

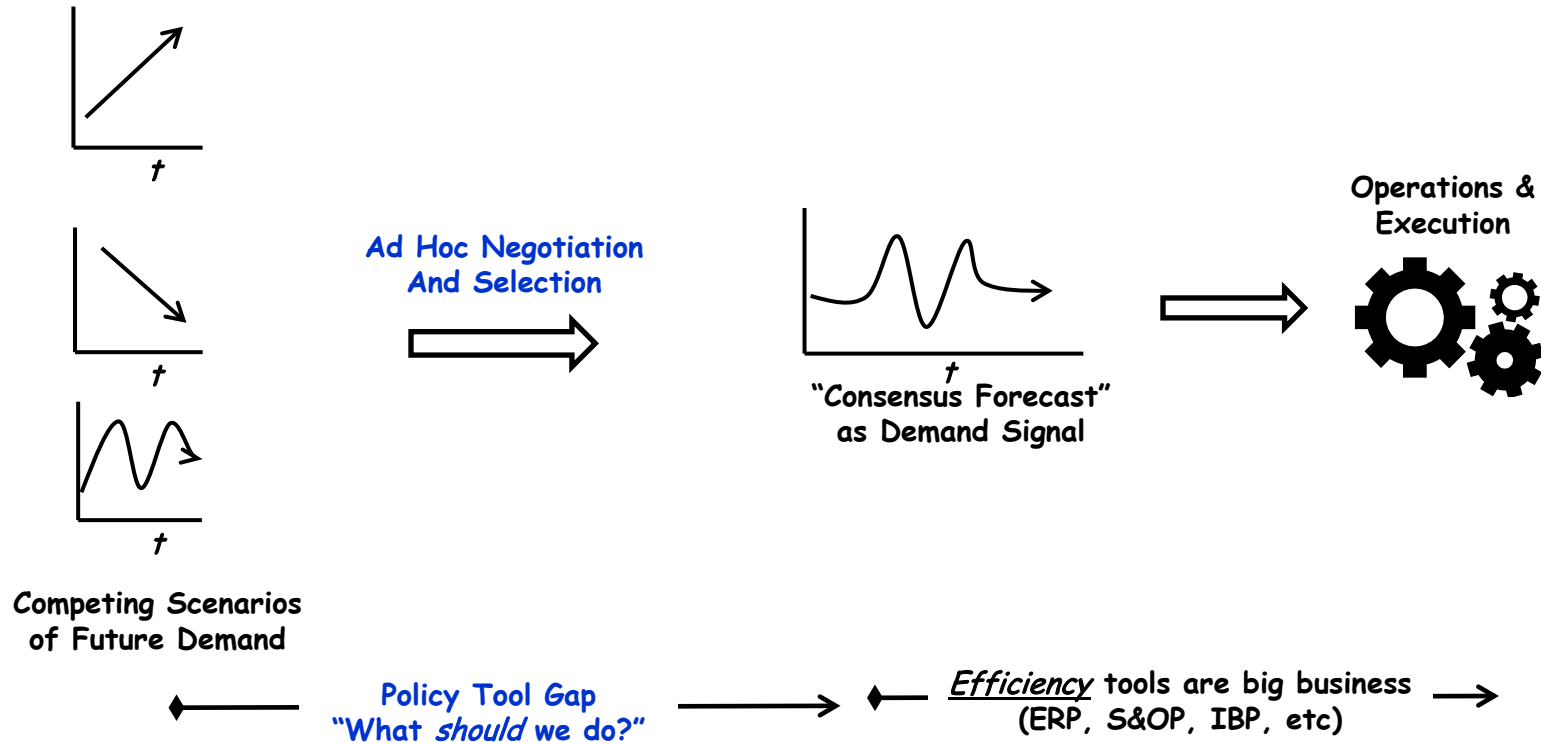
# ***Selecting The Best Inventory Policy Using Gojii***

