Konica Minolta offers a broad range of high quality products and services through three business lines: multi-functional peripherals and printers through their IT Equipment Business, the Industrial Material and Equipment Business, and the Healthcare Business.

At Konica Minolta, the IT Business Technologies team was struggling to get a quick and comprehensive view of the global supply chain network. They didn’t have visibility into the impact of supply and demand changes on the business. As well, attaining agility and alignment across the supply chain was difficult.

There were other challenges as well:

- At Konica Minolta, elements of the S&OP plan were calculated on a weekly basis and that caused issues for the team. When they would calculate their end of month metrics, depending on how the weeks fell for that particular month, their results were not always accurate. For example, some weeks could fall into the next month and then there would be additional days in that monthly calculation, which would skew their metrics. And, in order to get accurate metrics across countries, regions and functions, this requires different levels of aggregation, which they were not able to do. Because of these challenges, they decided that they would need to change to daily S&OP calculations so that they could have the up-to-date data they desired that could be aggregated or disaggregated as needed.

- Konica Minolta’s supply chain team used transportation lead times as an input to their weekly S&OP plan and since this is an estimate, not real time data, the values differed from actuals. As such, information that did not reflect the actual performance was being used in their calculations, so it made it difficult to clearly detect and rapidly respond to the daily variances.

Konica Minolta’s sales and operations planning (S&OP) processes have dramatically improved with the introduction of new supply chain management solution – RapidResponse.
While the volume plan captured the revenue with sufficient accuracy, it was only at the mix or detailed level where the problems could be identified and the true costs calculated. Without the ability to navigate seamlessly between a volume and mix plan, within the S&OP cycle, the team was left with essentially a consolidated forecast. They wanted to be able to move away from unit based monitoring of their inventory to instead create a rolling budgeting forecast to drive a bottoms-up revenue forecast from Operations and thus, be able to more closely monitor their profits.

Another significant problem was that the system the team was using to manage their supply chain was getting increasingly complicated to operate. This application was built by integrating five different systems each dedicated to a single function, for example, demand forecasting and business intelligence system. Over time, the system became difficult to maintain, cumbersome to use and performed calculations too slowly. Because of these issues, the team was not satisfied with their S&OP process. As a result, the supply chain group decided to leverage new technology that could meet all of their needs. They wanted to have more supply chain planning and analytics capabilities to create the foundation for managing multiple, interconnected supply chain management and S&OP processes.

Aligning the business

The first thing the team decided to do was to integrate their planning and execution system and processes. “We needed to build a system that would allow us to operate based on real-time data versus using just our planned data,” explained Noboru Ota, Manager of SCM Planning Department, Global SCM Center of Konica Minolta.

Another of Konica Minolta’s goals was to build a system that could enhance the accuracy of their budgeting forecast by leveraging simulations to test out the optimal scenarios for lead time or for safety stock levels. They wanted to build a budget structure within the system and integrate it with their S&OP processes.

Overall, the team wanted not only to increase the depth of their S&OP analysis but also to reduce the time for users to perform their S&OP functions. Based on these requirements, Konica Minolta evaluated several supply chain management solutions and after careful consideration, chose Kinaxis® RapidResponse® as their S&OP and SCM solution.

“The first thing that caught our eye was that RapidResponse had so many SCM capabilities within the single system. Moreover, we liked that by leveraging the solution’s in-memory engine and embedded supply chain analytics we could do deep, but quick analysis on a daily basis and calculate things like total cost, not just total inventory. RapidResponse had a structured method for performing collaborative analysis so that we could speed up response times. And, we were also pleased with the price of this solution given all the capabilities it offered,” said Ota.

Achieving S&OP accuracy and efficiency

The team also appreciated that RapidResponse had a broad set of standard features that Konica Minolta could leverage without a lot of configuration.

When the RapidResponse deployment was still in the design stage, the future RapidResponse users’ had a lot of input into how they would like to see the application set up. As RapidResponse was rolled out, they implemented many of these suggestions. The team went back and forth with the users to create a simple prototype and let the users test at an early stage of the implementation to keep the project and expectations aligned.

Within a year, RapidResponse was fully deployed and represented a new global supply chain at Konica Minolta, which connects its headquarters with resellers in Japan, the US, Europe, and production locations in Japan and China.
In the terms of how fast RapidResponse is, Noboru says that it surpassed their expectations. For example, when downloading S&OP data, their previous systems took hours, but now with RapidResponse that has been reduced to just a couple of minutes.

Because they had been planning in weekly buckets, they struggled to get accurate conversions from weeks into months, quarters, and years. Now, they have increased the data size seven fold (weeks to days), but have seen calculation times go from several hours to minutes, all while being able to support seamless transitions between volume and mix planning.

“By integrating five systems into one, we gained a distinct advantage because multiple problems are solved by one product. We have the advantage of being able to streamline the operations. S&OP analysis has successfully changed from a weekly to a daily basis and now reflects the actual results, so the data is dramatically more accurate,” said Ota.

For the future

Going forward, with RapidResponse, the team plans to continue to strengthen the alignment of the business as well as streamline S&OP operations. They will also begin rolling out RapidResponse beyond just the initial project that was focused on the IT Equipment Business and eventually implement across the entire organization.