



NUCLEUS
RESEARCH

WHY LARGE ENTERPRISES CHOOSE KINAXIS

ANALYST

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THE BOTTOM LINE

Nucleus interviewed multiple enterprises that adopted Kinaxis RapidResponse to centralize supply chain operations and found significant improvements in their supply chain efficiency. Customers reported unlocking millions in free cash flow with 25 percent shorter inventory cycles, 65 percent reduced packaging costs from improved inventory management, 40 percent administrative cost savings when switching from multiple solutions, and thousands of hours of employee time savings. With its ability to deliver value across an organization's entire supply chain, Nucleus expects Kinaxis to see accelerated adoption over the next 18 months as buyers, especially large enterprises, prioritize highly integrated solutions capable of managing and utilizing vast amounts of data at scale.

OVERVIEW

With the uptick in supply chain disruptions over the past few years, many organizations are redefining their approach to supply chain planning and execution, recognizing the value of informing operations with integrated real-time data from a variety of systems. This has accelerated the adoption of unified supply chain planning and execution platforms, capable of translating integrated data into high-value capabilities like dynamic scenario planning and predictive modeling. Kinaxis RapidResponse fits this mold by delivering a highly integrated platform based on its proprietary Cognitive Network Graph, which connects and ensures that internal stakeholders and external trading partners are in sync. Kinaxis also features various capabilities for concurrent planning, enabling users to manage plans across multiple business units simultaneously and leverage the integrated data held in the platform for autonomous decision making.

KINAXIS

Kinaxis delivers supply and demand planning, control tower, S&OP/IBP, inventory management, and command & control solutions for customers in the automotive, aerospace and defense, consumer goods, high-tech, industrial, life sciences, and retail verticals. Kinaxis RapidResponse, the company's concurrent planning platform, bridges the gap between supply chain planning and execution to help organizations mitigate risk, identify opportunities, and cope with escalating volatility in global markets. With the RapidResponse platform, users can automatically update production, distribution, inventory, and financial plans as disruptions occur, and planners can design automated decision triggers that activate and adjust supply chain decisions based on internal and external indicators. The platform also features various pre-configured API connectors to easily integrate with most third-party applications used by supply chain partners.

KEY BENEFITS

Customers saw multiple tangible benefits from implementing Kinaxis, including reduced costs, improved productivity, and enhanced visibility.

- **Reduced costs.** By deploying Kinaxis, customers gained a single platform to support their supply chain operations with end-to-end visibility. One manufacturing services company Nucleus spoke with, shortened its inventory cycle by 25 percent, unlocking \$70 million in free cash flow. Another customer in the pharmaceutical industry saved millions on an annual basis by using Kinaxis to accurately project demand and cut its packaging costs by 65 percent, with shipments grouped by final location rather than by order. Nucleus also interviewed a telecommunications company that sunsetted its e2open platform and reduced ongoing support costs by 40 percent. This organization also improved its free cash flow and reduced its excess and obsolete inventory levels by 30 percent with Kinaxis's capabilities for pooling and constrained planning.
- **Improved productivity.** With Kinaxis, one organization in the industrial manufacturing sector shortened its material resource planning (MRP) processes from multiple hours to less than a minute. Now, this organization can also experiment with multiple scenarios with improved statistical analysis to examine potential customer impacts. Another organization in the pharmaceutical industry shortened its S&OP process by 20 percent with more efficient data retrieval. Overall, the organization estimates that Kinaxis saves its team of 40 planners a total of 8000 hours per year.
- **Enhanced visibility.** After deploying Kinaxis, a manufacturing services company noted enhanced visibility with better tracking of incoming material and improved accuracy for lead times. This enabled the organization to restructure its production builds as materials shortages occur and drive efficiency in its labor and line utilization. Furthermore, one organization Nucleus spoke to in the pharmaceutical industry achieved end-to-end visibility of its operations using Kinaxis to form a digital twin of its supply chain.

Improved demand sensing and inventory optimization frees up \$70M in cash

CUSTOMER PROFILES

The following profiles are from Nucleus interviews conducted over the past year with organizations that adopted Kinaxis:

MANUFACTURING SERVICES COMPANY

This multinational manufacturing services company provides design, engineering, manufacturing, and supply chain services and solutions to original equipment manufacturers (OEMs), earning 30 billion dollars in annual revenue. It serves over 1000 customers across six industries, including automotive, cloud technology, communications, consumer devices, healthcare, and industrial manufacturing. Before adopting Kinaxis, the organization had an on-premises deployment of the Pulse Control Tower. With its prior solution, the organization lacked visibility into what suppliers could deliver in the face of supply shortages. The organization also experienced challenges in understanding demand and demand hotspots. This led to drawn-out inventory cycles, which impaired free cash flow and escalated costs. To contend with these challenges, the organization evaluated various solutions, including e2open, SAP, Infor BOM Planning, Blue Yonder, and Kinaxis, before deciding to adopt Kinaxis for its ability to extend supplier visibility.

