The Demand Management Process at Axalta Coating Systems

Turning Data into Value

Filip Buytaert

Axalta Coating Systems

- Leading global provider of advanced coating systems
  - #1 or #2 globally in each of its targeted markets
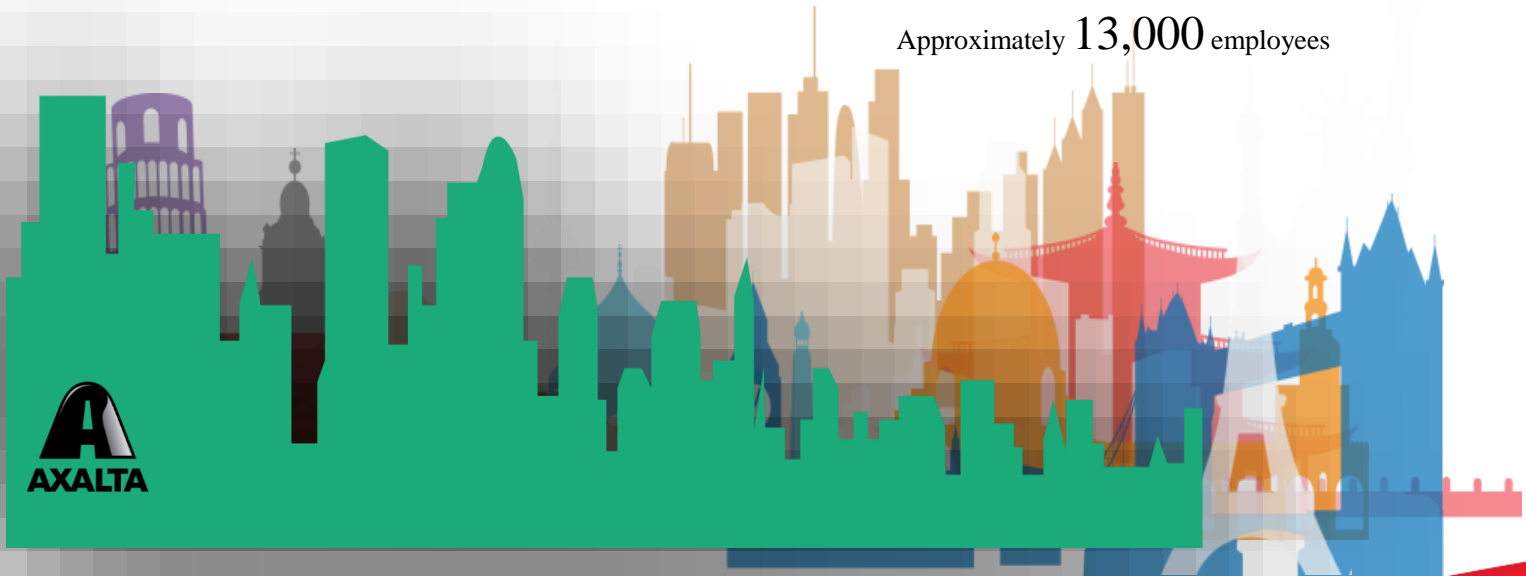
145 years of coating history

Serving customers in over 130 countries

7 Technology Centers

42 Customer training centers

35 Manufacturing facilities

Approximately 13,000 employees

Axalta Coating Systems

Automotive
OEM cars and light trucks
Collision Repair
#1 global position in Refinish
#2 global position in OEM

Commercial Transportation
Heavy Duty Truck
Bus
Rail
Body Builders
#1 global position in HDT
#1 global position in Bus

General Industrial
Automotive Components
Electrocoat
Agricultural & Construction
Oil & Gas
Facilities & Structures
Equipment & machinery
HVAC
#2 global position in Powder

Architectural & Decorative
Windows frames / extrusions
Doors
Cladding
Indoor / outdoor Furniture
#2 global position in Powder

After market car refinish (paint)

Revenu in EMEA ~ 600 MM€

~ 40.000 end users

~ 4500 paint SKU's & 5000 resale items

~ 100.000 Colour formula's.

