

How to sustain and make money In conversation with Jos van Straten from MTC Logic

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news Jos van Straten, director of MTC Logic, would like to see that sustainability within companies will ultimately lead to zero unsold product. Current waste, according to Van Straten, can be reduced by fine tuning business processes and utilizing actual sales data much more quickly. Data play an important role, but the use of such data is even more important.

Van Straten is a process engineer and as such is nearly the only one without IT background ("I could not write a SQL-search.") at Partners16, the five-day conference from Teradata. Teradata is an IT company that is strong in the rapid analysis of business data, regardless of where it is located. The software and data company counts leading businesses worldwide as customers – large companies with millions of customer contacts, billions of transactions and even more data.

Independent position

To determine what software should be able to do, Teradata has arranged customer advisory groups. Van Straten is a member of the DCM Product Advisory Council. Demand Chain Management is the Teradata supply chain application that controls flow of goods from supplier to consumer. The six companies represented in the PAC have a combined retail turnover of \$ 150 billion. "I have been asked by the VP Development for DCM to participate, precisely because of my knowledge of the business and my independence," he explains.

Business first

That Van Straten is giving lectures at Partners is not surprising. Vic Lund, CEO of Teradata since May 1, 2016, says: "In recent years we have as a company focused too much on technology, but our rationale must be to solve business problems. The challenges large organizations are facing, are what lead us. The technology comes next."

It's a vision that Van Straten brings to the supply processes of companies, the consumer comes first. To this end, he has developed the Flow & Event framework. "There are products which on the basis of Point of Sales data can very well be forecasted how much, when, where is needed. That is the 'flow'; but there are many more 'events' that can affect the demand forecast. Think of a marketing promotion event, as well as, launching a new product," he says.

Be agile

Nowadays, speed is the key to success. Moreover, the question no longer arises only in the stores; online is an increasingly important channel. It is becoming increasingly difficult to make an accurate forecast and control the right logistics. That's where the Teradata technology comes into play. "It's a matter of the right algorithms, squeezing the maximum out of data and there are indeed good models for that, but there is more to it," he says.

"Suppose the data analyst indicates that twenty bags of candy need to be delivered to the stores. And then the marketing department has set up a promotional campaign for candy. That means that the demand will show a strong uplift during the campaign period. That can be calculated, but that happens only if different departments talk to each other. Purchasing, marketing, IT and logistics must constantly be aligned with each other. All too often there are silos within a company. This has nothing to do with technology, but above all with management. My framework ensures that it takes into account these aspects."

What do you do when the supplier indicates unexpectedly that he is not going to be in time supplying the goods to the warehouse? While marketing wants to start the campaign. Are you going to call off the campaign, postpone it? "Forecasting can be more sophisticated but if supply is constraint, you will have to move quickly. You need to arrange ahead of time how to deal with such disruptions"

Conflicting Interests

Within companies there are often conflicting interests. Van Straten: "A forecast will be more accurate as the forecasted event itself gets closer in time. Just look at the weather forecast. The temperature tomorrow is relatively easy to forecast; it is more difficult to say how it will be in three days; let alone in two weeks. Imagine that the data scientist on the basis of available data finds that a product must be in a certain store on Friday, October 12th. What do you do when the supplier of that product has a discount offer from October 18th? The buyer then chooses the discount, overruling the advice of the data scientist. In such cases there needs to be alignment at board level; quite often this doesn't happen.

Van Straten gives an additional example: "The actual need is, for example, twenty bags of candy. Yet Purchasing has purchased against a need of forty bags because they receive a quantity discount on more volume than the actual need. This discount must be written off later, but this won't matter to the buying department, they can now achieve their target on intake margin. The write off comes from a different budget. This is also a management issue: bonuses and other policies need to be in line with the logistical processes and achieved margin for the whole company."

Waste reduction

Virtually every company is stuck with unsalable products at the end of the product life cycle. "That's a huge waste. Better forecasting and cooperation between the various business units could significantly reduce waste of money and natural resources. That is better for the environment, but also better for the company; a win-win situation," Van Straten says.

Is this going to happen? He is hopeful. "There is more attention to this issue," he notes. "Board level certainly wants this, but it is important that it is present throughout the entire organization. Companies may then have more and more data at their disposal; the point is ultimately what you do with it."



Jos van Straten



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