In 2015, the organization deployed Kinaxis and integrated the platform with its ERP. Following adoption, the manufacturing services company shortened its inventory cycle by over 25 percent and freed up \$70 million in free cash flow. With Kinaxis, the organization also shortened its MRP calculations from multiple hours to less than a minute. The organization can also play around with multiple scenarios with improved statistical analysis to examine potential customer impacts. The manufacturing services company also noted enhanced visibility with better tracking of incoming material and improved accuracy for lead times. This allows the company to restructure its production builds as materials shortages occur and optimize its labor and line utilization.

PHARMACEUTICAL COMPANY

This global pharmaceutical company develops and delivers various medications and transformative treatments to improve patient health, earning over \$50 billion in annual revenue. Prior to adopting Kinaxis, the organization used SAP APO to plan its clinical supply chain and suffered from siloed planning with poor communication across departments and a lack of visibility into inventory levels and what sites were producing. Before adopting Kinaxis, the organization lacked what-if scenario planning, often leading to inventory excess. To contend with these challenges, the organization evaluated various solutions to fill the gaps in its existing approach to supply chain planning. Ultimately, the organization decided to adopt Kinaxis to take advantage of its capabilities for concurrent planning, attribute-based planning, and what-if scenario planning.

In 2018, the pharmaceutical company began its Kinaxis implementation. This was a complex implementation that took over three years to complete as each individual country or manufacturing site required its own set-up. After deploying Kinaxis, the organization consolidated its data into one system and achieved end-to-end visibility of its operations with a digital twin of its supply chain. Now the pharmaceutical company can accurately forecast demand rather than relying on gut feel, saving millions on an annual basis. Using the platform's capabilities for warehouse optimization, the organization cut its packaging costs by 65 percent, with shipments grouped by final location rather than by order. The organization also noted that Kinaxis shortened its S&OP process by 20 percent with less time retrieving relevant data. Combining these process efficiencies and more, the organization estimates that Kinaxis saves its team of 40 planners a total of 8000 hours per year.

Reduced packaging costs by 65 percent

TELECOMMUNICATIONS COMPANY

This global telecommunications and consumer electronics company delivers various network and industry solutions and sells products in the high-tech and consumer electronics industries, earning over €22 billion in annual revenue. Before deciding to centralize supply chain operations, the organization used two advanced planning systems: e2open and Kinaxis. This approach complicated planning activities and scaled service costs as the organization had to support both platforms. The organization also noted difficulties in implementing new services without lots of customizations and a lack of consistent practices. To contend with these challenges, the telecommunications company considered consolidating operations with either e2open or Kinaxis RapidResponse. The organization chose Kinaxis RapidResponse, citing its ability to support its supply chain from end-to-end with a highly integrated system. Kinaxis was also simple enough for the organization to configure, upgrade, and extend without vendor support and empowered its "center of excellence" model in IT.

After centralizing supply chain operations with Kinaxis, the organization eliminated its prior e2open subscription and reduced support costs related to its supply chain platform by 40 percent. With new functionalities for pooling and constrained planning, the organization reduced its excess and obsolete inventory levels by 30 percent, improving free cash flow. The organization also noted no degradation in its 'on time to promise' KPI despite the litany of recent disruptions and supply chain challenges.

LOOKING AHEAD

Organizations are redefining their approach to supply chain planning, and unified supply chain planning and execution platforms like Kinaxis RapidResponse are moving to centerstage for their ability to manage an abundance of real-time data from various internal and external sources. This is especially true among large enterprises that need to manage and utilize data from a wide variety of sources and partners to power global operations. By adopting a centralized approach with solutions like Kinaxis RapidResponse, organizations are eliminating data silos and providing a single source of truth to connect finance, sales, operations, and logistics teams. As supply chain disruptions continue to shine a light on the shortcomings of legacy and point solutions for supply chain planning and execution, Nucleus expects highly integrated platforms like Kinaxis RapidResponse to see accelerated adoption.