~ 85 warehouses in EMEA.

~ 4 MM orderlines pa.

~ 600 sales force and technicians

Enterprise Centric

- ❖ Focus on Operations
- ❖ Basic (S&)OP.
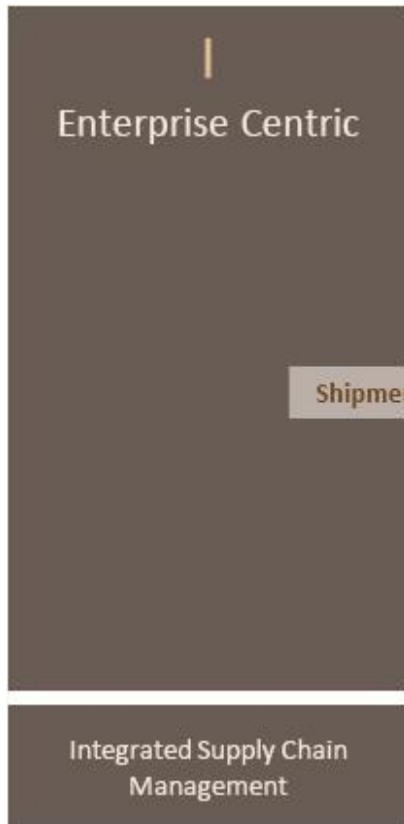- ❖ No Data integrity
- ❖ Poor MAPE
- ❖ Finding Patterns in noise
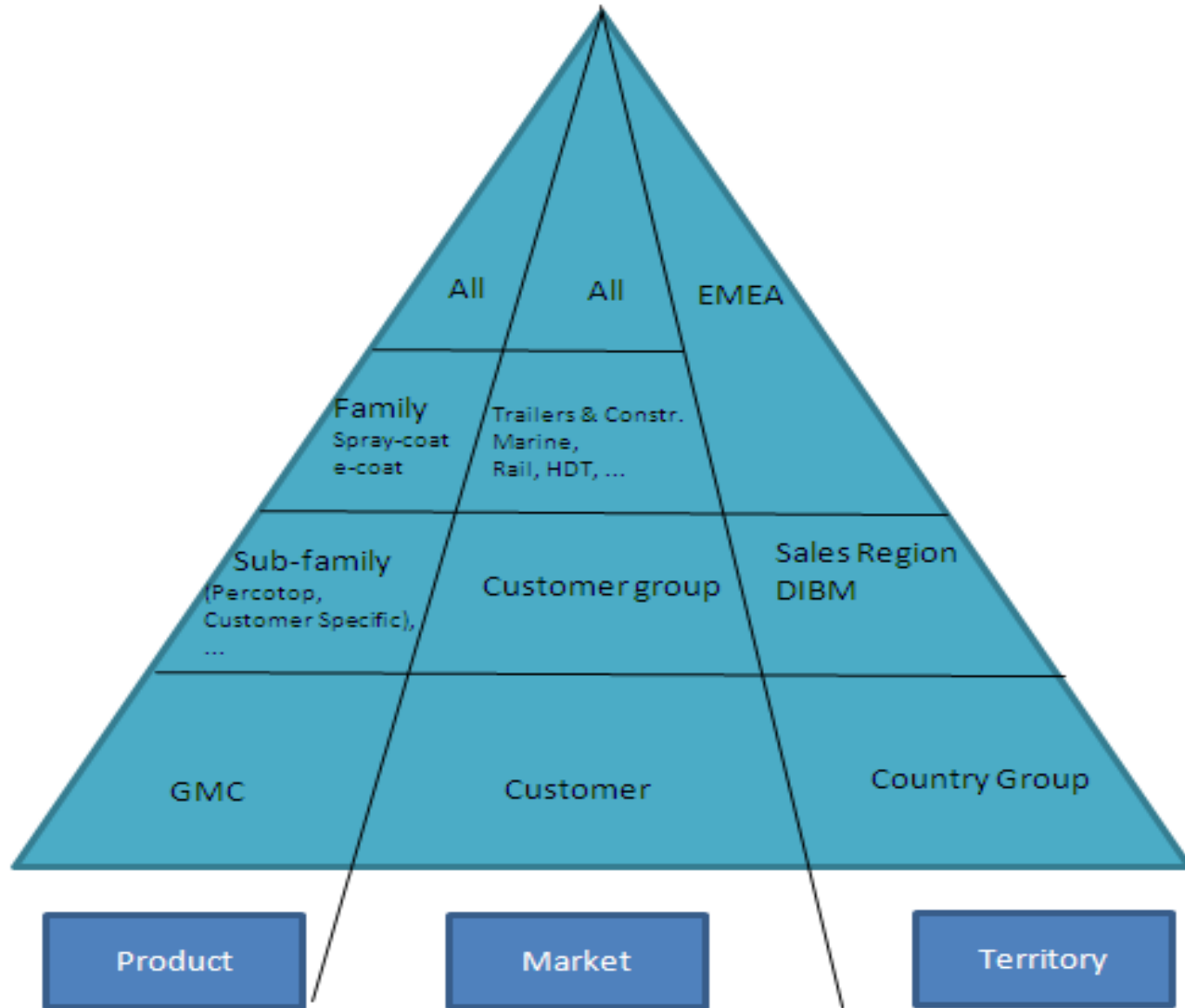
Shipments

