



Connecting the data dots to develop an integrated supply chain



Faced with growing global complexity and increasing demand volatility, Kennametal implemented RapidResponse to deliver supply chain maturity, increase data integration and improve its bottom line.

Kennametal is a global leader in the design and manufacture of engineered components, advanced materials and cutting tools. Founded in 1938 by Philip M. McKenna, the company delivers productivity to customers seeking peak performance in demanding environments by providing innovative custom and standard wear-resistant solutions. This proven productivity is enabled through advanced materials sciences and application knowledge.

Its commitment to a sustainable environment provides additional value to customers. Kennametal's portfolio of well-respected brand names and broad global presence enables it to help customers of all sizes in virtually every geography drive success at every stage of their value chain. Strategically aligned across three core businesses – Industrial, Widia and Infrastructure - its products and services touch nearly every manufacturing process. People around the globe can see and touch these results throughout many aspects of their day, from the light switch they turn on to the car they drive.

The catalyst for change

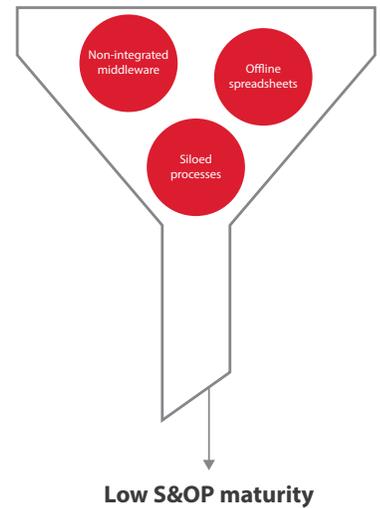
Growing global complexity and increasing volatility in market demands were impacting Kennametal's bottom line. Inventory levels were bloated and customer satisfaction levels needed to improve. With a very high SKU count and a complex supply base across all continents, it was a challenge to keep data connected and processes optimized. The overall complexity seemed to be a massive hurdle to overcome.

So what was to be done? Jochen Kraetschmer, Manager of Global S&OP at Kennametal, together with a team of supply chain experts and representatives from sales and marketing set out on a journey to move Kennametal's supply chain up the maturity path, through better integration. But it proved to be no easy feat.

Faced with a massive amount of data and a broad variety of existing processes, the challenge was to connect the dots and drive systematic collaboration. Excessive use of spreadsheets, heavy reliance on non-integrated middleware and disconnected processes - all were hurdles Kennametal needed to overcome.

Identifying the barriers

To achieve success, Kennametal first worked to identify gaps within its existing processes and tools, initially focusing on two areas: S&OP and cross-functional visibility.



S&OP

- ▶ Processes relied on multiple spreadsheets and several middleware tools for demand and supply planning
- ▶ Very little integration between supply chain planning and stakeholders' processes (i.e. sales, finance, manufacturing)

