BRISTLECONE

NEXT-GEN FORECASTING

Poor forecasting hits inventory the hardest. The inability to effectively plan and respond to market-driven demand volatility poses challenges to an already strained supply chain.

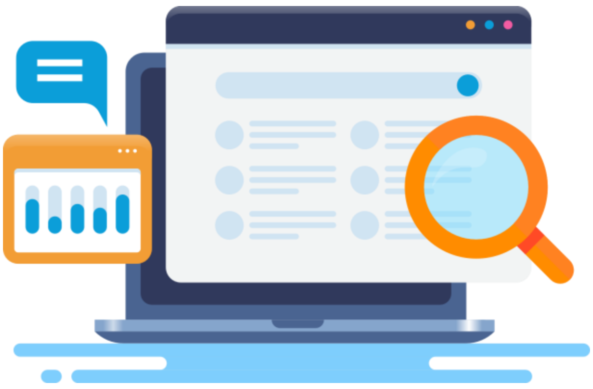
According to **Gartner**, companies that lag in demand forecasting have:

10x more stock-outs

18% higher inventory

Inventory holding costs represent more than 25% of total unit costs and out-of-stock situations cost retailers more than $1 trillion annually.

Companies that excel at demand forecasting have:



- **17%** better order fulfillment
- **35%** shorter cash-to-cash cycle times
- **60%** higher profit margins

How can AI/ML help overcome forecasting challenges and improve accuracy?

- Include real-time sales, shipment and inventory information to adjust forecasts
- Consider the impact of external global variables such as weather, strikes and prices into demand forecasts
- Forecast at the most granular level and get rid of complex disaggregation logic
- Predict stock-outs amid short supply and adjust the forecasts

Potential impact of using AI/ML-based forecasting

- Increase inventory accuracy by 20% and forecast accuracy by up to 40%
- Reduce days inventory on hand by 20%
- Shorter forecasting lag periods (7 days vs. a traditional 30-day lag forecast)

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