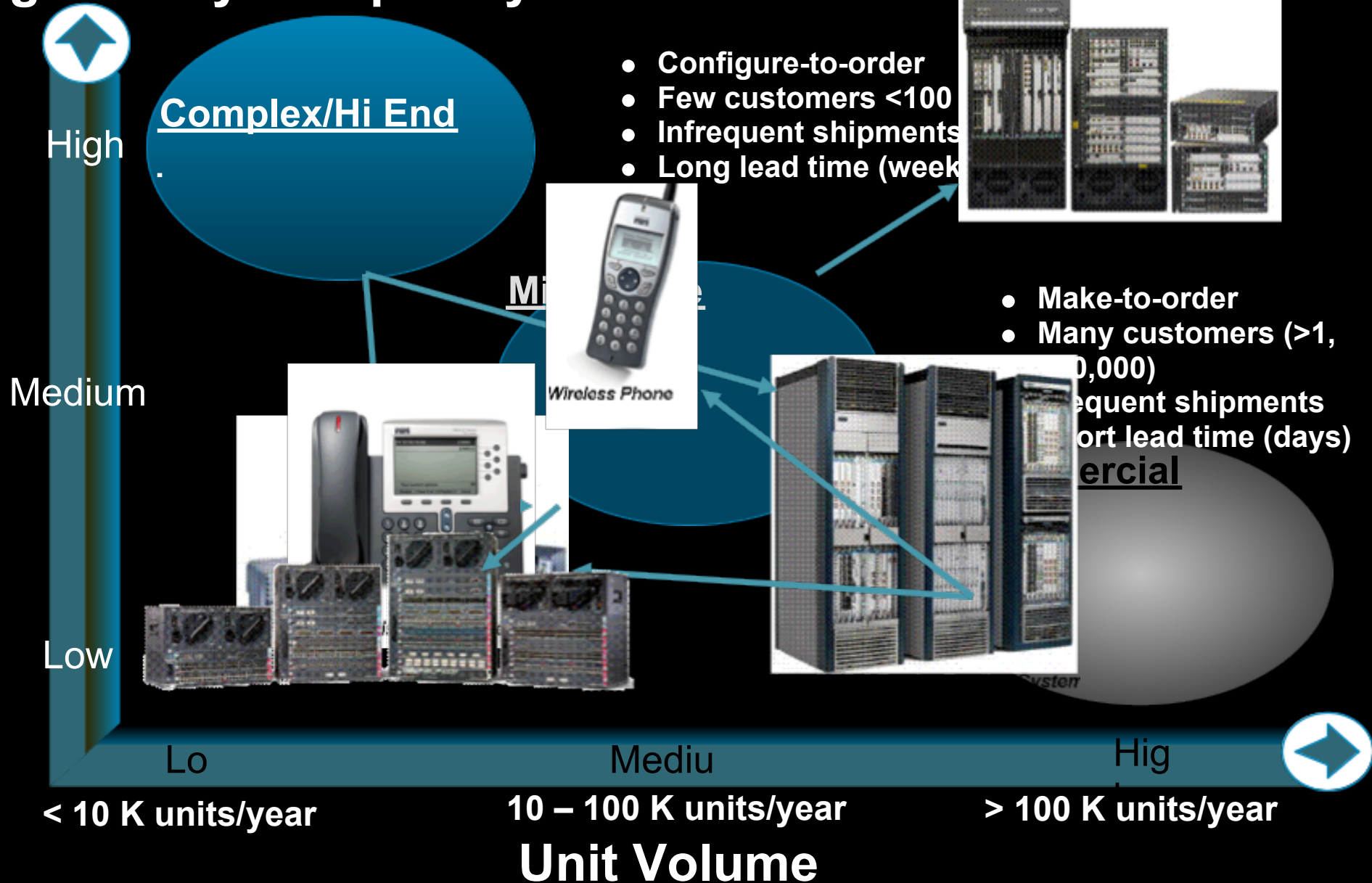
To be the Leader In Supply Chain Management, Guaranteeing Cisco's Sustained Innovation and Competitive Advantage

