



Konica Minolta's supply chain management resilience amid global disruptions

Key objectives:

- Agile scenario planning
- Real-time data harmonization
- Rapid decision-making

Industry:

High-tech

Geographies:

Global, with major operations in China and Malaysia

Employees:

43,299

Results:

- **Enhanced responsiveness:**
Rapid simulation capabilities enabled quick response to supply chain disruptions.
- **Improved collaboration:**
Single system for collaborative decision-making based on shared data.
- **Operational efficiency:**
Daily PSI planning reduced errors in monthly and yearly figures.

Headquartered in Tokyo, Japan, Konica Minolta Inc. is renowned for its innovative office solutions, including Multifunction Peripherals (MFPs). With a global footprint, the company serves approximately two million users across 150 countries.

By implementing the Kinaxis Maestro platform, Konica Minolta enhanced its supply chain management (SCM) capabilities to maintain its competitive edge.

A Critical Need for Supply Chain Orchestration

In 2003, Konica and Minolta merged, creating a new, dynamic supply chain. Today the company's production plants for MFPs and digital printing systems are located in China and Malaysia, with parts sourced from across Asia.

Prior to the merger, both companies were long committed to SCM sophistication going back decades. In the 1990s, they initiated global integration of production, sales and inventory (PSI) management on a monthly basis using Excel and data warehousing to utilize supply and demand planning data.



However, in the early 2000s the company needed more precise supply chain management to handle growing complexity following the merger. It shifted to package-style SCM systems and weekly PSI planning.

Despite these SCM advancements, challenges emerged. Traditional SCM systems optimized supply to meet demand, but fluctuating unit prices and other variables required a more dynamic approach. To address this, Konica Minolta adopted Sales and Operations Planning (S&OP) in the early 2010s, aiming for SCM that directly contributes to business growth.

However, implementing S&OP necessitated daily updates to PSI plans. Existing systems couldn't rapidly aggregate and process the necessary data. To address this, Konica Minolta adopted the Maestro platform to replace outdated systems and enable daily PSI planning and execution.

Navigating the COVID-19 Pandemic with Kinaxis Maestro

The introduction of Maestro proved crucial during the COVID-19 pandemic. With primary production based in China, the initial outbreak caused significant disruptions.

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“..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.”

NOBORU OTA, FORMER MANAGER OF
SUPPLY CHAIN MANAGEMENT PLANNING
DEPARTMENT, GLOBAL SCM CENTER,
KONICA MINOLTA



As factories in Shanghai suspended operations, the company lacked clarity on production forecasts and stopped physical distribution functions.

Daisuke Hirai, Senior Manager, Digital Workplace Business Headquarters, Business Operations, SCM Division said, “We assumed we would not be able to do any manufacturing at our Chinese bases and that shipping would also be impossible. Our response in the early days of the COVID-19 pandemic required us to do simulations regarding how long this state would continue, what effect it would have on the sales plan, and how long the sales side would be able to hold out.”

Fortunately, using Maestro empowered the team to quickly respond during this time of need, said Mamoru Ohara, SCM Planning Group Leader, Digital Workplace Business Headquarters, Business Operations, SCM Division. “We understood the structure of Maestro by then, so we were able to quickly visualize how to do simulations for things moving forward by changing certain numbers in certain ways. As we were able to accurately simulate business risks, we were able to rapidly investigate and implement the actions we needed to take.”

As the pandemic spread globally, repeated waves of infections further complicated the supply chain. “We couldn’t make sales that were in line with our sales plan. So, we had to change our policy to put precedence on cash and make inventory adjustments,” noted Hirai. “However, because Maestro is a single system that allows those involved to hold discussions over countermeasures based on shared data, things were able to progress smoothly.”

Following the COVID-19 pandemic, challenges continued with global logistics disruptions and semiconductor shortages. Konica Minolta’s PSI Management Group Leader Rio Akashi said, “By using Maestro simulation functionality, we were able to show a PSI that was close to the actual state of material procurement and shipping delays that were caused by port congestion. And we were able to use this in estimating results and discussing countermeasures.”



Key Benefits

Maestro's rapid simulation capabilities allow Konica Minolta to quickly respond to supply chain disruptions. A single system for collaborative decision-making based on shared data enhanced the company's operational efficiency and reduced errors in monthly and yearly PSI planning figures. With Maestro, Konica Minolta has a resilient supply chain always ready to help the company gain a competitive advantage in a rapidly changing global environment.

Future Outlook

The successful navigation of the COVID-19 crisis and subsequent global disruptions reaffirmed the value of Maestro. The system not only enabled effective crisis management but also enhanced the company's overall supply chain knowledge and capabilities. "We provide management with information so they can rapidly make decisions, and we do this from the perspective of progressing S&OP and of optimizing supply chain operations to maximize profits," said Ohara. "We were able to do this because with Maestro we can construct a mechanism that acts as a digital twin of the supply chain."

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