



Microsemi Reduces Inventory by Millions Through Improved Forecasting

Company

Microsemi Corporation

Headquarters

Aliso Viejo, CA USA

Industry

High-Tech: Semiconductor

Products and Services

Comprehensive portfolio of semiconductor and system solutions for communications, defense & security, aerospace and industrial markets

Employees

3,000 globally

Web Site

<http://www.microsemi.com>

Over the years, manufacturing processes have gotten much more efficient. Techniques like six sigma, lean, and just-in-time have enabled manufacturers to produce their goods with more speed and less cost. Where manufacturers often fail to achieve efficiency, however, is in the processes that feed into manufacturing—namely demand planning and forecasting.

This was the challenge facing Microsemi (formerly Symmetricom), which develops, manufactures, and supplies timekeeping technology to worldwide customers that require extremely precise synchronization.

The Challenges

In 2012, Microsemi consolidated its communication and government business units into one. Each had a different way of forecasting demand. One was a custom forecasting tool with poor user satisfaction, and the other employed manual methods including spreadsheets. Neither tools incorporated opportunity data from the sales team, so that information was integrated in an ad hoc manner.

“ Our operations team was seriously challenged in building the right supply,” said Gerry Leo, Vice President of Operations and Supply Chain. “We had a broken process. If we were to use the existing forecasting tools as is, we would generate a top-line number that was wrong, and it would take hours to realize it was inaccurate. Our reporting process wasn’t granular enough and was very slow, unstable and inconsistent. ”

Because of the shortfalls of the forecasting process, the operations team was driving almost double what it needed into production. Inventory skyrocketed—with \$76 million tied up in inventory—yet Microsemi still didn’t hit its revenue target.

The Solutions

The Microsemi team embarked on a search for a sales and operations planning (S&OP) solution to facilitate better collaboration and forecasting, and to reduce inventory.

“ We chose Steelwedge for its ease of use, because it had all of the functionality we needed, and it could scale up to our growth,” Leo said. “Steelwedge gave us a solution that both marketing and IT were comfortable with. ”

Steelwedge enhanced the Microsemi S&OP process and enabled it to do forecasting on a monthly basis. The company can now forecast on exception basis, giving the team the ability to see the exceptions where products missed their forecasts and determine why. Microsemi also uses Steelwedge to forecast inventory and safety stock.

“ I needed a good, sound tool that gave consistent reports to the marketing department,” Leo said. “Steelwedge is pulling in the sales funnel and legacy information from Oracle. For the first time, we can incorporate historical information into the forecast, as well as marketing intelligence beyond 2-3 months. All of that data is on one screen for product life cycle management. We’ve reduced by a significant amount the work that finance had to do because the numbers are there, they are instant, and we know they are right. ”



On a monthly basis, Steelwedge facilitates the roll-up and authorization process. The forecasting team reviews reports by product family with senior management, and can pull data in real time during meetings.

“ These meetings have become much more efficient,” said Leo. “The process is much smoother and more streamlined, and it’s easier for senior management to sign off on the forecast. It’s also facilitated a quarterly process on driving revenue and investments to match our customers’ needs. We couldn’t even ask ad hoc questions before. Now we can forecast how long it will be before we run out of certain parts, we can do roadmap planning, and any revenue planning activity. ”

Key Benefits:

- Increased on-time delivery to promise date by 20%
- Improved commitment to customer request dates for shipment by more than 20%
- Reduced inventory by 37%
- Improved lead times by more than 20% across the board
- Increased productivity significantly

“ The advantages that we’ve gained from Steelwedge are immense,” Leo said. “Forecast accuracy has improved and the process takes half the time that it did previously. Steelwedge brought consistency and accuracy to our S&OP process. It gave us a tool that allows us to make proper decisions. We’ve gained tremendous efficiency. ”



Steelwedge Software, Inc.

Steelwedge integrated sales, operations and finance planning solutions provide the "shock absorbers" to recognize, recalibrate and respond in a volatile environment. Business agility starts with Steelwedge for a clear line of sight from plan to performance to profit. For additional information, please email us: info@steelwedge.com.