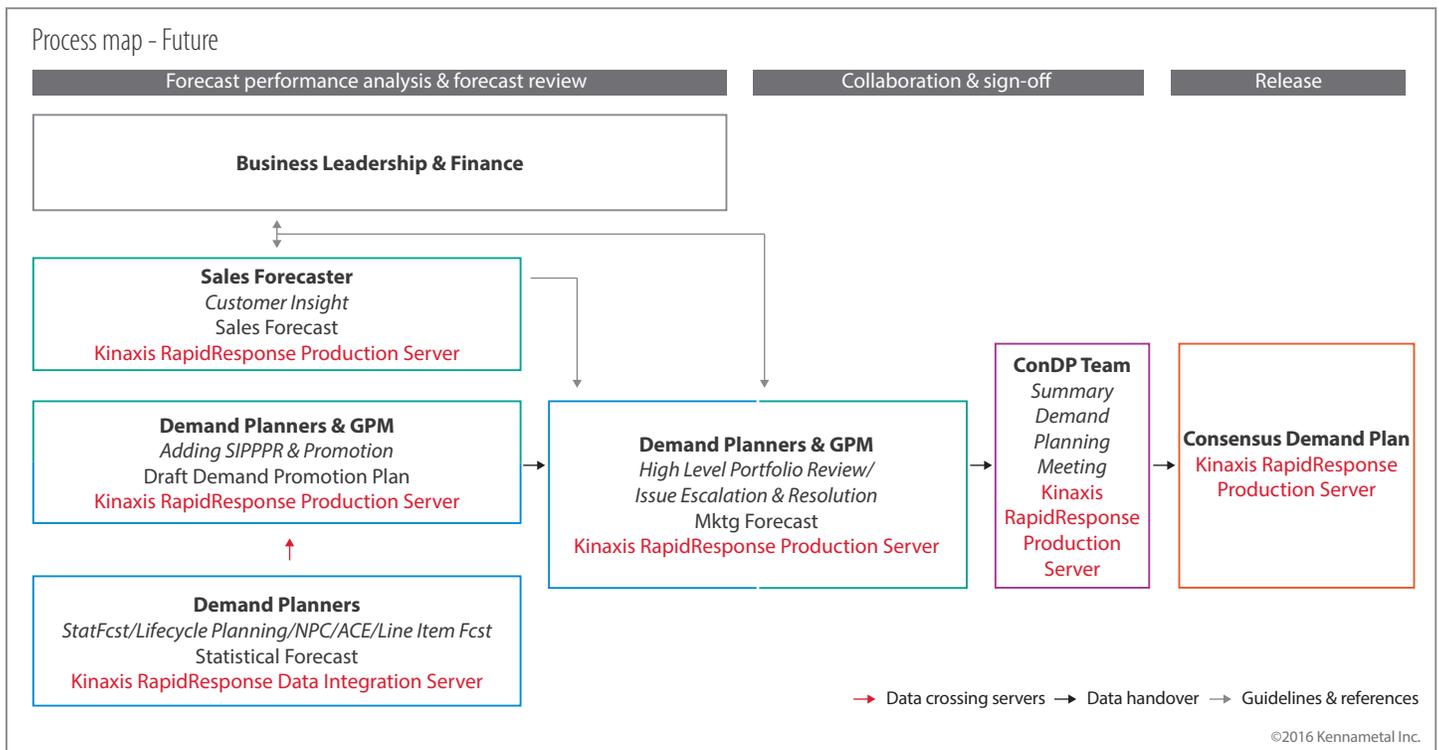
Cross-functional visibility

- ▶ Middleware used to connect processes
- ▶ Lack of a single platform to provide end-to-end planning

Planning for success

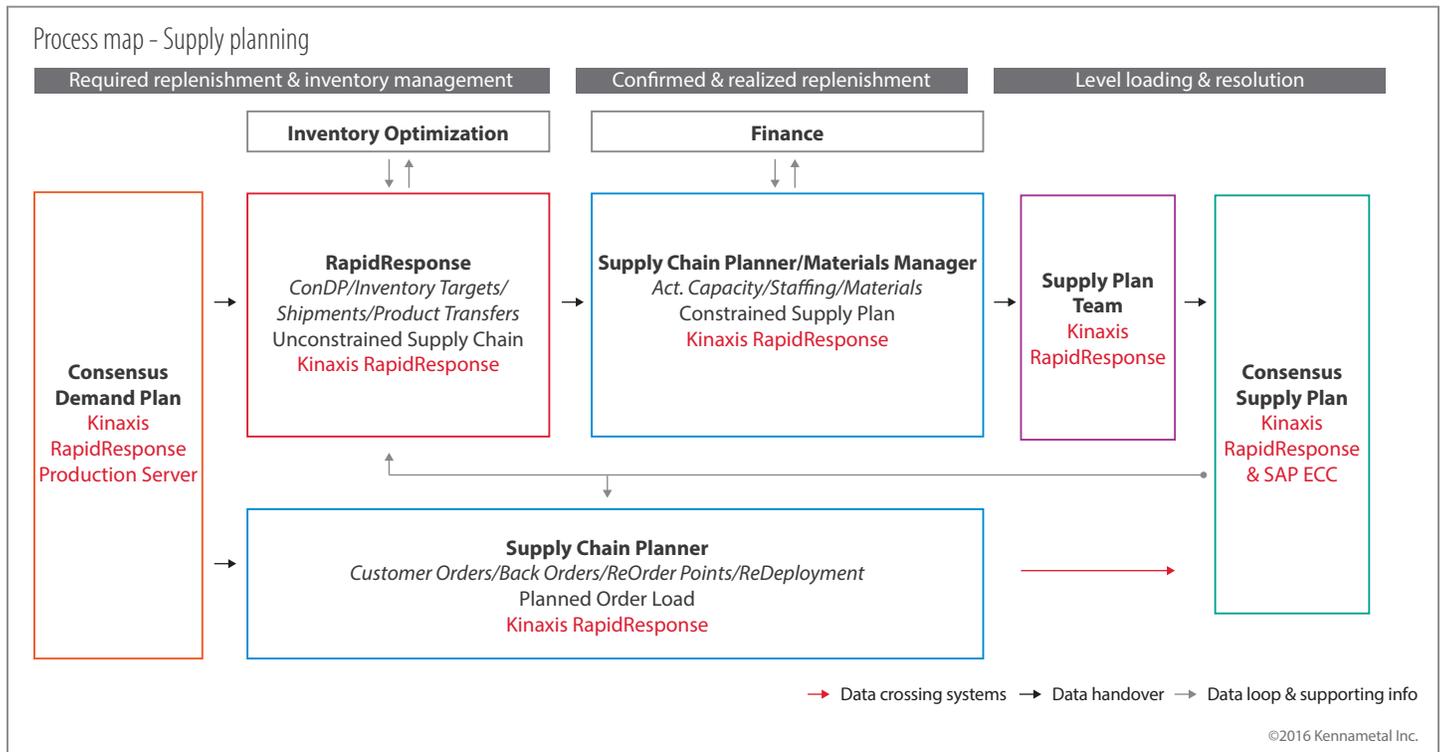
The project team then began searching for a solution that could help enable its transformation initiatives. After a rigorous selection process, Kennametal chose Kinaxis® RapidResponse®, kicking off the start of its supply chain-maturing journey.

