



Level 0 Business Case: Machine Learning for Predicting Customer Behavior

Prepared for:

Airbus Group SE



Current State – Challenges and Root Causes

CHALLENGES



Unprecedented demand volatility / lack of growth



Inventory / cost / headcount pressure



Board emphasis on profitability vs. revenue

ROOT CAUSES



Competing channels / Higher customer expectations



Item proliferation: Since 2010*:
Items up: 227%; Sales up 6%.



Activist investors

*: Source: E2open Benchmark Study

Future State – Typical Capabilities and Impact

CAPABILITIES / ENABLERS



Demand sensing uses ALL of your demand signals



Powerful mathematics to leverage more data and optimize operations



Fully-automated Machine-learning solution

IMPACT/VALUE



Reduce short-term forecast error by 30% to 40%



Reduce inventory 10%-30%

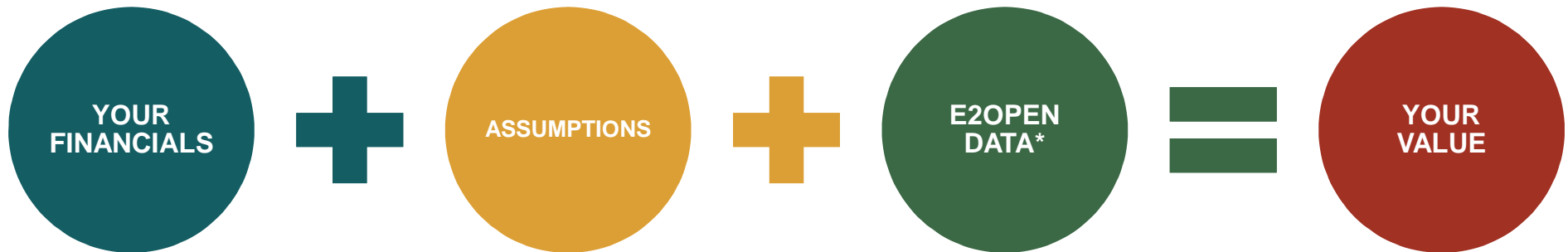


More efficient planners, less firefighting, better results



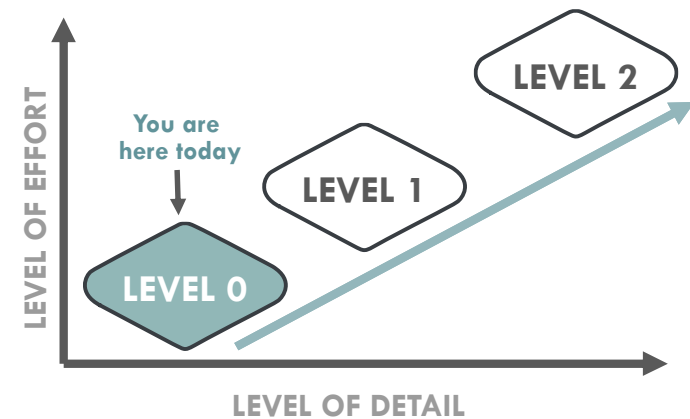
Increase Service Levels

Overview of E2open's Value Methodology



OUR OBJECTIVES:

- Engage in an open dialog about value opportunities
- Determine a magnitude of value and a direction
- Jointly develop a long-term transformational roadmap



*: Historical data from 2009 – 2015
2015: \$250B in Sales; 1M+ SKU's / 8B Cases

Assumptions

Assumptions for Airbus	
Financial Assumptions	(\$Mil)
Revenue	\$30,000
COGS	\$15,000
Internal Transportation Costs	\$1,050

Other Assumptions	Value
Carrying Costs	12%
Mfg Schedule Frozen Period (Days)	21
Transit Time (Days)	5
Industry	Consumer Packaged Goods
Geography	Europe

Value Metrics	Amount
Service Level Increase of	0.22%
Forecast Error Reduction of	15%

