



# Inventory Performance Management

INVENTORY TRENDS  
& ANALYSIS

INVENTORY PLANNING  
& OPTIMIZATION

INVENTORY POSITION  
& PROJECTIONS

A close-up photograph of a gold and black pencil resting on a spreadsheet. The pencil is positioned diagonally across the frame, pointing towards the bottom left. The spreadsheet cells are visible in the background, showing numerical values.

Value
9,179.53
11,426.60
9,611.01
e 7,189.65

A significant cost to manufacturing, distribution and retail businesses is the inventory carried to support customers and sales. Effectively managing and minimizing investments in inventory can certainly provide competitive advantage and bottom-line benefits. But accomplishing these tasks can be challenging, particularly when optimal service levels still need to be met.

Stratum can help you to better plan and manage your inventory positions by utilizing sophisticated, industry-standard forecasting and replenishment algorithms created to optimize inventory and customer service levels.

We invite you to discover how you can leverage Stratum's powerful planning and optimization system together with 30+ pre-defined analyses and reports to generate an even greater return on your inventory investments!

## Inventory Trends & Analysis

To improve on any area in your business, you need to understand what past performance has been and set goals to move forward. Inventory is no different, and Stratum provides the capability to understand where you have been historically and over time. The cost savings are measured through analysis and viewing of trends.

There are a number of important metrics related to Inventory that Stratum keeps track of, from inventory valuation over time to inventory turns, usage and sales ratio.

### Stratum allows you to:

- Compare inventory value this year over last year by warehouse, business unit or location
- Identify trends in inventory value over time and whether your inventory is building
- Analyze inventory turns and why they are increasing or decreasing over time
- Measure the value of your inventory mixes to improve your mix allocations
- Predict potential cash flow problems by examining your inventory-to-sales ratio
- Assess your Gross Margin Return on Inventory to further optimize your inventory investments
- Analyze both inventory accuracy and cycle counting accuracy to improve your overall inventory leverage
- Determine which areas of inventory should be focused on for improvement purposes

FUNCTIONS	KEY ELEMENTS ANALYZED / PLANNED	MEASURES / REPORTS (included in Stratum)	BENEFITS
Inventory Scorecard	Inventory Trends Turns Usage Inventory Mix Inventory Leverage	Inventory to Sales Ratio End of Life Inventory Asset Turns Inventory Mix Value Gross Margin Return on Inventory (GMROI) Inventory Accuracy Inventory Cycle Counting Accuracy	Better understanding of inventory costs/trends Greater cash flow management Improved inventory mix Increased inventory leverage

# Inventory Planning & Optimization

Stratum enables you meet the expectations of your customers and make inventory investments in areas that make the biggest contribution to profit by automatically calculating time-phased safety stock and replenishment quantities for any level of product or location.

This is critical to any collaborative replenishment strategy and can be deployed to implement Distribution Resource Planning, Vendor Managed Inventory, Efficient Consumer Response or Just-in-Time inventory management techniques by balancing the economic objectives of your organization with customer service priorities.

Whether you're managing safety stock, optimal inventory levels, inventory turns, replenishment frequency or order size, Stratum enhances the process by offering detailed levels of analysis in the following areas:

## Safety Stock Calculations

- Evaluate safety stock levels based on desired service levels to minimize the probability of having a stock out
- Analyze weeks of supply using a non-probabilistic algorithm to determine safety stock levels
- Determine by ABC classification, product, warehouse or any other business level where and how to calculate safety stocks
- Automatically alert Inventory Planners to inventory on hand balances that are at or below the appropriate safety stock levels

## Inventory Level Calculations

- Determine appropriate inventory levels to carry based on lead times, demand during lead times, and your optimal safety stock levels
- Continuously monitor inventory levels and alert Inventory Planners to critical future or current inventory problems

## Replenishment Quantity Calculations

- Calculate the Economic Order Quantity (EOQ), regardless of whether your products are sourced or manufactured
- Perform what-if scenarios to determine how to combine products on different orders to achieve the most minimal cost to acquire

FUNCTIONS	KEY ELEMENTS ANALYZED / PLANNED	BENEFITS
Inventory Calculations	Safety Stock Inventory Levels Reorder Point Carrying Cost Planned vs. Actual Lead Time	Improved inventory planning & management Improved customer service Better understanding of inventory's financial impact Reduced costs Improved turns

## Carrying Cost Calculations

- Evaluate cost to carry safety stock and optimal inventory levels
- Perform what-if scenarios to determine the return on investment relative to inventory investment over time
- Analyze the financial impact of your replenishment policies

## Planned vs. Actual Lead Time Analysis

- Assess planned vs. actual lead times to help you better reduce the amount of inventory you carry while ensuring optimum service levels

## Inventory Position & Projections

Stratum also provides the ability to project inventory out into the future based on current business conditions, thus preventing shortages or build-ups and helping you to control where your inventory investment is made moving forward.