***Gojii exploits uncertainty in future demand to increase profitability***

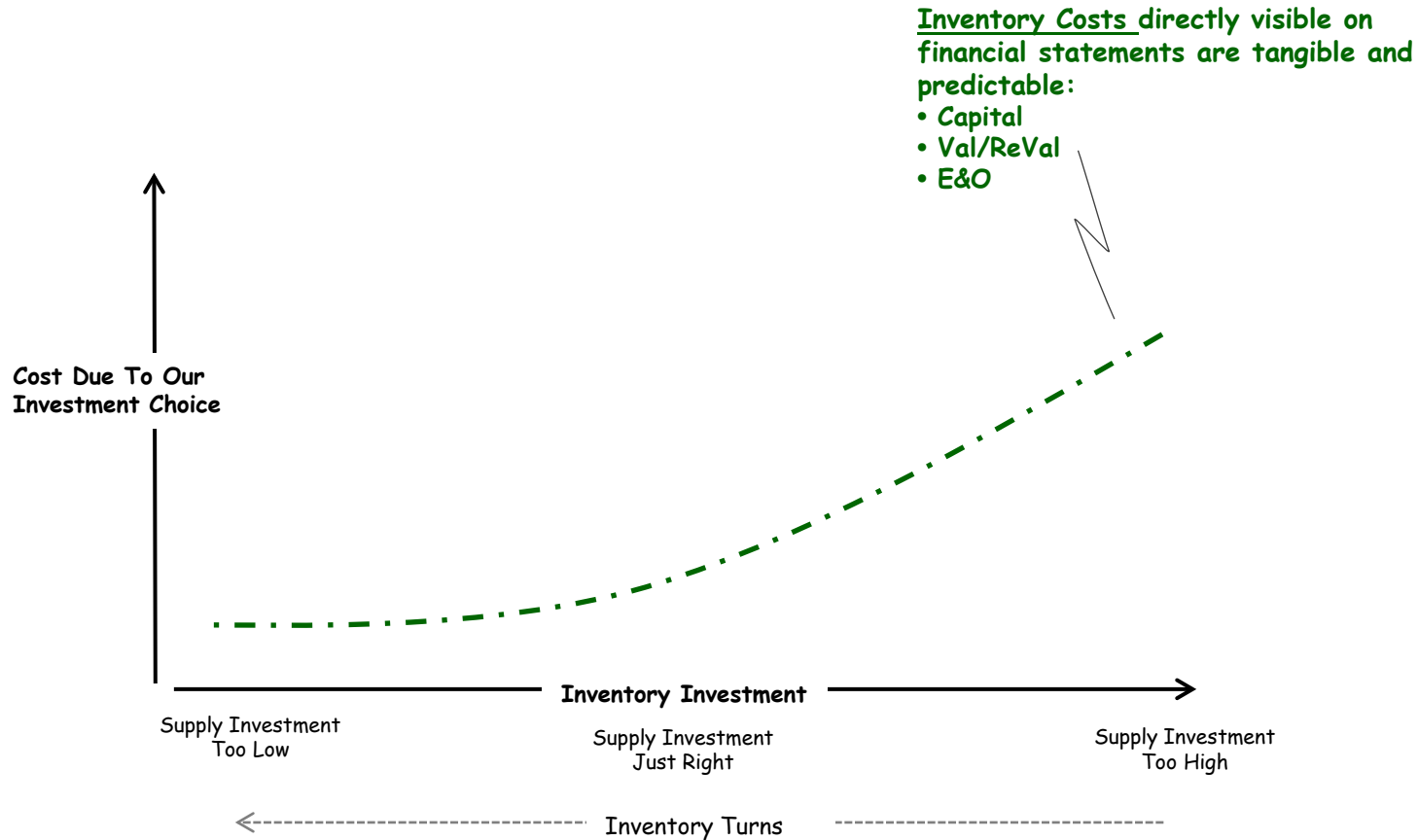
Lyle Wallis, DecisioTech

# ***When Demand is Uncertain How Much Material Should We Build?***

# Today, The Success of Every Firms Operations Depends on Selecting the Correct "Forecast" as the "Demand Signal"



# Today, the “Best Demand Signal” is Selected With a Focus on the