Executive Summary: Value for Airbus

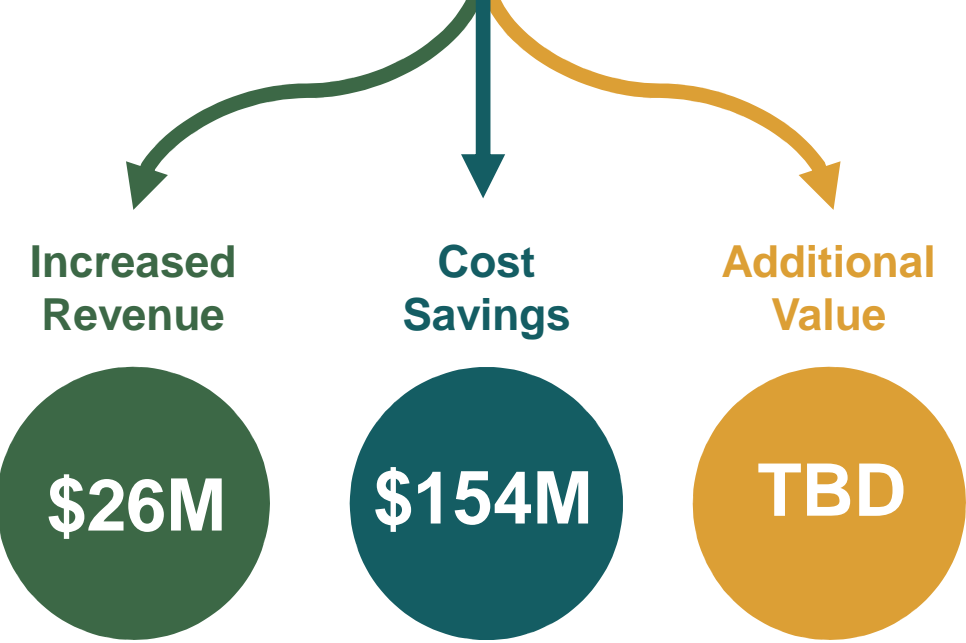
**Increased
Revenue**

**Cost
Savings**

**Additional
Value**

Executive Summary: Value for Airbus

Total 3-Year Value = \$180M

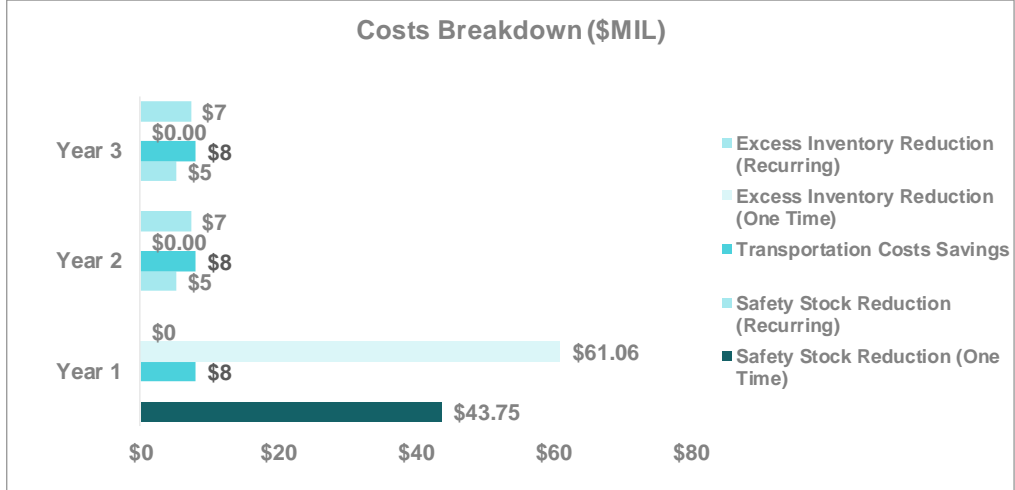
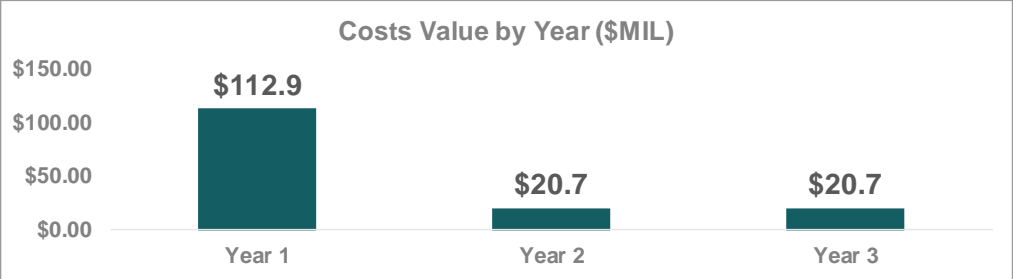
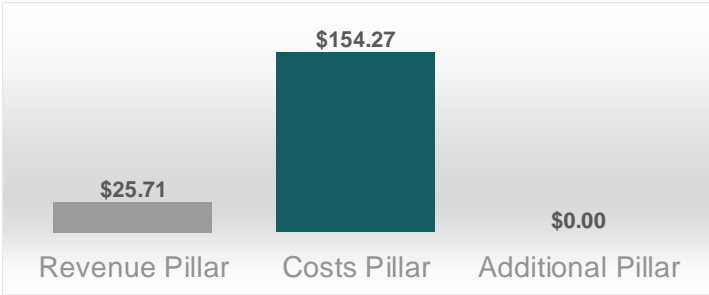