Demand Management Excellence (DMx)



Range of Capabilities

Configurability/Complexity



Various Initiatives Under DMx

- Analytical Forecasting
- Consensus Demand Planning (CDP)
- Customer & Distributor Collaboration (CoPlanning)
- Sales & Operations Planning
- Supply Planning
- Order Management & Scheduling

Consensus Demand Planning (CDP) Delivers Solutions that Fit Diverse Product Families

Supply Uncertainty

+

Supply Focused
Activities

High Touch
Activities

No / Low Touch
Activities

Demand Focused
Activities

-

Demand Uncertainty

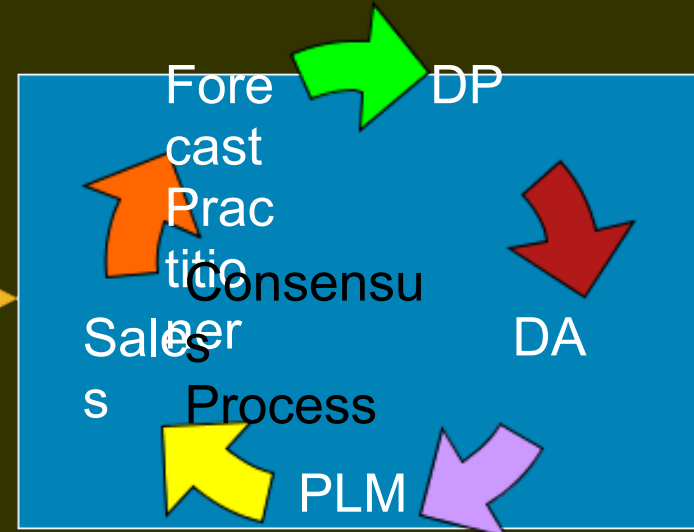
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Improve overall demand signal quality through effective collaboration among MFG, CDO, Finance & Sales and through world-class demand planning frameworks, people and tools