Risk of Excess Inventory Costs and Inventory Turns



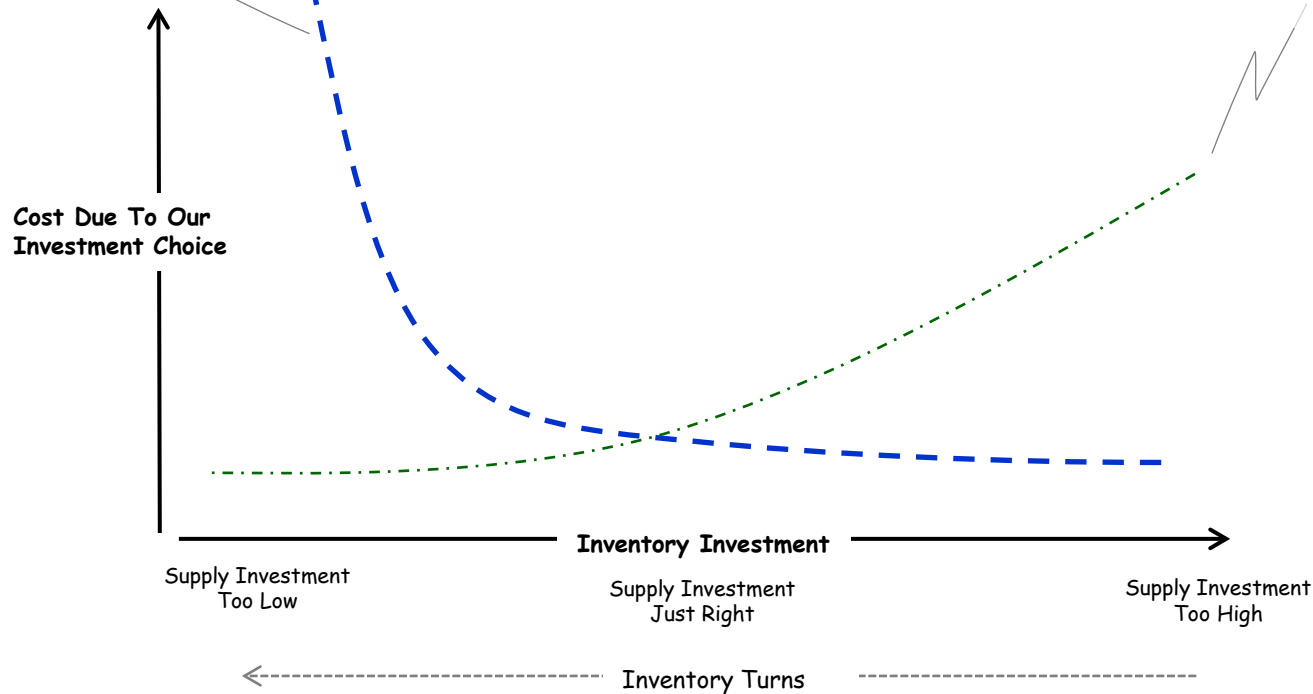
# Opportunity Costs are Very Uncertain, Not Realistically Quantified, and Generally Ignored by Management

Opportunity Costs are un-quantified, uncertain, and un-managed:

- Lost Sales
- Lost Share and Market Power
- Lost Supply Chain Power

Inventory Costs directly visible on financial statements:

- Capital
- Val/ReVal
- E&O



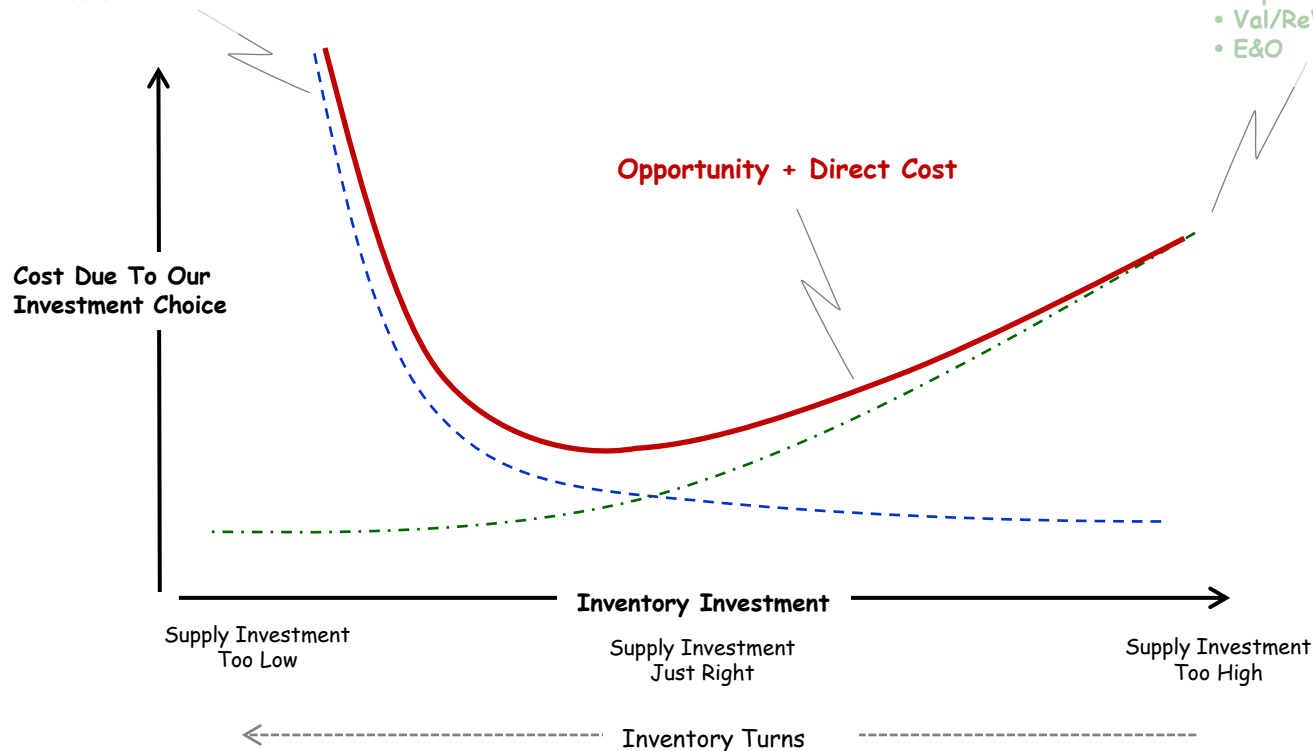
# Selecting the “Best Demand Signal” is Hard Because Firms Do Not Correctly Calculate the Risks and Rewards of Alternative Inventory Choices

Opportunity Costs are un-quantified, uncertain, and un-managed:

