

Replenishment+ NS

VS

NetSuite Demand Planning

DEMAND-DRIVEN SALES GUIDE

# How to Use This Guide

When talking to NetSuite customers (or prospects considering NetSuite), you may get asked how Replenishment+ compares to NetSuite Demand Planning. Since NetSuite Demand Planning follows a traditional demand planning approach while Replenishment+ enables DDMRP, it can be difficult to answer that question directly. This guide attempts to encapsulate key points you can use in your customer meetings. Though this piece isn't intended to be customer-facing, you can leverage its components in your own written communications.

## NetSuite Demand Planning

A planning module that is specifically designed to provide the user with the ability to predict required supply based on forecast from historical demand.

## Replenishment+

The first and only DDMRP solution built natively for NetSuite, Replenishment+ NetSuite dramatically improves your supply chain performance by aligning inventory to true market demand.

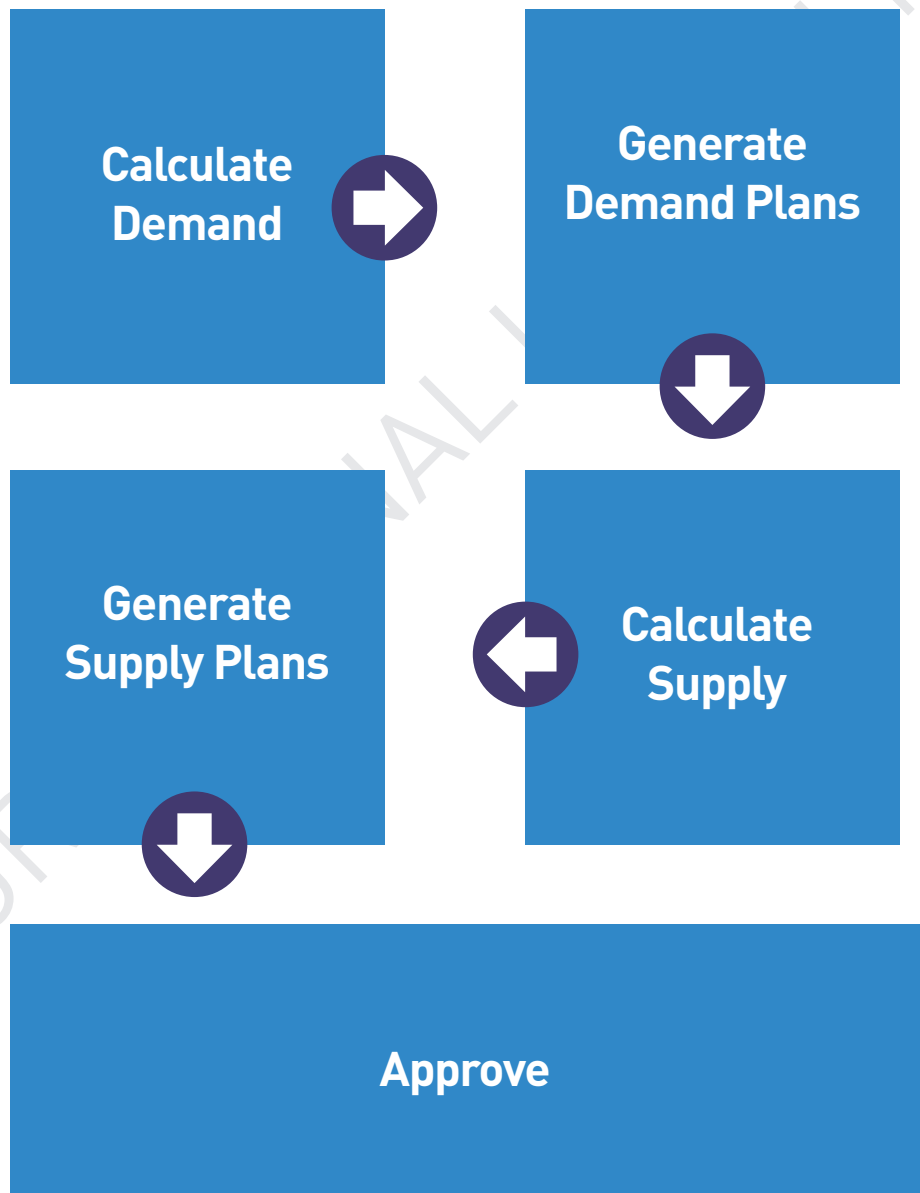
## Traditional Demand Planning vs. DDMRP

Both solutions promise similar results (lower inventory levels, fewer stock outs, shorter lead times), but the method they use to achieve those results is dramatically different. Replenishment+ uses the core concepts of DDMRP, whereas NetSuite Demand Planning follows a traditional forecast/historical demand approach. Note that most of the third-party demand planning solutions offered for NetSuite also follow a traditional approach, so much of the information presented here may help you in those competitive situations as well.