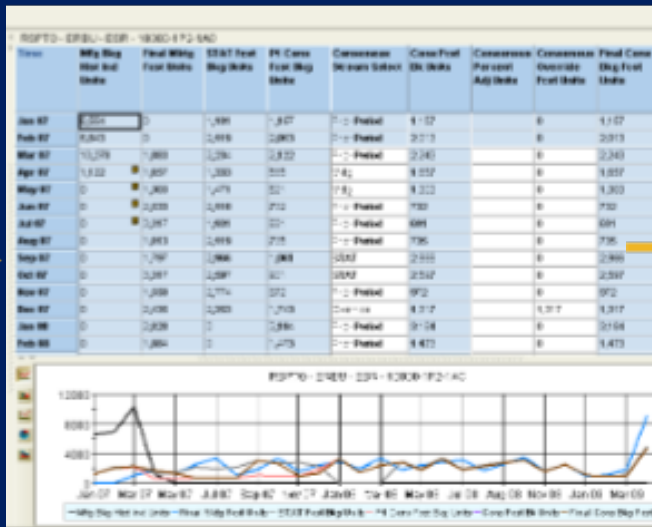
Consensus Demand Planning workflow



Independent forecasts



Consensus Meeting



USR generation

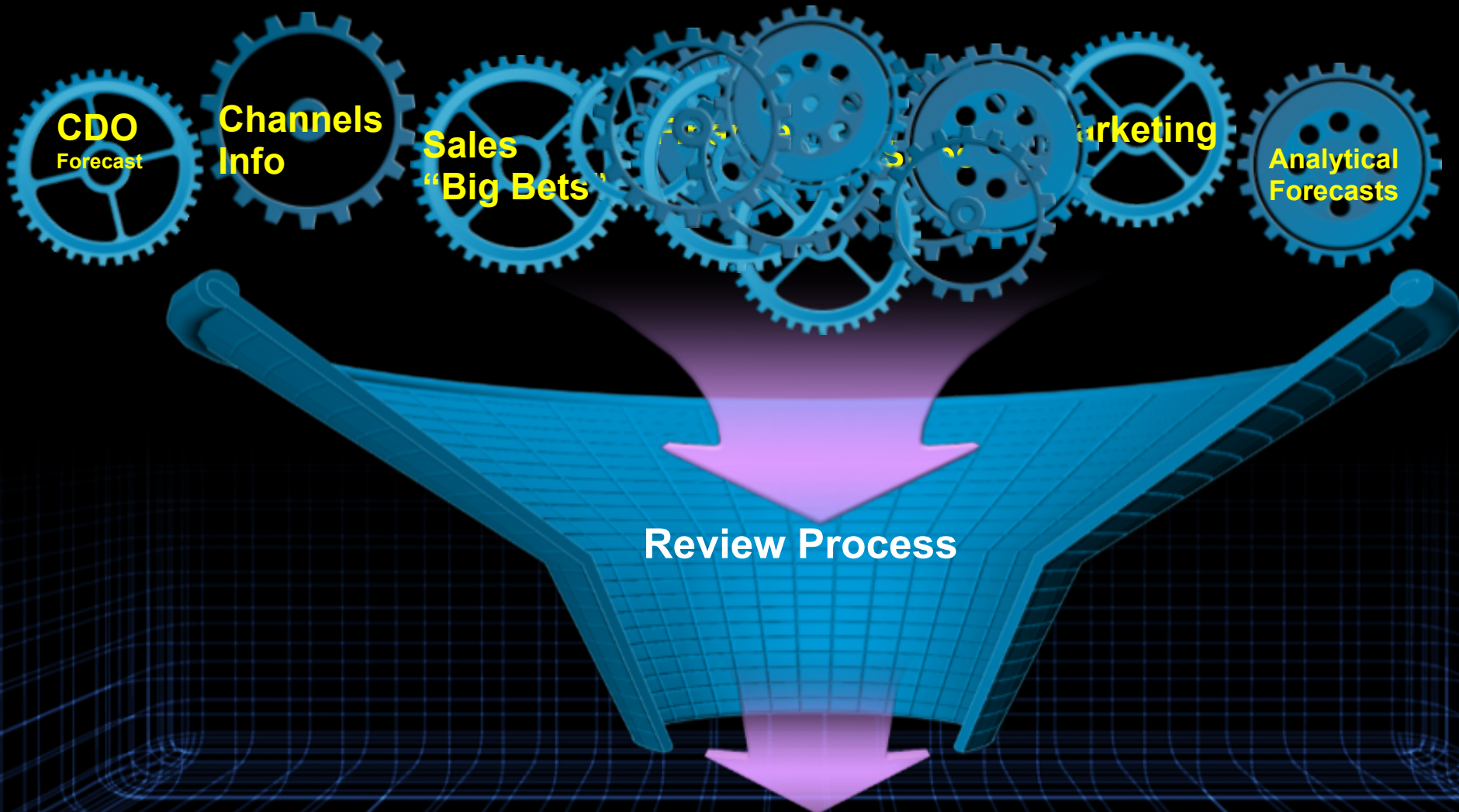


Closed Loop with MFG and the business (CDO, Sales, Finance)