Integrated Supply Chain Management

… - 2008

The (re)volution
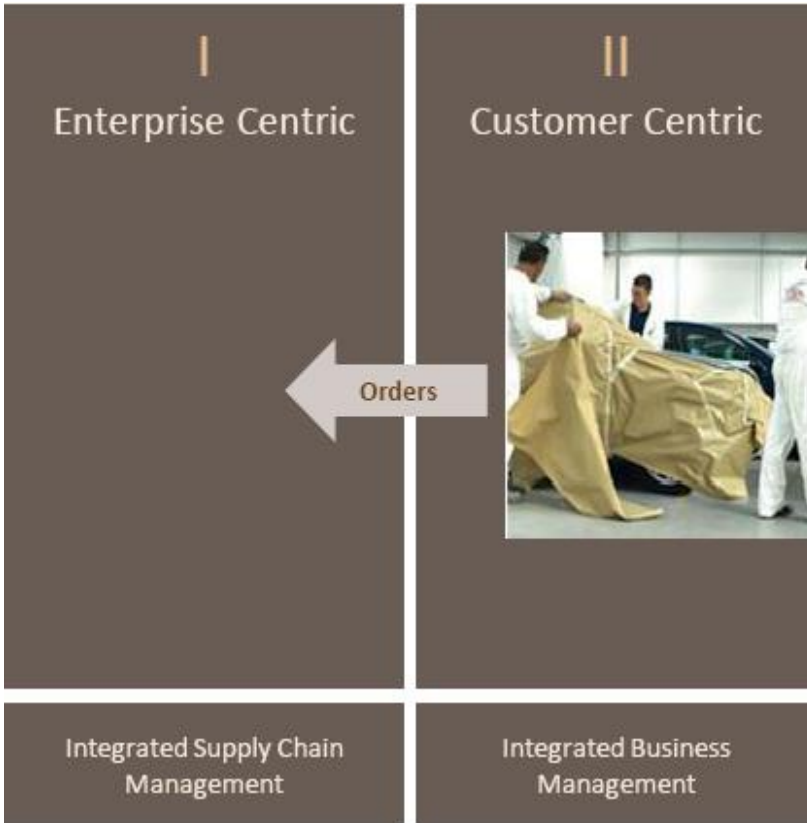

Enterprise Centric

Shipments

Integrated Supply Chain Management

I
Enterprise Centric

II
Customer Centric

Orders

Integrated Supply Chain Management

Integrated Business Management

Demand Step : introduce 4 key capabilities.

