

TCS Offers IT Consulting for Integrated Business Planning

By Steve Banker

Keywords

Integrated Business Planning, Supply Chain Management, IT Consulting

Summary

Tata Consultancy Services (TCS) recently briefed ARC Advisory Group on the company's consulting services offering for integrated business planning (IBP). In this briefing, Anil Gaddi and Nisheeth Maheshwari, Managing

Integrated business planning is the core process at the heart of supply chain management. TCS offers consulting services in this area.

Consultants in the Innovation & Transformation Group, focused on supply chain planning in the manufacturing domain.

Key takeaways from the briefing include:

- A new generation of SCM planning tools that can be used to facilitate integrated business planning has emerged. Unfortunately, many companies do not understand the power of these new tools
- Consulting for integrated business planning has historically focused on people and process. But with these new tools, companies also need robust IT consulting to help ensure success
- TCS offers IT consulting in this area

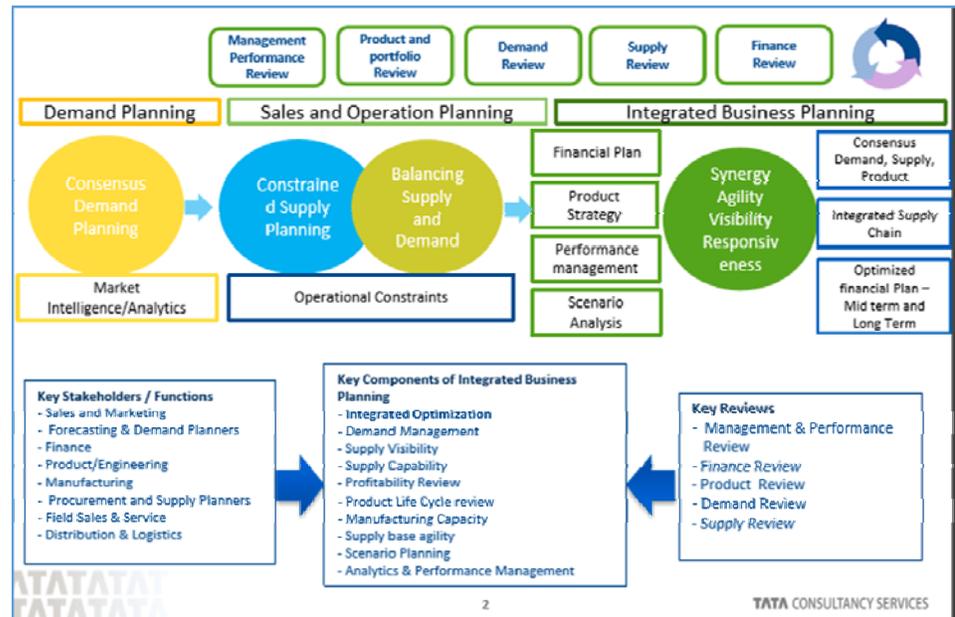
IBP, the Core Supply Chain Process

Integrated business planning (IBP), the core supply chain process, is designed to balance supply and demand profitably. Historically, it was known as sales & operations planning (S&OP).

The overall S&OP process first calls for one group to come up with a consensus demand forecast. A supply group then focuses on whether there is sufficient manufacturing capacity to meet that forecast. This is followed by a reconciliation meeting in which the supply and demand teams meet to agree on a joint plan. Finally, in an executive meeting, senior executives



view the recommendations and accept them, change them, or ask for additional analysis. The planning horizon typically spans out two years, but companies also make monthly (or even weekly) plans on what will be made and shipped.



IBP Process Diagram
(Courtesy of TCS)

IBP extends the S&OP process by adding product development to the mix. This looks at the timing of new product introductions and retirements, and whether there is sufficient capacity for the new product entries. There is also a financial review that looks, not just at whether demand can be balanced with supply, but whether the current supply chain plans will lead to the company or division meeting its financial goals.