Analytics

Collaboration

Investing in Evaluating More Data Points to Understand True Demand



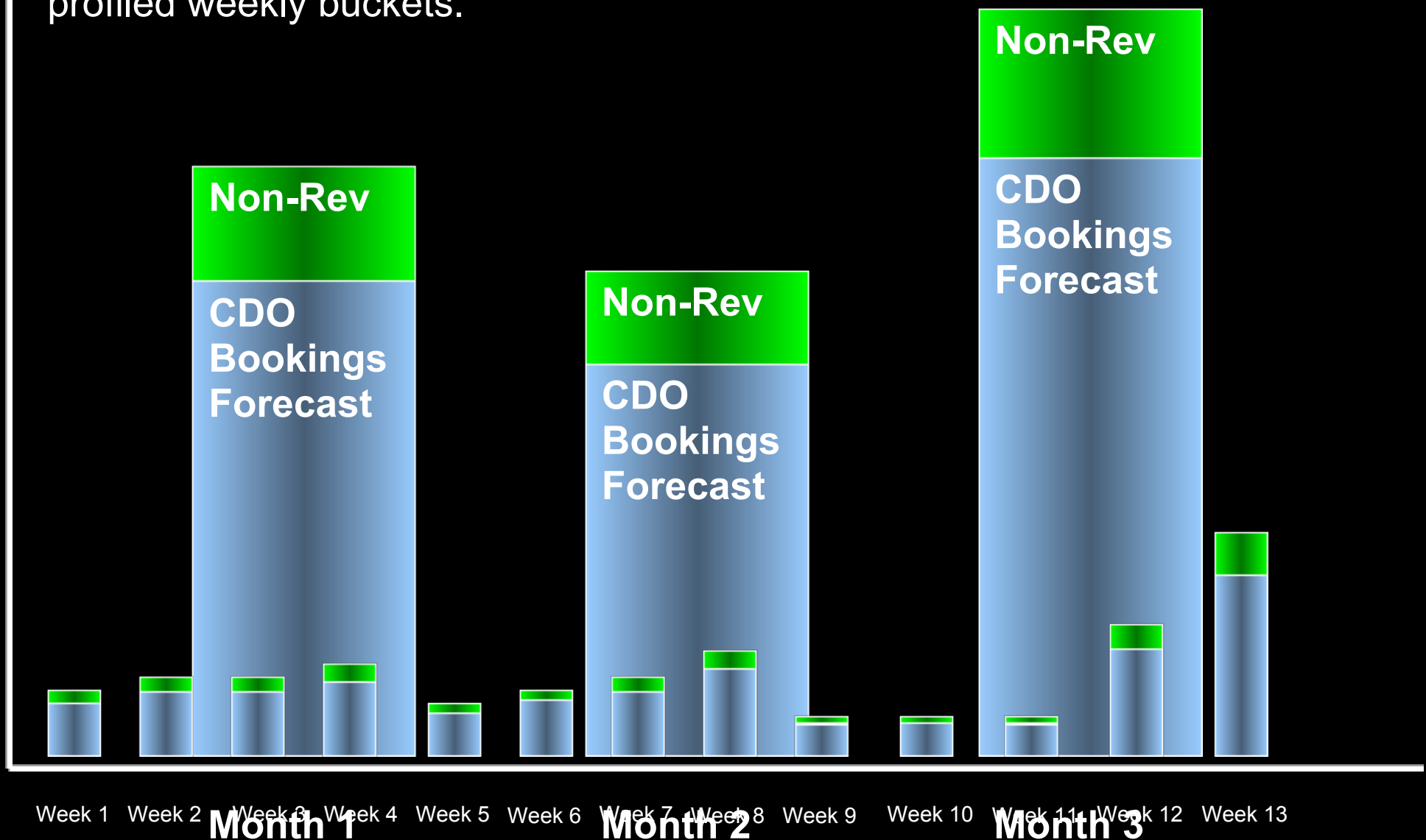
Better Understanding of True Demand

Process = Consensus Demand Planning