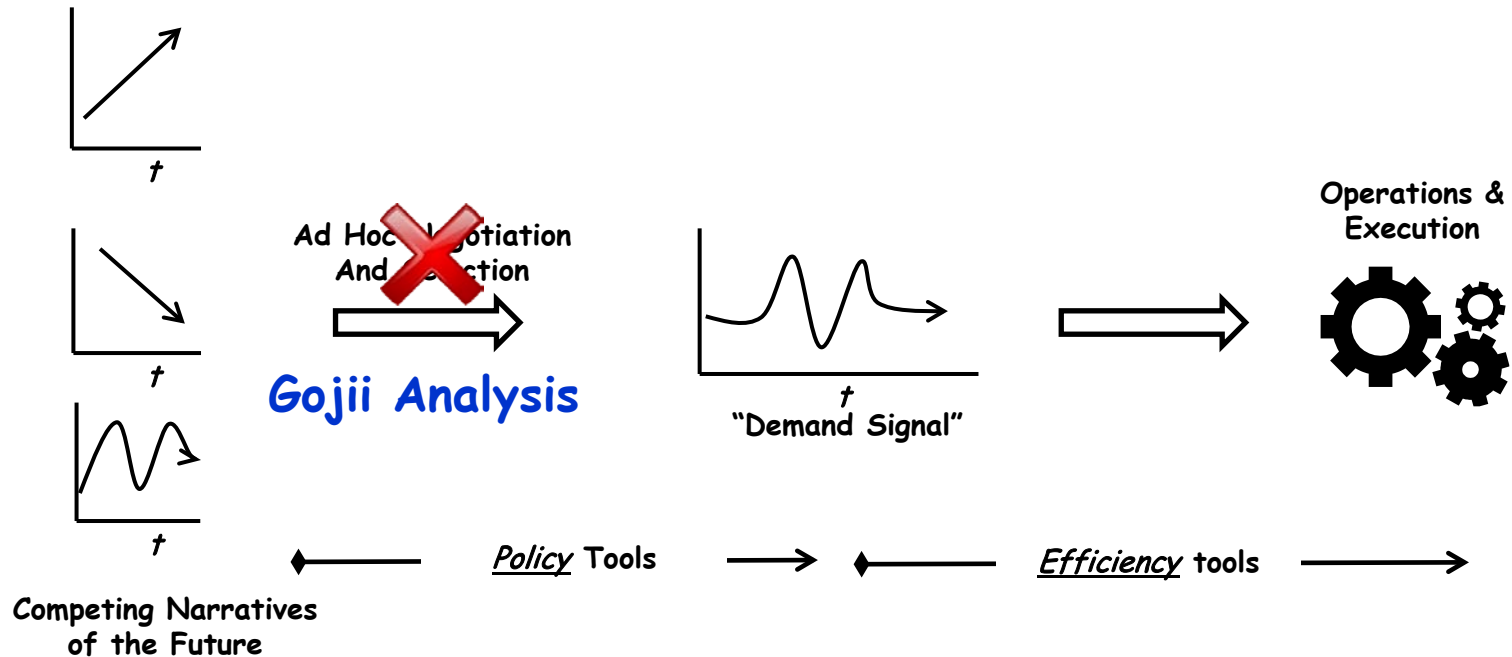
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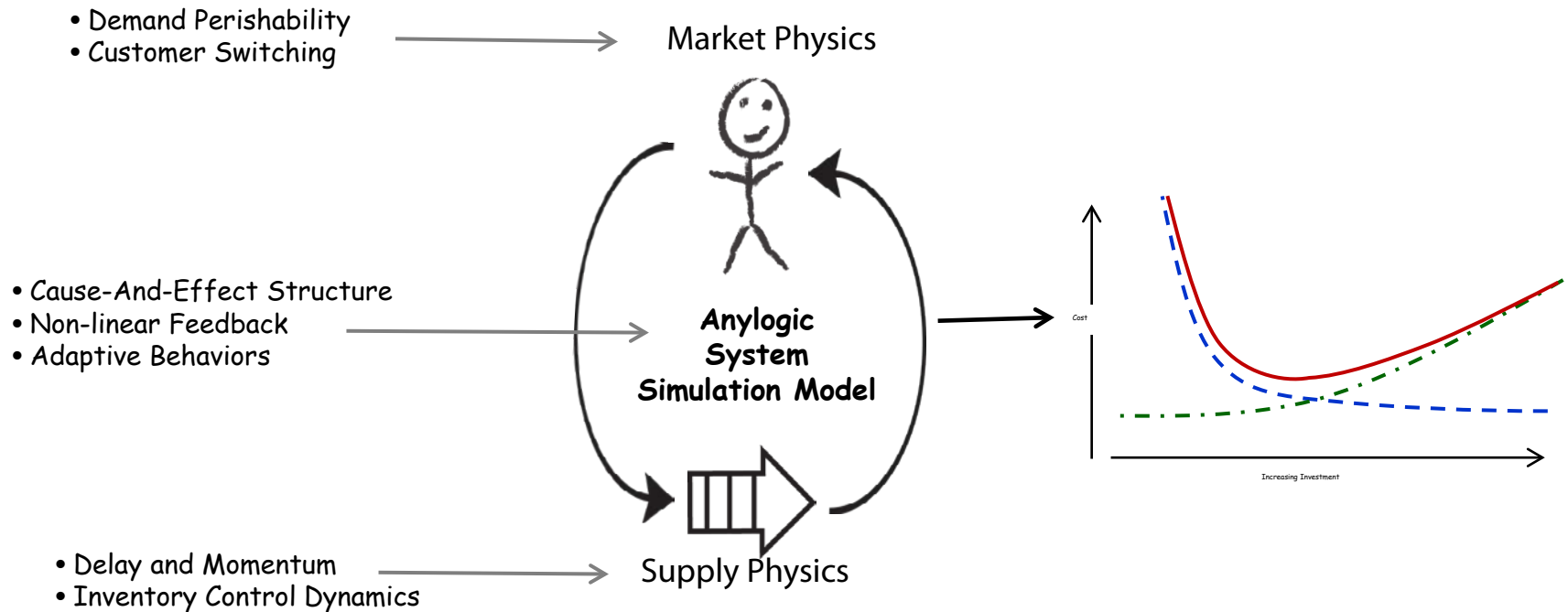