Cost Savings Summary

Total 3-Year Value = \$180M

Cost Savings

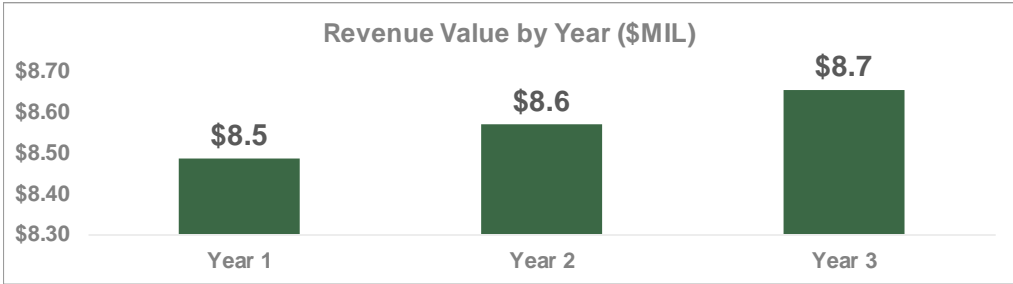
\$154M



Revenue Summary

Total 3-Year Value = \$180M

Revenue



Additional Values Summary

Total 3-Year Value = \$180M

Additional Value

TBD



Value Realization Snapshot | DEMAND SENSING CUSTOMERS

Value Impact

30-40%
Forecast Error
Reductions

50-60%
Extreme Error
Reductions

3-8 Days
Safety Stock
Reduction

Sample Customers

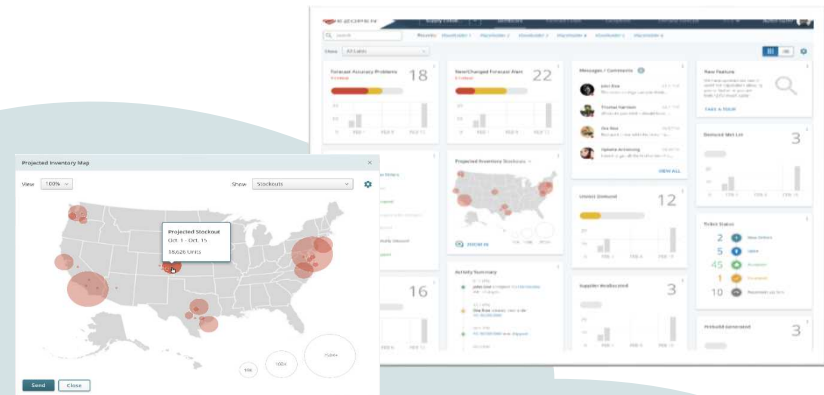


- ROI: **185%**
- Payback: **0.5** Years
- Annual Benefit: **\$7M**
- Service: **2%** points @ 10M Euro/point