System = Oracle Demantra

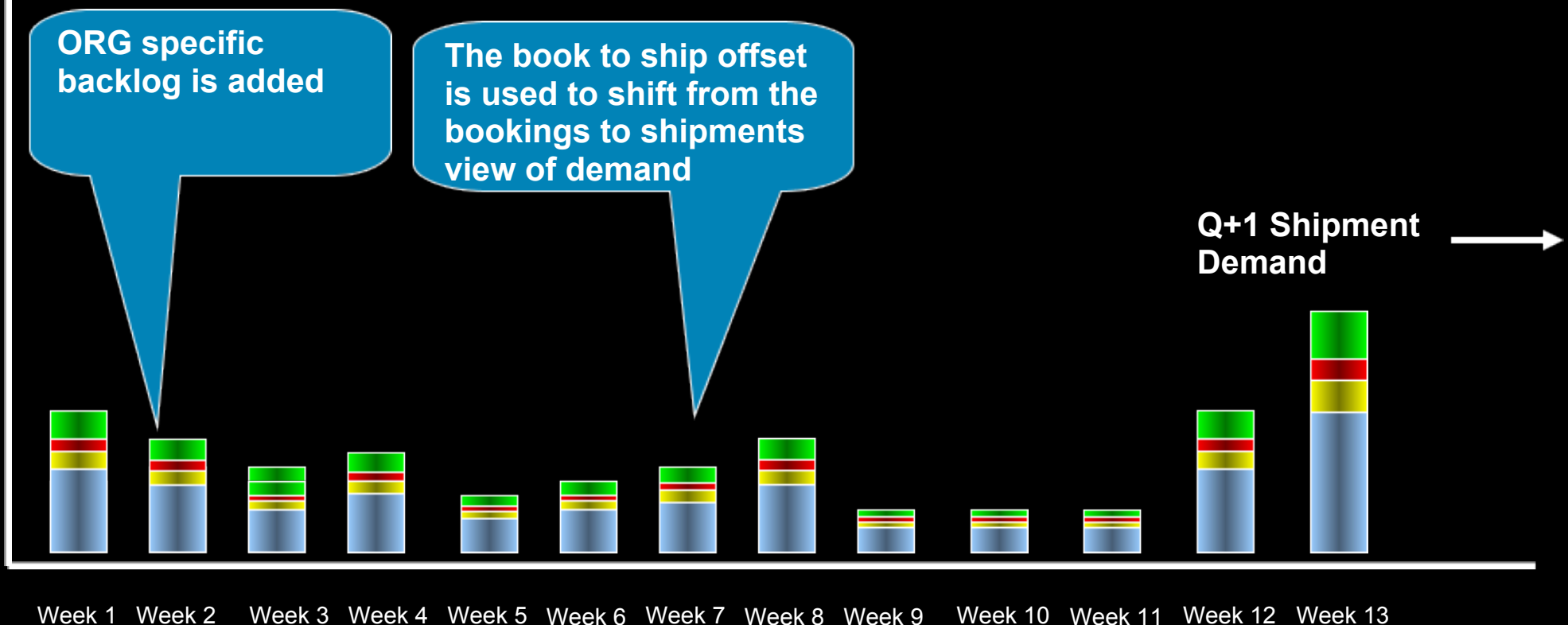
Demand Profiling

Demantra uses past bookings history to store the monthly forecasts in profiled weekly buckets.