# Gojii Replaces Inadequate Ad Hoc Analysis With a Quantitative, Scenario Based, Approach to Selecting the Best Demand Signal



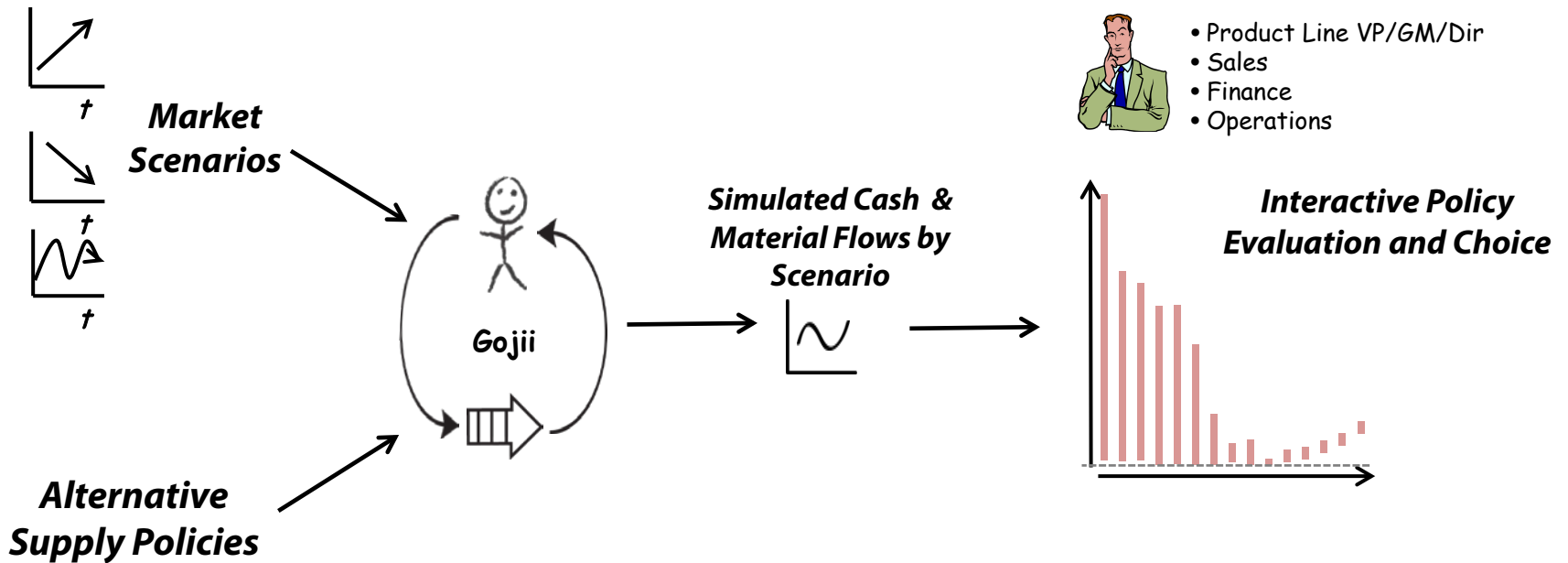
**Gojii positions the product line to take advantage of opportunities while shielding it from inappropriate risk**

