Location Demand Influencing Factor optimization for SAP Forecasting and Replenishment
Location DIFs are important for the overall forecast model

The configuration of Demand Influencing Factors on location level has a significant impact on the quality of forecasts and orders.

A good configuration will improve and stabilize the underlying forecast model. This is a prerequisite for achieving optimal inventory, availability and automation.

Examples for typical Location DIFs:
- Holidays (e.g. Easter, Christmas, Thanksgiving, Chinese New Year, Ramadan)
- Vacation
- Back to school
- Sport events

A DIF is an external factor that has significant impact on demand.
Location Demand Influencing Factor optimization

- SAP Retail Data Science experts of the F&R Center of Excellence analyze the historical sales of 2 locations/stores* (maximum 20,000 products per store, one channel).
- The experts identify the Demand Influencing Factors for the location and suggest how they should be set or adjusted in the system.
- The analysis is carried out on the premises of SAP.
- The results are presented and communicated in a remote meeting. Result is a document which includes a proposal of location DIFs for the next 5 years.

* If you want to analyze more stores, any additional store costs one more day effort. Prerequisite: same channel and data sources.
## Project phases and activities

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<td><strong>Data validation</strong></td>
<td>Discuss data requirements and perform data audit</td>
<td>Approval if customer data is useable for analysis</td>
<td>Provide sales and item master data for the selected locations</td>
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<td>Provide list of expected location Demand Influencing Factors</td>
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<td><strong>Perform Analysis</strong></td>
<td>Assess location Demand Influencing Factor on accumulated sales data</td>
<td>Optimization and documentation of the recommended configuration for the next 5 years</td>
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<td><strong>Final Report Remote</strong></td>
<td>Present result documentation via web conference</td>
<td>Explanation of results and handover of the documentation</td>
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**Data requirement:**
- Sales data for a minimum of 114 weeks on daily base: Location, Product, Date, Consumption in base units (shrinkage and returned goods included, spoilage excluded) as csv file
- Product number of items which will be replenished via F&R
- List of public holidays or special days where a different sales behaviour is expected

**Effort for the SAP Data Science Expert – 5 days** *(2 locations/stores*, maximum 20,000 products per store, one channel)*

*If you want to analyze more stores, any additional store costs one more day effort. Prerequisite: same channel and data sources.*
Delivered by the **SAP Retail Forecasting Center of Excellence**

- Team of experts **focused** on retail forecasting
- Global implementation and optimization experience since more than **15 years**
- Unique Retail Data Scientists and **optimization experts**
- Creation and delivery of **standardized services**
- Pilot implementation **best practices**
- Different **engagement models** with customers or partners available
SAP Retail Forecasting CoE – Services Overview

- Standard classroom trainings (*F&R, CAR - UDF*)
- Proof of Value (*Business case or forecast calculation - F&R / UDF*)
- Implementation Starter Pack (*Store or DC*)
- Location DIF* (*Modeling of the global DIF setting*)
- Product DIF* Analysis (*Modelling of promotions*)
- Expert Consulting on Demand
- F&R / UDF parameter optimization (*check and improve business results*)
- Inventory Diagnostics for Retail (*Visibility of root causes for OOS and overstock situations*)
- What-If Analyzer for F&R (*Tool for experts*)

**New**

Automated reference item detection – Forecast for new items
(*Add on for F&R – automated detection, assignment and frequent quality check*)

*Demand Influencing Factor*
Are you interested?

Please contact us for more information

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