



## ▼ DAVID, GOLIATH & VMI

*Prescient inventory planning and forecasting helped PaperPak Products launch an award-winning VMI initiative that exceeded customer goals for service levels, inventory, and efficiency.*

▼ **“We looked at the big guys, but they weren’t appropriate. They cost too much money and required too much support. Prescient gave us the best functionality, the best forecast data, and the most flexibility for the price.”**

**- Lisa Anderson, Vice President of Product Supply, PaperPak**

*Company:*  
PaperPak Products

*Business segment:*  
Adult incontinence products

*Business Challenges:*  
Customer demand for a vendor-managed inventory (VMI) relationship; high inventory levels; unacceptable lead times

*Applications/Solutions:*  
Prescient Inventory Planning and Forecasting

*Benefits:*  
Achieved “Supplier of the Year” status  
Reduced inventory levels by 50%  
Stabilized lead time – lowered freight costs  
Fewer backorders  
Fewer out-of-stocks  
Increased inventory turns  
Improved forecast accuracy

## ▶ THE COMPANY IN BRIEF

PaperPak is a global leader in manufacturing, marketing, and distributing adult incontinence products such as Ultima™, Confidence®, and the top-selling Attends® brand. The company supplies a full range of briefs, underpads, pads, pants, and skin care products—about 300 SKUs—to hospitals, nursing homes, and home-care networks. Headquartered in San Dimas, California, the \$160 million operation maintains manufacturing and distribution centers in North Carolina and California, with three distribution centers in Canada.

Like many businesses in the past decade, PaperPak underwent a dizzying series of mergers and acquisitions. This culminated in 2000 when the company acquired a division of Procter & Gamble that manufactures adult incontinence products. A few years later, PaperPak spun off its other divisions, reinvented its adult incontinence (AI) division, and found itself in start-up mode.

Although PaperPak used Prescient for a few years prior to the mergers and acquisitions, it switched to IBM during that timeframe because IBM was utilized by P&G for its supply chain planning. PaperPak wanted to minimize disruptions of the P&G process. However, it wasn’t too long before PaperPak realized that Inforum required too much support and offered too little functionality.

That realization hit home when The company’s number one customer—Cardinal Healthcare—wanted to continue with the rollout of a vendor-managed inventory (VMI) relationship and PaperPak accepted the challenge. “We needed to support our customer with VMI,” says Lisa Anderson, PaperPak’s Vice President of Product Supply. PaperPak tried IBM Inforum for its Cardinal VMI initiative. The results, according to Anderson, were less than satisfactory. “IBM wasn’t the ticket,” she says. That’s when the company decided to take another close look at Prescient.

According to Anderson, when comparing Prescient to its competitors, Prescient offered a more attractive price tag combined with high levels of functionality and flexibility. Prescient was the best overall solution. It showed what Anderson describes as “a lot nuances” in how planners could enter forecast data, respond to a somewhat seasonal demand for certain product lines and channels, be alerted to and handle exceptions, and optimize pallets while building truck loads for orders. In the end, Prescient’s David toppled IBM’s Goliath.

## ▶ **ALIGNING SUPPLIER AND RETAILER**

Prescient helped PaperPak adapt to Cardinal's standards. For PaperPak that meant getting a real-time view of demand, optimizing pallets and truckloads, bringing down inventory, and increasing service levels. Specifically, PaperPak needed to improve Cardinal's metrics in inventory days on hand by 5-10 days and its service from the low 90s to 98-99%. The original implementation was smooth: Prescient sent a two-person team to PaperPak's headquarters to train the company's planners, set up their pyramids, and make the charts that would help PaperPak to manage its supply chain more efficiently. During the reimplementation, PaperPak was able to implement with Prescient support via Internet sessions.

Using Prescient, PaperPak receives the customer's EDI transactions for each Cardinal location, generates a forecast for each location, and then generates orders to Cardinal. PaperPak planners monitor the forecast, manage forecast exceptions, generate orders, and optimize the orders by pallets and truckloads. This system enables the planners to view orders in transit, and to view and handle back-order issues. And it provides inventory and service metrics for the Cardinal distribution centers. In essence, it helps them pare down activity levels, get the right data, and make well-informed forecasting and replenishment decisions.

In addition to supporting VMI, PaperPak utilizes Prescient for in-house forecasting. The planners forecast weekly and utilize the forecast in the development of monthly and yearly budgets. Prescient provides the tool, which has helped the planners improve forecasts better than ever before. Anderson says that this could be accomplished manually, but concedes, "We know our business, but Prescient has the trends and statistical formulas." With those formulas, PaperPak has better forecasts—and that means improved opportunity for productivity (fewer changeovers, improved manufacturing efficiencies, increased inventory turns, and improved service levels).

## ▶ **SUPPLIER OF THE YEAR**

Cardinal created an award system, based on a scorecard of metrics, which included its VMI initiatives. Prior to implementing Prescient, PaperPak was off the awards map. But with Prescient, PaperPak went from Bronze to Silver to Gold for improving its metrics, including service, lead time, and inventory turnover. Recently, PaperPak was named Supplier of the Year. "In our case," says Anderson, "one of the major benefits of using Prescient was that it provided a critical tool which allowed us to move to a preferred status with our largest customer and win significant awards." Anderson says that the customer dictated only VMI, service levels, and inventory goals. PaperPak was free to figure out how to do it. Prescient also helped PaperPak reduce its freight costs. By providing the ability to create truckloads while supplying the customer with optimal service and inventory, the software enabled PaperPak to move from mostly LTL shipments to multiple-stop truckload shipments.

## ▶ **ABOUT PRESCIENT**

Prescient enables retail trading partners to align planning and execution with changing market needs to maximize relationships and deliver on the promise of collaborative commerce. The company's retailer-centric and collaborative commerce solutions are designed with the understanding that product demand and business processes are fluid. Prescient's solutions capture information at the point of sale, provide greater visibility into real-time demand, and turn data into actionable information across the entire supply chain. As a result, Prescient's products and services enable trading partners to compete effectively, increase profitability, and excel in today's retail business climate. Household brand names like AutoZone, Binney & Smith (Crayola Brand), Domino's Pizza, Target and The Dial Corporation rely on Prescient.