# Gojii is Unique Because it Captures Market Feedback as Part of the Cost Curve Calculation





# Gojii Generates a Profit Denominated Risk-Reward Trade-Off Visualization for Use by Decision Stakeholders to Select a Specific Supply Policy



Implementation is “cloud-based” and is accessed through a browser

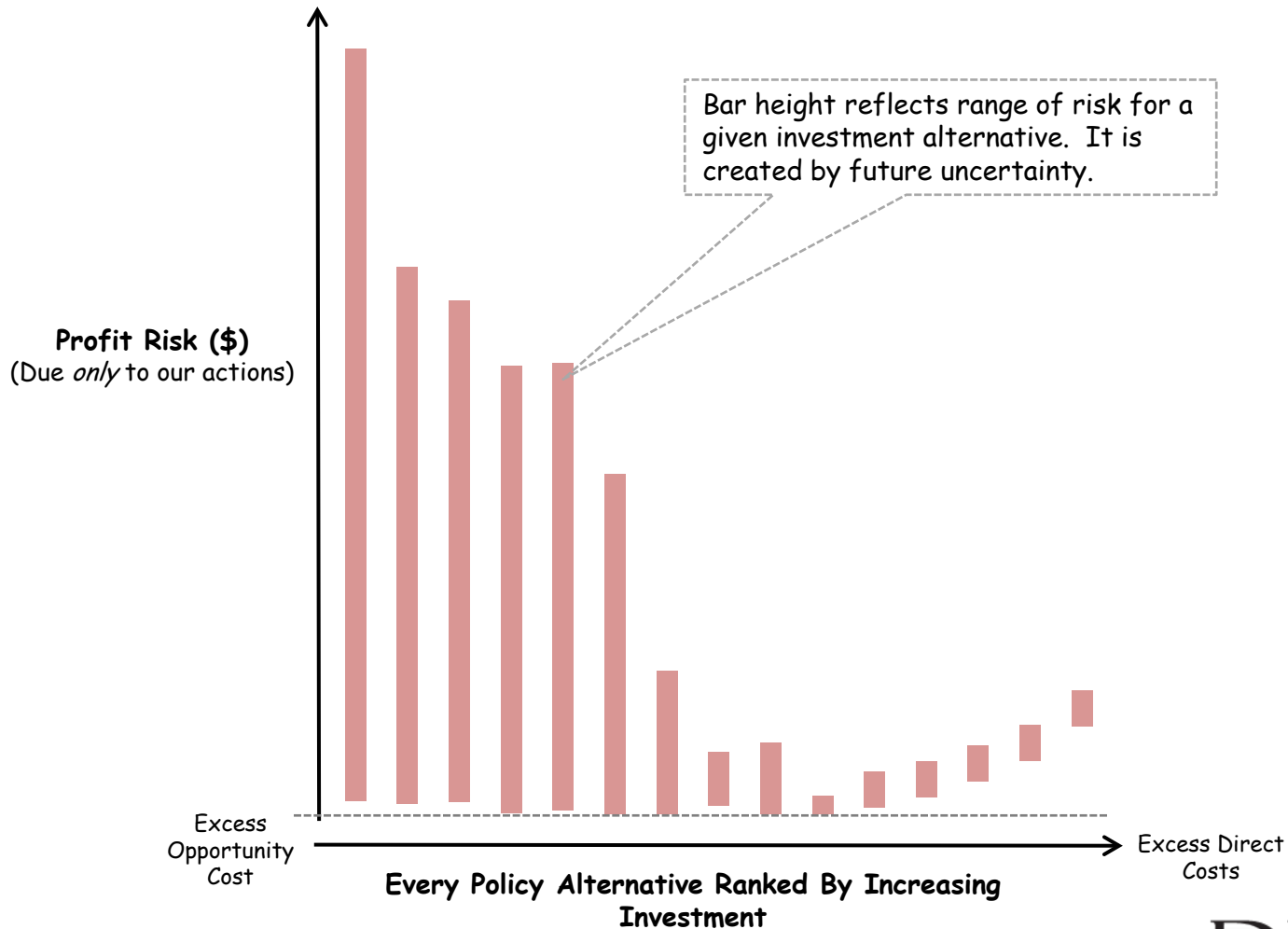
# Gojii Market Scenario Data

	A	B	C	D	E	F	G	H	I	J	K	L	
1	<b>Name:</b>	High 1 (Share Growth)					<b>Name:</b>	Medium 1 (Share flat)					
2													
3	<b>Time</b>	<b>Market Units</b>	<b>Our Share</b>	<b>Our Units</b>	<b>Our ASP</b>		<b>Time</b>	<b>Market Units</b>	<b>Our Share</b>	<b>Our Units</b>	<b>Our ASP</b>		
4	0	7510	53%	3951	428.0		0	7510	53%	3951	428.0		
5	13	8792	58%	5099	407.7		13	8792	53%	4625	407.7		
6	26	9561	66%	6310	406.4		26	9561	53%	5029	406.4		
7	39	11100	72%	7969	401.1		39	11100	53%	5838	401.1		
8	52	11869	72%	8522	390.0		52	11869	53%	6243	390.0		
9	65	12313	72%	8841	382.2		65	12313	53%	6477	382.2		
10	78	13082	72%	9393	374.6		78	13082	53%	6881	374.6		
11	91	14621	72%	10498	367.1		91	14621	53%	7691	367.1		
12	104	15390	72%	11050	359.7		104	15390	53%	8095	359.7		
13	117	15704	72%	11275	352.5		117	15704	53%	8260	352.5		
14	130	16088	72%	11551	345.5		130	16088	53%	8463	345.5		
15	143	16858	72%	12104	338.6		143	16858	53%	8867	338.6		
16	156	17242	72%	12380	331.8		156	17242	53%	9069	331.8		