☐ 0% BIAS

Axalta Coating Systems

Enterprise Centric — I — Integrated Supply Chain Management

Customer Centric — II — Integrated Business Management

Orders

Integrated Business Management – 5-step Model

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Axalta Coating Systems
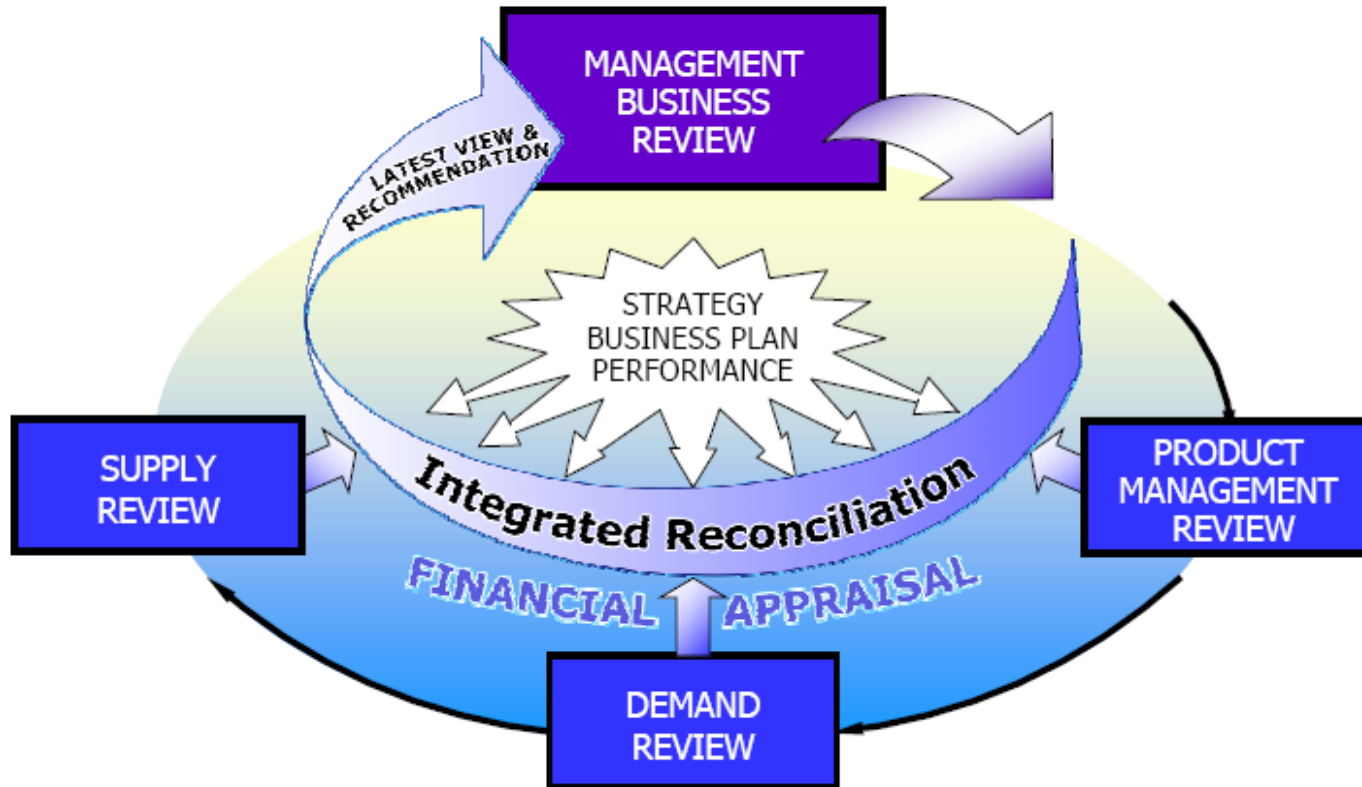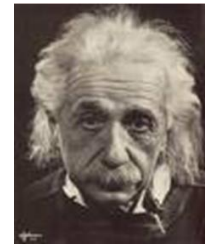
Albert Einstein:

