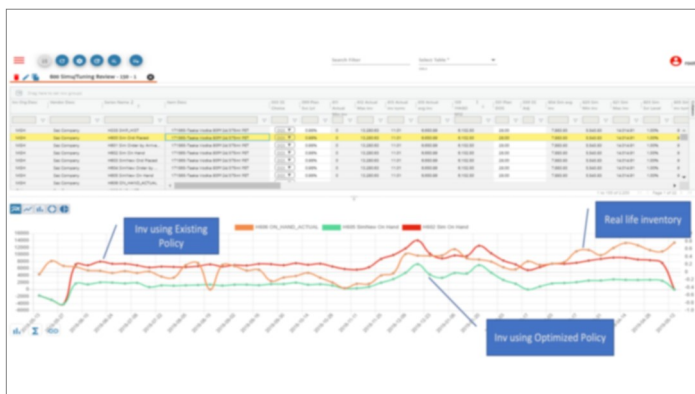# New Horizon Multi-Echelon Inventory Optimization
Reduce Inventory by Up to 33% While Meeting Service Targets

A Second-Generation Inventory Optimization Solution

Many companies use simplistic policies for setting safety stock levels. As a result, they often have too little inventory for some items, resulting in missed service level targets. Or they have too much inventory, resulting in excessive carrying costs. Furthermore, most companies set policies independently for each inventory location without taking advantage of the opportunity to reduce inventory at some locations by leveraging inventory at other tiers in the supply chain. First-generation inventory optimization solutions emerged in the 2000s to address these issues. Unfortunately, they were difficult to use and often produced unrealistic recommendations because their supply chain models didn't accurately represent real supply chains.

New Horizon Multi-Echelon Inventory Optimization (MEIO) is a second-generation solution that takes a new approach. It produces more realistic safety stock plans and uses a more intuitive user experience. The solution enables planners to efficiently and effectively reduce overall inventory while meeting target service levels.

New Horizon Multi-Echelon Inventory Optimization

Produce More Realistic Plans Using Machine Learning

Other inventory optimization solutions assume a normal distribution of demand uncertainty. This does not reflect reality and often leads to insufficient stock levels. New Horizon makes no such assumption. We apply machine learning to your historical inventory and service level data and verify that the recommended safety stock policy will yield the desired service levels. This means the recommendations are realistic and you can confidently use them for your planning.

Improve Accuracy by Tailoring Plans to the Forecasting Algorithm

Inventory optimization must take into account demand uncertainty. This in turn depends on how the demand forecast was generated. To produce more accurate safety stock recommendations, New Horizon tailors its calculations to the specific forecasting algorithms used to create the demand plan. This provides the optimization engine with a more accurate assessment of demand uncertainty.

Proactively Address Issues Using What-If Simulations

It's difficult to know what service level you will get for a given inventory policy until a few months after you set the policy. This is because of supplier lead times. If you take a wait and see approach, you may wind up with too little or too much inventory. You will then have to make adjustments and hope the changes will solve the problem

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eventually. This is akin to driving using the rear-view mirror — reacting to error but never knowing whether your corrections will get you where you want to go. New Horizon allows you to simulate what will happen using different safety stock policies so that today's recommendations don't cause a problem in the future. This way you can identify potential issues before they happen and take corrective action.

Create a Watch List Using Exception Management Capabilities

New Horizon MEIO identifies a watch list of problematic and opportunity items so that users can prioritize their efforts during the forecasting and supply planning processes. By taking an exception management approach, you can automate the management of routine items and focus on the small percentage of items that are the most prone to problems or represent the largest profit potential.

Maximize Adoption and Productivity With an Intuitive User Experience

New Horizon's user experience (UX) is based on lessons learned from over 100 planning implementations. Our modern UX is easy to use, features highly configurable layouts and workflows, and makes it simpler to manipulate data and identify exceptions. Powerful features include multi-level pivot, multi-sort, column filter, resizable elements, and dynamic search. The result is increased user adoption, greater planner productivity, and shorter planning cycle times.

The New Horizon Suite: Planning Made Easy

Multi-Echelon Inventory Optimization is just one application in New Horizon's comprehensive planning suite. The New Horizon Suite brings a more modern approach to supply chain planning software. We leverage the latest advances in AI, machine learning, and cloud technologies to offer better plans, a more intuitive user experience, and quicker, less expensive implementations. The result is superior service levels, reduced inventory, faster time to value, and lower TCO. New Horizon – Planning Made Easy™.

To learn more:

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