If companies seek to improve their supply chain capabilities, improving their IBP maturity should be a key goal. Unfortunately, many companies operate at a low level of maturity in this area. It is not uncommon for companies to introduce an IBP process, make progress, and then regress when key executives leave.

Don't Skimp on Technology!

Because IBP is a process, getting the process in place and then training participants on the overall process and their respective duties, have been the

usual focus of companies beginning their IBP journey. But companies should not skimp on the applications that enable this process.

Historically, the demand team used either Excel or demand planning as their core applications. The supply team used Excel, rough cut capacity planning, or advanced supply planning applications that understood critical supply chain constraints.

In recent years, the leading supply chain management (SCM) suppliers have introduced IBP applications and cockpits. These have the IBP process steps embedded in the workflow, track how individuals are progressing against their assigned tasks, provide more advanced collaboration tools, and include advanced drill-down analytics. But these solutions also provide the ability to run numerous simulations that look at how to balance supply and demand in the most profitable way. These new solutions help companies more quickly mature their IBP process. The newer, more advanced integrated supply/demand simulation capabilities, in particular, allow firms to do much better planning.

TCS' Approach to IBP Consulting

Historically, IBP consulting focused largely on helping companies put a robust process in place and overcoming the often-daunting cultural challenges. Now that a more powerful generation of SCM tools has emerged,

Now that a more powerful generation of SCM tools has emerged, ARC sees the need for robust IT consulting. This is the main role TCS plays in the IBP consulting marketplace.

ARC sees the need for robust IT consulting as well. This is the main role TCS plays in the IBP consulting marketplace.

TCS starts an IBP process assessment by looking at where a company stands in the end-to-end process versus IBP best practices in general, and IBP best practices in the client's industry. The gaps may be in supply planning, demand planning, or the company may need the IBP cockpit. Demand planning can actually be more difficult to implement than the other solutions. TCS spoke knowledgeably about the forecasting hierarchies that may be needed to implement these applications effectively.

Once gaps are identified, TCS looks at how technology can be used to close those gaps and which applications, based on the company's IT infrastructure and needs, might be best for closing those gaps. TCS can create a proof

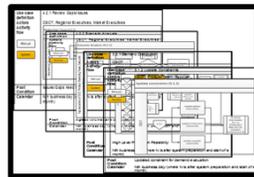
of concept for key scenarios. These can involve standard industry scenarios they have developed. In some cases, they actually take the client’s own data, input that data into the supply chain applications in their lab, and have then shown companies the kinds of improvements they can make by using best-of-breed supply chain applications. Finally, TCS provides implementation services and user training.



IBP Process Reference Model covers entire process spectrum with sub process decomposition



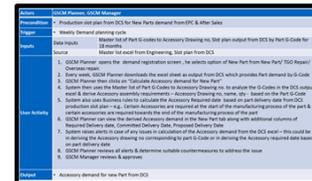
IBP Process Maturity assessment Framework



SAP IBP, JDA, Oracle ASCP POC for Key Scenarios)

Transfer	Supplier	SW	LRN	Req	Notes
Product LeadTime (%)	0.0	0.0	0.0		
Product Inventory (%)	0.0	0.0	0.0		
Material (%)	0.0	0.0	0.0		
Step Product Fill Rate (%)	SW	LRN			

IBP Product assessment framework and Buyer’s guide



IBP Use Cases and Functional Requirements repository

TCS Tools and Accelerators

Conclusion

Over the past five years, this analyst has attended several events and conferences focused on the integrated business planning process. Companies that present on their IBP journeys have been quick to talk about the people and process challenges, while downplaying the need for effective technology. ARC disagrees. A new generation of supply chain tools have emerged that can help companies accelerate their IBP maturation. TCS is one consulting firm that can help companies move up in their IBP maturity curve with process improvement, technology roadmap, and enablement.

For further information or to provide feedback on this article, please contact your account manager or the author at sbanker@arcweb.com. ARC Views are published and copyrighted by ARC Advisory Group. The information is proprietary to ARC and no part of it may be reproduced without prior permission from ARC.