17													

# Alternative Supply Plan Data

	A	B	C	D	E	F	G	H
1	<b>Name:</b>	Median+5			<b>Name:</b>	High Build+5		
2	<b>Desired Safety Stock:</b>		0.65		<b>Desired Safety Stock:</b>		0.65	
3	<b>Initial Safety Stock:</b>		3101		<b>Initial Safety Stock:</b>		3315	
4								
5	<b>Time</b>	<b>Our Units</b>	<b>Std Cost</b>		<b>Time</b>	<b>Our Units</b>	<b>Std Cost</b>	
6	0	3951	82.0		0	3951	82.0	
7	13	4771	81.4		13	5099	81.4	
8	26	5397	80.4		26	6310	80.4	
9	39	6320	79.5		39	7969	79.5	
10	52	6781	78.5		52	8522	78.5	
11	65	6693	77.7		65	8841	77.7	
12	78	7154	76.9		78	9447	76.9	
13	91	8077	76.2		91	10831	76.2	
14	104	8539	75.4		104	11524	75.4	
15	117	8601	74.7		117	11604	74.7	
16	130	8832	73.9		130	11835	73.9	
17	143	9293	73.2		143	12296	73.2	
18	156	9524	72.4		156	12527	72.4	
19								

# The Key “Decision Chart” Directly Presents Investment Alternatives Vs Profit.



# Example Gojii Use Cases Span Operational to Strategic

- Set inventory and build rates by product line
  - Operational use every month or quarter
- Customer negotiations - use Gojii to estimate profit impact of:
  - Order leadtime commitments
  - Buffer commitments
- Re-positioning of a product line – use Gojii to estimate profit impact of:
  - Channel changes
  - Competitor changes
  - Pricing/share changes
  - Cost position changes