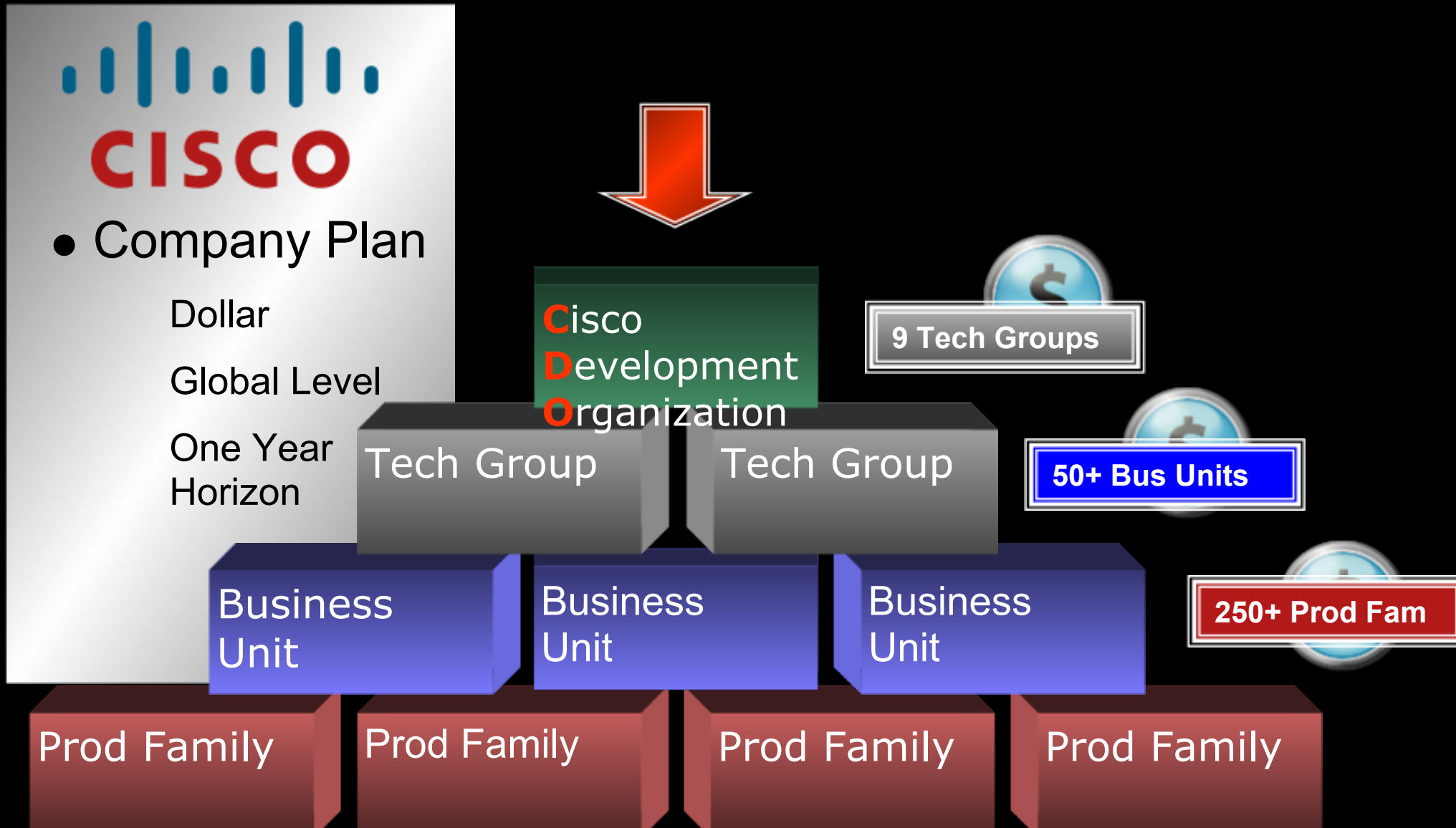


Booking to Shipment Conversion

- The **Consensus Book Plan** is the forecast of bookings expected within a given month
- The **Consensus Ship Plan** is the signal to manufacturing of what needs to ship from the SLC each week



Linked with **Financial Planning** Process



Legacy Demand Planning process did not engage until Product Family level and below

Closing Gaps in Demand Planning Process

Gap	Description	Implication
Extended Planning Horizon	Forum and tools for focusing on outer quarters	X
Comprehensive Unit Forecast	Forecast includes all A, C, and Non-Rev items; forecasts at unit level (not just \$ level)	X
Operationalized Demand Plan	Tool to profile and offset demand signal at detailed levels with higher level of analytical rigor	X
Increased Transparency	Reconciliation of divergent perspectives increases understanding and confidence in signal	X
Analytical Rigor	Enhanced Training, Systems (Demantra and SAS), and Methods (“What-Ifs”)	X

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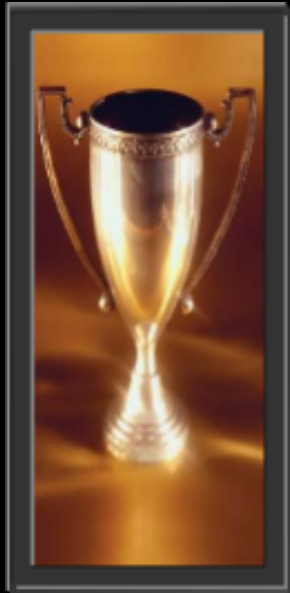