- Cut forecast error by more than **40%**
- Decreased safety stock by more than **30%**
- Reduced finished goods stock by **\$100s million**

One Place in the Cloud to Run Your Business Operations

- Connect multi-enterprise demand & supply chains
- End-to-end planning & optimization
- Real-time execution, visibility and collaboration



HARMONY USER EXPERIENCE

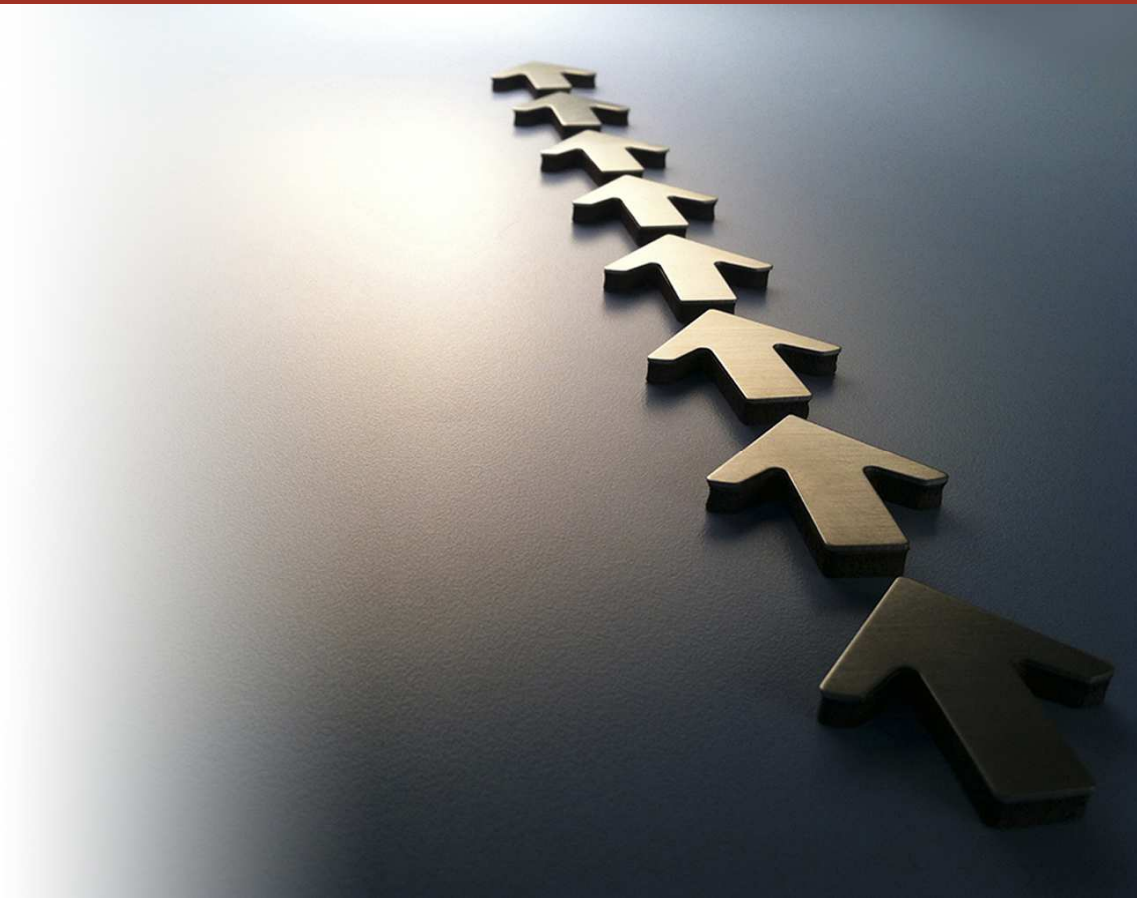


E2NET CLOUD CONNECTIVITY & DATA MANAGEMENT

Suppliers Contract Mfrs. Co-Packers 3PLs/FFs Warehouses Distributors Resellers Retailers Customers

Next Steps

- **Determine magnitude and direction of your opportunity (Value Vector)**
- **Can you invest: Time & Resources**
- **Partner to develop a 5-year roadmap, resulting in \$100M+ in Value**





Thank You!

