

ADVANCED FORECASTING & PROCUREMENT

Advanced Forecasting and Procurement (AFP)

As a distributor your largest and most costly asset is inventory. Reducing inventory carrying cost and increasing margins can cause a greater effect on the bottom line than increased sales. By doing both you will significantly increase profitability.

Built Inside Microsoft® Dynamics™ NAV

AFP is built inside Dynamics NAV and takes a unique approach of incorporating vital forecasting functions inside a single system, providing "Total Access to Data."

Forecast Input

Any forecasting tool is only as good as the accuracy of the historical data that it bases its forecast on. AFP provides several ways to improve the accuracy of historical data:

- **Filtered Usage** – Only sales that are expected to reoccur should be considered as demand input for the forecast.
 - One-time sales can be flagged by the customer service person and excluded from usage.
 - Unusual usage is flagged by the system to provide a means of adjusting abnormalities.
 - Usage for lost customers is not included.
- **Smoothed Usage** – Irregular usage can be automatically smoothed to improve usage patterns.
- **Re-directed Usage** – Usage history from discontinued items can be reassigned to new items.
- **Collaborative Input** – Input from large customers who will share their expected buying patterns can be imported.

Forecast Method

AFP is delivered with 18 formulas. New formulas can also be added or existing ones can be modified. During forecast calculation, all items are reforecast, using each formula, in order to choose the formula that most closely matches the historical usage pattern of the item. This allows different formulas to be used for an item as its usage pattern changes.

Forecast View

The twelve-month forecast is presented with drill down capabilities to allow the user to view the details of the forecast input, as well as the calculations used. In addition, the forecast is compared to the time phased expected inventory and then utilized to predict the expected inventory level for each period.

Title	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8
Per Start Date	12/01/03	01/01/04	02/01/04	03/01/04	04/01/04	05/01/04	06/01/04	07/01/04
Forecast	18.86	11.74	11.71	22.60	30.32	16.96	14.69	
Cust. FC	20	25	30	35	40	40	40	
Sls. Orders	63	30	0	0	0	0	0	
Shipments	55	0	0	0	0	0	0	
Forc. Adj.	79.13	0	0	0	0	0	0	
Total FC	118	36.74	41.71	57.60	70.32	56.96	54.69	
Consumed FC	55	0	0	0	0	0	0	
Accum FC	63	99.74	141.45	199.06	269.38	326.35	381.04	
Inventory	93	93	93	93	93	93	93	
Transfers	-24	-17	0	0	0	0	0	
Pur. Orders	40	0	18	0	0	0	0	
Net Inv. Pos.	46	-7.74	-31.45	-89.06	-159.38	-216.35	-271.04	
Horiz 01/10/04		34.14						
Prior Yr	12	6	9	26	37	10	12	

Collaborative Forecast

The Forecast View is made up of both the statistical formula-based forecast and the collaborative information that is received from customers or sales representatives. Although the statistical forecast is calculated at period end, the collaborative forecast is dynamic and will reflect any changes that are made day-to-day.

The collaborative forecast can be a valuable tool to improve the total forecast accuracy, but again it is only valuable if it is more accurate than the statistical forecast. For this reason, the collaborative forecast is compared to actual to determine the accuracy of the data.

Procurement

In addition to forecasting future sales, AFP considers usage patterns, vendor lead-time, vendor targets, and time phased expected inventory to create a suggested purchase order. Like the Forecast view, the user is presented with ample opportunity to evaluate the suggested order calculations, as well as the detail of the forecast and expected inventory.

Suggested Order

Using this information, the user can make changes to the suggested order if necessary, and create a purchase order. When a purchase order is created, the suggested order is also saved along with all information that was used to make the recommendation.

Surplus Inventory

The system reviews inventory levels in other warehouses for all the items being suggested for order. If a surplus is found in another warehouse, the user is notified, and a transfer can be created instead of purchasing more inventory from the vendor.

AFP Production Forecast

The AFP Forecast can be used to integrate with NAV Manufacturing in two ways:

- AFP forecasts finished goods and populates the NAV Production Forecast. In this scenario MRP would purchase component items.
- AFP Production uses the forecast for finished goods to create simulated production orders for the planning horizon, typically several months. The simulated production orders then create demand for components which AFP Procurement will purchase. This process provides a common interface for the procurement of both component items and item purchased for resale.

Configuration

Granule Description	Granule Number
AFP Basic <i>* Required</i>	14000370
AFP Collaborative Forecasting	14000510
AFP Advanced Forecasting <i>* Required</i>	14000520
AFP Production Forecasting	14000530

About the Developer

Lanham Associates began its relationship with Navision in 1997 by creating the product's first distribution functionality, Advanced Distribution. A Gold-Certified MBS ISV, Lanham Associates, has been creating complementary supply chain planning and execution products inside Dynamics NAV ever since.

Lanham Associates maintains high standards for product excellence, and has been the recipient of both the President's Club and Inner Circle Awards many times since being affiliated with Microsoft, as well as was awarded Microsoft's 2006 NAV Partner of the Year.

The company's products are available through their extensive channel of Microsoft Business Solutions resellers.

Contact Information

For more information contact your local Microsoft Business Solutions reseller or contact

Lanham Associates, Headquarters

1 Meca Way
Norcross, GA 30093 USA
Voice: +1-678-379-4200, ext 102
E-Mail: sales@lanhamassoc.com

Lanham Associates, EMEA

Bedrijvenpark Twente 305 - 181
7602 KL Almelo, Netherlands
Voice: +31 (0)10 7994145
E-Mail: sales@lanhamassoc.com

More information is available on this and other products at www.lanhamassoc.com