'All models are wrong, some are useful'

Statistical Analysis

Statistical Forecast
Factor and Statistical Analysis
Key Assumptions
Planning Horizon 1-18+Months

Marketing Input

Market Plans
Promotion Plans
Pricing Plans
Economic Indicators
External Factors
Competitive Analysis
Key Assumptions
Planning Horizon 1-18+Months

Forecast/ Demand Plan

Planning Horizon
1-18+Months
$ and Units

Sales Input

Sales Plans
Territory Plans
Customer Plans
Incentive Plans
Key Assumptions
Planning Horizon 1-6+Months
$ and Units

Product/Brand Management Input

Product Plans
Branding Plans
Pricing Plans
Key Assumptions
Planning Horizon 1-18+Months

Business Plan and Strategy

Business Plan
Strategic Plan
Key Assumptions
Planning Horizon 1-5+ Years

M2220

Hard Benefits

Inventory reduction - Absolute forecast accuracy - Service level (OTIF DTP)
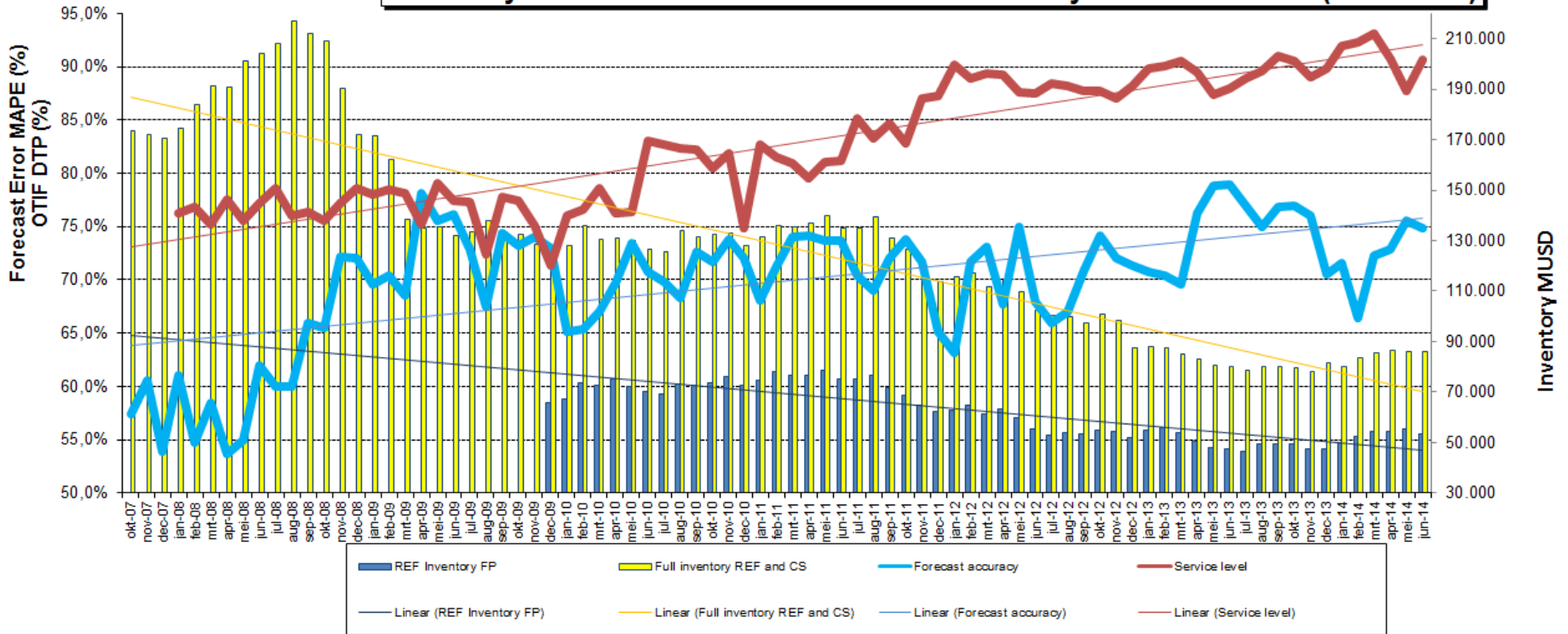
+ improved inventory health