## Traditional Demand Planning vs. DDMRP

Traditional Demand Planning (NetSuite)	DDMRP (Replenishment+)	Why This Matters
Leverages a variety of methods to calculate demand, but all are based on either historical or forecast data.	Aligns replenishment to true market demand by using a dynamic reorder point.	Even the best companies rarely achieve a forecast accuracy above 70%, and when demand is volatile (e.g., during a pandemic), historical demand is of little use.
Uses tools such as safety stocks to reduce stockouts*. *Advanced Inventory Management	Uses decoupling buffers to decrease supply chain “nervousness” and the bullwhip effect.	When traditional safety stocks are used to ensure availability, planners often pad quantities needed to meet unexpected demand. When each node on the supply chain takes the same approach, it creates a bullwhip effect that drives up inventory levels.
Treats every component as though it were of equal importance.	Focuses on those components that create the most volatility in the production schedule.	Most bills of materials have a very limited number of components that impact lead times. Focusing on ensuring access to these items allows the organization to decrease lead time while also decreasing inventory.
Demand plan must be manually run and is difficult to run for all items simultaneously. The more items and locations you have, the more difficult it is to keep demand plan updated.	All items and locations are updated in real-time. Completely automated process.	Replenishment+ uses DDMRP methodology to make the materials planning process much simpler. The focus is on those items that are critical to the production schedule, and because replenishment is aligned to true market demand, far less time is spent tweaking demand plans based on gut feel.
Traditional demand planning follows a 5-step process. (shown below)	DDMRP buffers are adaptive. Replenishment+ also provides user guidance to continuously improve buffer management.	Traditional demand planning can be a lengthy process, and past efforts don’t necessarily contribute to future planning cycles.

# The NetSuite Demand Planning Process



# Discovery Questions

## **Q: How have you been performing demand planning?**

Why ask: If the organization has been using traditional MRP and demand planning processes, they've probably been frustrated with the results. As NetSuite Demand Planning uses the same approach, it's unlikely to provide the improvements they're looking for.

## **Q: How often do your planners trust what your current system tells them? Do they often resort to spreadsheets to massage the numbers before creating a final plan?**

Why ask: This is a good sign that MRP and traditional demand planning (whether the functionality is NetSuite's or a competitor's) aren't working for them. You can leverage this to create doubt about implementing the same broken approach once again.

## **Q: Do you forecast demand, and if so, how accurate are your forecasts?**

Why ask: Even the best companies only achieve forecast accuracy of around 70%. Most organizations are far less accurate. Unless forecasts are accurate, traditional demand planning is always going to fail. This is one of the reasons so many manufacturers and distributors use spreadsheets. They get the forecast from sales or one created by their system from historical data – but they don't believe it.

## **Q: How many SKUs do you manufacture/stock/distribute?**

Why ask: The more finished goods an organization produces or stocks, the more challenging planning is. Even if a manufacturer only produces one finished product, they may have a lot of variations on that product leading to different SKUs. Making product to stock is dangerous because they can't forecast demand. This emphasizes the importance of reducing lead times by focusing on critical subcomponents and raw materials.

## **Q: Do you stock parts in multiple locations?**

Why ask: Both Replenishment+ and NetSuite allow the user to assign a preferred supplier to each part. However, Replenishment+ also allows you to assign preferred suppliers by stocking location for each part as well as the ability to create purchase orders in bulk by branch, if needed. This gives manufacturers and distributors using/distributing the same part across multiple locations the ability to fine-tune their supply chain by location.

**Q: How volatile is demand for your products? How volatile is your source of supply?**

Why ask: Volatility of supply and demand increases nervousness in supply chains. These are precisely the types of scenarios DDMRP is designed to address.

**Q: Do you often have to expedite production or supply orders because of changes in demand or supply?**

Why ask: Regardless of what the prospect claims, the need to expedite is a strong indicator of volatility in supply, demand, or both.

**Q: Is cash flow an issue?**

Why ask: This is good information to have when the financial buyer, e.g., the CFO, is in the room. One of the biggest contributors to cash flow issues is excess inventory tying up working capital.

## FAQs

**I already have NetSuite Demand Planning installed. Can I continue to use it and Replenishment+?**

Yes, but most of the time, our clients find it is not necessary. However, a manufacturer or distributor may have many SKUs, with predictable supply and demand, for which MRP and traditional demand planning work pretty well. They may continue to use MRP for these SKUs while they focus on other SKUs where volatility and nervousness are an issue.

**Can DDMRP be used in parallel with other manufacturing best practices like Lean and TOC?**

Yes. In fact, DDMRP is an excellent way to reduce waste (e.g., the waste of 'overproduction') and focus on materials constraints.

# Resources

Be prepared to provide proof that DDMRP delivers results. Remember, we also have three NetSuite-specific, on-demand webinars that can help you build your case.

[\*\*NETSUITE USERS TAKE YOUR WHOLESALE DISTRIBUTION TO THE NEXT LEVEL\*\*](#)

[\*\*NETSUITE USERS: FUTURE PROOF YOUR MATERIALS PLANNING\*\*](#)

[\*\*NETSUITE USERS: UNLOCK SUPPLY CHAIN PERFORMANCE WITH REPLENISHMENT+ NS\*\*](#)

FOR INTERNAL USE ONLY