

# Shamir Optical

## Healthcare and Medical Devices



## SHAMIR

### Project and Objectives

For a company that makes eyeglass lenses, Shamir Optical had a visibility problem - at least when it came to inventory. The Israeli-based company's eight sites located mainly in Europe and the United States were decentralized, operating in silos. Each local sales and distribution operation stocked roughly 35,000 SKUs and sourced directly themselves from external suppliers and Shamir's own production facilities. The company's focus at the time was on product availability; gaining a competitive edge with its vision retailer customers by providing high service levels and avoiding stockouts.

Later however, Shamir's leadership decided that it was time to leverage its valuable brand by expanding its global footprint. This meant turning its attention to finding group-wide economies of scale in areas like procurement and inventory management. With each local manager running standalone spreadsheets and inventory policies, Shamir knew that it would need a single, shared system to optimize and gain visibility across the network. One point was non-negotiable though: 99% service levels had to be protected.

Rather than a generic system from a large ERP vendor, Shamir sought one that was proven in inventory optimization. As Nir Shmuel, VP Global Operations and IT, explained, "After local supply chain specialists Rasner Logistic Software demoed ToolsGroup SO99+ for us, we were so impressed that we asked them to lead our implementation. We needed to be able to optimize our inventory against a 99% service level and ToolsGroup's references and functionality on this point were very convincing."

Rasner worked alongside Shamir to implement a single, on-premise instance of SO99+ for network-wide demand planning, fulfillment and replenishment. In only seven months the team designed the interfaces, prepared and modeled the data, and carried out ERP integration and training.

Supply Chain Planning Manager, Nili Azura, was instrumental in tailoring SO99+ to the business and a new centralized procurement process. She had joined Shamir 14 years previously as a data entry administrator and developed strong competencies in production planning over the years. With her wealth of acquired business knowledge, Azura was able to tap into the full extent of SO99+'s capabilities. She explains, "Working up from the ground level gave me detailed insights into every planning variable in the business - lead times between different points, SKU supersession cycles, seasonality, predictable 'exceptions' such as the Chinese New Year (when the whole country shuts down) - and how to build all these into the planning system."

Shamir Optical Industry Ltd. is among the world's leading manufacturers of high-quality progressive and single vision lenses and molds. Over the course of four decades, Shamir has established itself as a company known worldwide for innovation, cutting-edge technology, and stringent quality assurance practices. Opticians and optical laboratories across the globe appreciate Shamir's quick response to changing market demands and consumer needs, as well as its ability to fill orders for custom-designs and private label product lines.



This knowledge helped Azura see ToolsGroup's potential to help her team continually make smart tradeoffs in what was becoming a complex multi-echelon distribution network. By adding intelligence about every possible combination of logistics variables - lead time, costs, etc. - between the various sites, Azura saw the chance to reduce inventory write-offs and also further optimize ongoing service levels and logistics costs.

#### ....Day to Day

Over the next six years Shamir expanded its centralized inventory approach from 8 to 20 sites and transformed its siloed operation into a fully-networked, multi-echelon sourcing model. Despite more than tripling the size of their network, three central planners - the same number as before - used SO99+ to manage all planning, fulfillment and replenishment from global headquarters.

Rasner and SO99+ were both integral to maintaining seamless business continuity during this growth period. At one point Shamir had closed its European distribution center based in Portugal for two months while it introduced a new warehouse management system (WMS). "We were able to reroute our orders through other parts of the network and maintain our service levels without our customers noticing a thing," explained Azura.

#### Results and Benefits

Shamir's transformed supply network is performing far better than the team's initial expectations. Whereas Shamir's old supply-driven strategy focused mainly on product availability and less on global inventory optimization, today the model is much more comprehensive. The new system reads demand signals from the market to determine the optimal inventory levels and the planning team continually fine-tunes and rebalances as needed to squeeze out even more efficiencies. This has resulted in some remarkable outcomes:

- Inventory levels reduced by 25% overall while consistently achieving service levels of 99+ percent
- Ability to run a much larger network of 20 locations each with 35,000 SKUs using the same number of planners (three)
- Average number of stockouts reduced from 600-700 SKU-Ls to less than 200, despite growing stocking locations from 8 to 20
- New capability for managing individual forecasts for major customers
- Inventory reallocation between sites
- Changed organizational culture to focus on service levels

According to Azura, the greatest test of SO99+ came when first using it to support the process of 'draining the network' of old product lines and replacing them with new versions: "This is a very big event that used to take several weeks and was really quite painful. The first time that we planned for this process using the new ToolsGroup system it took only an hour."

Nir Shmuel say, "Operations' goal is to support the company's growth without harming service levels, and to positively impact the company's bottom-line. By using SO99+ we can achieve this and optimize our global inventory management far more than we originally expected. Shamir now has clarity of vision thanks to a robust system that's ready for whatever challenges and opportunities arise in its future."

#### About ToolsGroup

ToolsGroup is an innovation partner for companies who want to achieve highly accurate forecasts, outstanding customer-service levels and less global inventory. An expert in "Powerfully Simple" supply chain planning, we offer software that analyzes demand history across multiple dimensions so you can achieve the most reliable forecast and inventory targets for mastering demand volatility and delivering service level excellence.

Our innovative and advanced technologies enable you to improve and automate your planning processes. Our solutions span key supply chain planning areas such as Demand Planning, Demand Sensing, Promotion Forecasting and Inventory Optimization.

We have more than 300 customers worldwide and one of the highest customer retention rates in our industry. Our experience includes manufacturers, wholesale distributors and retailers in a wide range of demand and inventory driven industries.

Please visit our website at [www.toolsgroup.com](http://www.toolsgroup.com) and click on "About Us" for a list of our offices throughout the world.