I
Enterprise Centric
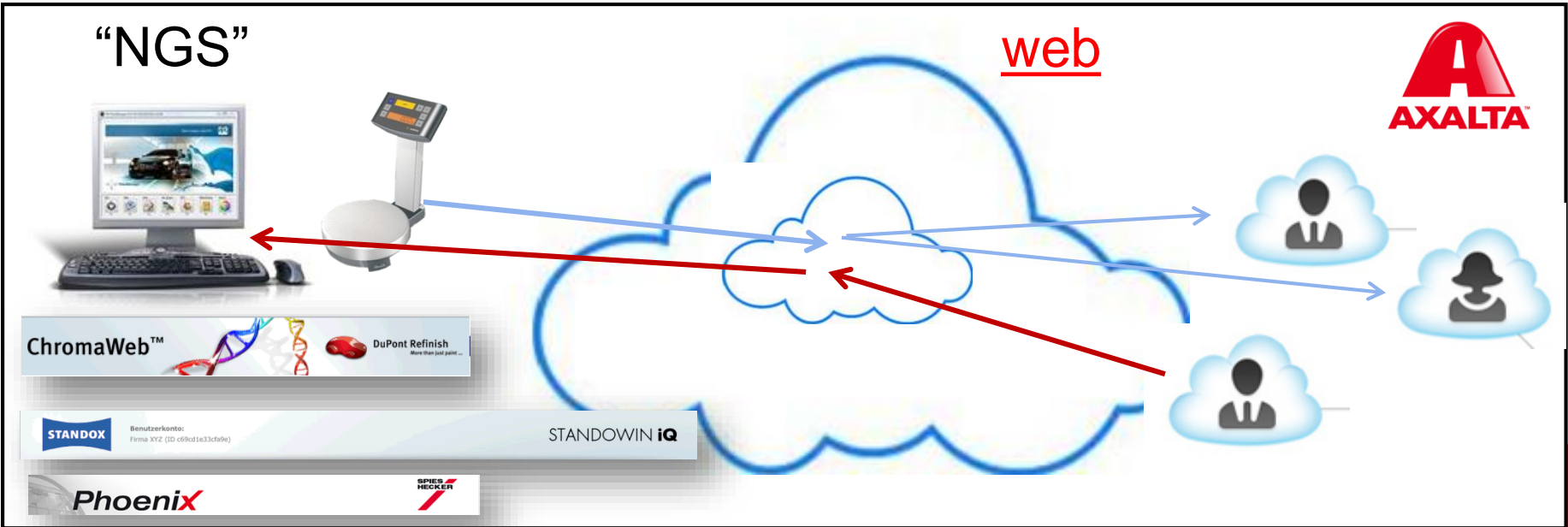
II
Customer Centric