Phase I: Beginning with the breakdown in S&OP processes, Kennametal spent nearly seven months working to foster improved collaboration between sales, marketing and operations, and to align to the financial forecast.



Phase II: Subsequent supply planning processes were then implemented over the course of the next 12 months, including:

- ▶ Rough cut capacity planning
- ▶ Plant loading
- ▶ Supplier collaboration
- ▶ Rebalancing of inventory
- ▶ Safety stock calculations
- ▶ ABC stratification



Phase III: The next phase, which is currently in preparation, will address the migration of demand planning into RapidResponse, including statistical forecasting and life cycle planning. Kennametal's future plans also involve component planning, deployment and constrained capacity planning in addition to the existing scope.

Deployment done right

People, process and technology – do they really need to work together? Kraetschmer would say a resounding YES.

From a technology perspective, RapidResponse has significantly impacted the organization and has elevated many opportunities for improvement.

“The data speaks for itself,” says Kraetschmer. Once RapidResponse was implemented, it became very evident where the issues were. The legacy middleware made it easy to hide those problems. RapidResponse brought them all to surface. The company embraced the challenge and vigorously cleaned up the data and implemented new governance rules. It had to take a hard look at where the process gaps were, and developed plans to address.

“It’s an ongoing process,” says Kraetschmer. “We’re continuing to find more ways to use RapidResponse to perform checks and balances on our supply chain as we continue to make progress on our journey.”

As of Phase II, users in all participating functions are accessing and utilizing RapidResponse as part of their role in the end-to-end process. Continuous training and education is necessary to ensure mission readiness and generating sustainable process

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Jochen Kraetschmer
Manager of Global S&OP,
Kennametal

RAPIDRESPONSE APPLICATIONS

- Sales & Operations Planning
- Demand Planning
- Supply Planning
- Capacity Planning
- Inventory Planning
- Distribution Requirements Planning

outcomes. With a diverse global user base, language barriers are problematic so Kennametal rolled out easily digestible training material through various channels – including embedded task flows and online solution help focused on just a few topics at a time, with repeating training available monthly.

Processes are now standardized with more emphasis on the outcomes. The emphasis is on creating a fully integrated user friendly system that is aligned with the overall business objectives.

“We’re now focused on steering the ship to be demand driven, but are still in the early stages,” explains Kraetschmer. “It’s about finding ways to systematically represent the business tradeoffs needed for optimal decision making. We’ve adopted a customer-centric mindset, conditioning everyone to make decisions based on the best interests of the company as a whole.”

This has paved the way for Kennametal to achieve process maturity.

Enabling further maturity

As with any other business, there are always other variables that inevitably come into play. Acquisitions, leadership changes and restructures are all part of the constantly changing business landscape and can now be easily absorbed through the standard processes in RapidResponse.

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Kennametal is now moving toward adopting longer term planning horizons. It has improved forecast accuracy in the 3 to 6 month time frame by 30%-50% and contributed to a significant inventory reduction.

Using scenario simulation and collaboration, RapidResponse has helped drive alignment between functional groups like supply planning and production, demand planning, and marketing and sales. It has enabled Kennametal to further mature its S&OP processes, delivering value in transparency, data integration and end-to-end supply chain visibility.

Kraetschmer has witnessed the benefits of integrating the various forecast streams and having the ability to easily convert between unit and value forecasting. This improved visibility has generated further analytics-based discussions and often leads to the question, “What does RapidResponse say?” The interaction and desire to align viewpoints is there and it has helped minimize forecast bias, thus leading to a substantial reduction of uncertainty and a shift from “reaction” to “anticipation.”

“Visibility is a prerequisite to supply chain success. Trust in your data and technology is a necessity,” says Kraetschmer. “RapidResponse has allowed us to achieve both.”



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About Kinaxis Inc.

Offering the industry's only concurrent planning solution, Kinaxis helps organizations around the world revolutionize their supply chain planning. Kinaxis RapidResponse, our cloud-based supply chain management software, connects your data, processes and people into a single harmonious environment. With a consolidated view of the entire supply chain, you can plan expected performance, monitor progress and respond to disconnects when reality hits. RapidResponse lets you know sooner and act faster, leading to reduced decision latency, and improved operational and financial performance. We can prove it. From implementation to expansion, we're here to help our customers with every step of their supply chain journey.

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