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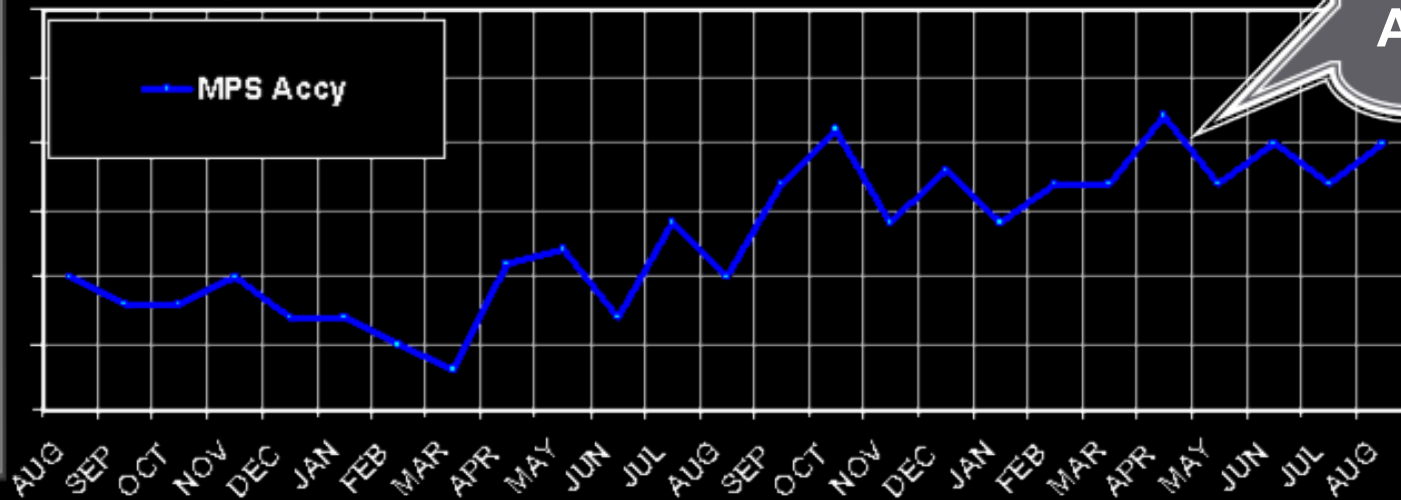


Results: Benefits, Lessons Learnt , Next Steps

Consensus Demand Planning: Benefits



Primary Metric Improvement



Double Digit Improvement in Accuracy

Measurement

MPS: 3 month off-set at 1 month aggregation and cost-weighted

- **Additional Results and Impacted Metrics**

Velocity: Cycle-Time for like work reduced by 40%

Productivity: # of Product ID's ("PID's) per planner has increased by 12%

Cost: WOS reduced by 35%

Lessons Learnt

User Engagement

- Business ownership from the beginning was instrumental in smooth and successful adoption of new process/solution

Change Management

- Getting buy-in to new common process from stakeholders across different business functions is challenging

Performance

- Time & effort should be devoted to DB and System Performance Tuning to improve the user experience with the tool

Next Steps - CDP

- **Performance Tuning**

- Improved DB Partitioning scheme to achieve 65% performance improvement

- DB tuning for further improvement

- Improve Data Maintenance/ Data Purging scheme

- **Enhance Functionalities**

- Further Process Maturation

- Attach Rate Planning (CTO)


- Theater & Customer Segmentation

- Tighter integration with LEAN



Next Steps - S&OP

Key Gaps in Current Processes

- **Revenue projected to increase significantly in the next 5 years**
 - **Increased competition driving margin pressures**
 - **Customer expectations are increasing**
 - **Product mix and complexity are increasing**
- 

Implications

1. Cross-functional and executive alignment and collaboration are critical
2. Responsiveness and scalability of planning processes and systems are critical
3. Visibility to accurate planning data and information is required
4. Improved linkages with changing customer requirements will provide a competitive advantage

The Next Phase in Our Transformation

How do we define

E2

M

Supply Chain

E2E Supply Chain

The integrated network of Cisco, supplier and partner capabilities needed to effectively design, manufacture and fulfill quality products, solutions and services, from innovation in supply chain design to the end customer experience

Q & A