With Stratum, you can keep track of current inventory on hand, in transit and available by product and location. It lets you request inventory transfers to move inventory to where it is required. You can use current inventory, forecasts, open customer orders, production plans and supply plans to project your future inventory requirements. Plus, it allows you to automatically alert planners to potential shortages and inventory build ups so that your customers remain satisfied and your financial investment is kept under control and focused on the right areas.

- Determine available to promise (ATP) by product to identify and minimize potential shortages and inventory build ups
- Understand how many days of supply exist by product and location and compare this to established lead times – alerting managers to critical inventory situations when necessary
- Segment inventory based on product life cycle to prevent obsolescence and write offs – use current inventory and movement to determine where products should be grouped
- Alert planners to potential inventory shortages and adjust plans or transfer inventory
- Monitor potential inventory build ups and proactively respond by changing plans

FUNCTIONS	KEY ELEMENTS ANALYZED / PLANNED	MEASURES / REPORTS (included in Stratum)	BENEFITS
Inventory Management	Available to Promise Days of Supply Stock Status Inventory Valuation Projected Shortages Excess Inventory	Inventory Carrying Cost Inventory Days of Supply Storage Space Utilization	Decreased inventory build up Elimination of inventory shortages Higher customer service levels More realistic fulfillment dates

# The Multiple Planning, Analysis & Reporting Options of Stratum

## Leverage Pre-Defined Analysis & Reporting

Stratum lets you gain an immediate return on investment by providing hundreds of pre-built business views and reports that are easily configured to your business. Plus, it's ready to accommodate you with a modular approach that lets you extend its analyses and reports across the enterprise as you need them.

## Powerful Planning Applications

Stratum reaches beyond the capabilities of other analysis and reporting solutions by letting you to model out and predict sales forecasts, pricing, inventory replenishment and more, using a collaborate budgeting and forecasting function.

## Inquiry

You can leverage Stratum's powerful inquiry capabilities to drill down into a specific area to pinpoint the answers you need. Plus, you can view the data in graphical format, making the process of analyzing the performance of your business faster and easier.

## Quick KPIs

Stratum includes more than 500 pre-defined sets of Key Performance Indicator (KPI) measurements. These KPIs give executives and managers the ability to quickly identify your company's strengths and weaknesses and provide a starting point for performance improvement by showing whether or not your business is in line with its strategic objectives.

## Alerts

With built-in alerts, you gain crucial monitoring, proactive notification, and automation capabilities that help your company adapt to changing conditions and avoid alarming scenarios pertaining to payables, receivables, budgets, sales, and inventory. Pre-set any number of business rules and let Stratum protect you from failing to respond to deviations from acceptable levels by automatically sending alerts to those people who can take immediate action.

## Dashboards

Stratum also offers dashboarding capabilities to give your executives a one-stop, graphical snapshot of the business's health. Our dashboards are easy to understand, often highlighting important KPIs, revenues by period, product sales by category, actual vs. budgeted financial indicators, and expenses by category, to name just a few. We've also made it easy for you to include Stratum dashboards on portal pages.

## Flexible Information Delivery

The options you have for delivering Stratum analyses and reports to the corporate office, plant floor, remote sales reps, customers and supply chain partners are virtually endless. You'll find that it's an ideal solution for power users who require the ability to plan, forecast and drill deeply into your organization's performance data ... and that it's perfect, too, for more casual users who simply require browser-based access to their performance metrics!

## Flexible Reporting

When you wish to send static reports of your operational analyses to internal users, customers or suppliers, Stratum lets you automate the entire process of creating, generating and distributing great-looking reports. The reports can be saved in numerous formats like Adobe PDF and Microsoft Excel. Plus, they can be systematically scheduled for regular distribution by email to any user you desire, whether internal or external to your business.

## Robust Data Repository

Stratum protects your current technology investment by integrating with and leveraging the data you already have in your ERP, CRM and other business systems. Our enterprise connectors allow you to easily extract, transfer and load your data into an enterprise data repository that ultimately becomes the "single version of the truth" for your entire business.



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