III
Consumer Centric

Orders ← Market Signals

Europe

Integrated Supply Chain Management

Integrated Business Management

Collaboration
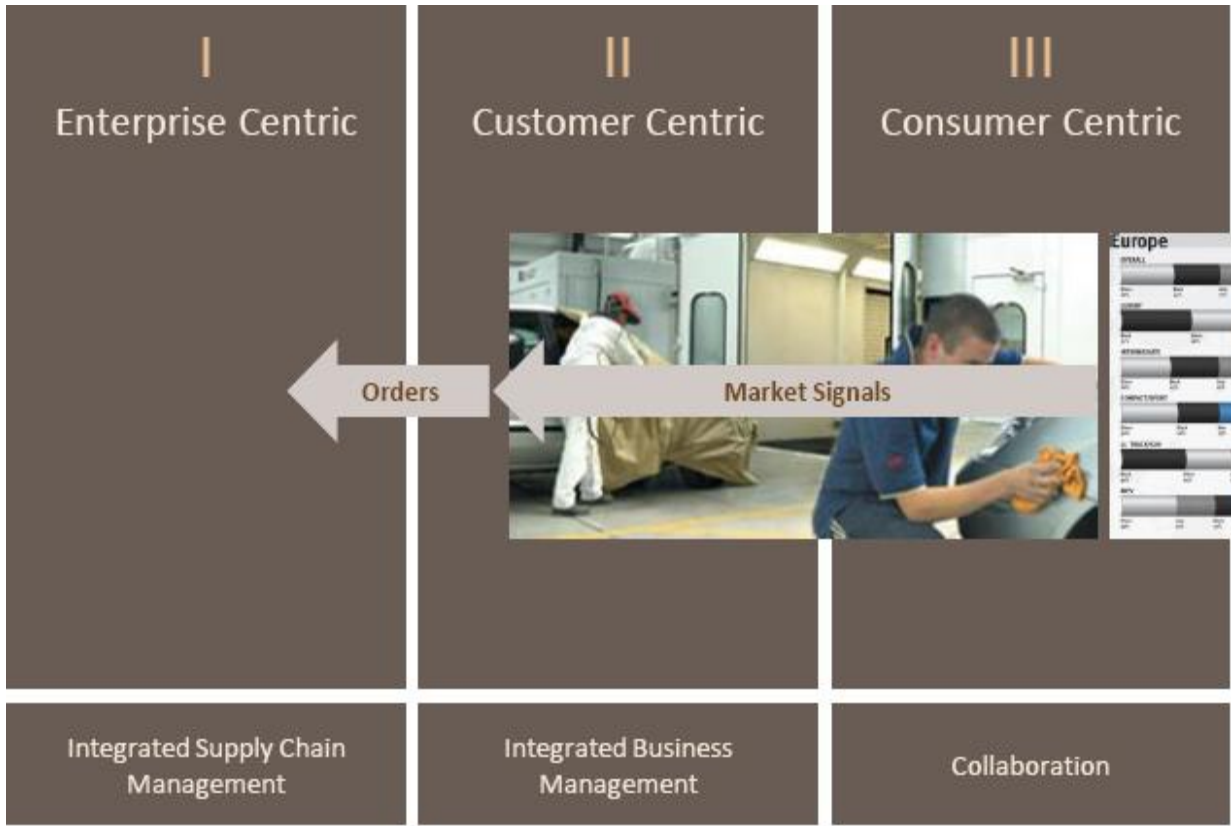
Project Lanx

local

References
Color info
Ingredients
Weights
Volume
Cost

"NGS"

web

ChromaWeb™   DuPont Refinish

STANDOX   Benutzerkonto: STANDOWIN iQ
Firma XYZ (ID c69cd1e33cfa9e)

Phoenix   SPIES HECKER

Project Lanx

Trying to evaluate ways to further broaden
our **connectivity to our end-customer**.

Demand: Second market signal for demand planning .

Supply: Place orders directly .

Marketing: Targeted marketing and product info - content push.

Sales: Return on investment follow-up
                 Product use in relation to warranty, FLI and OEM
                 Targeted product offer based on consumptionpattern
                 Insights in consumption patterns (2WB vs. 3WB)

Color :   Red alert on complaint / colour handling.
                 Collection of most popular colour formulas used
                 Assess Fan deck on demand concept feasibility
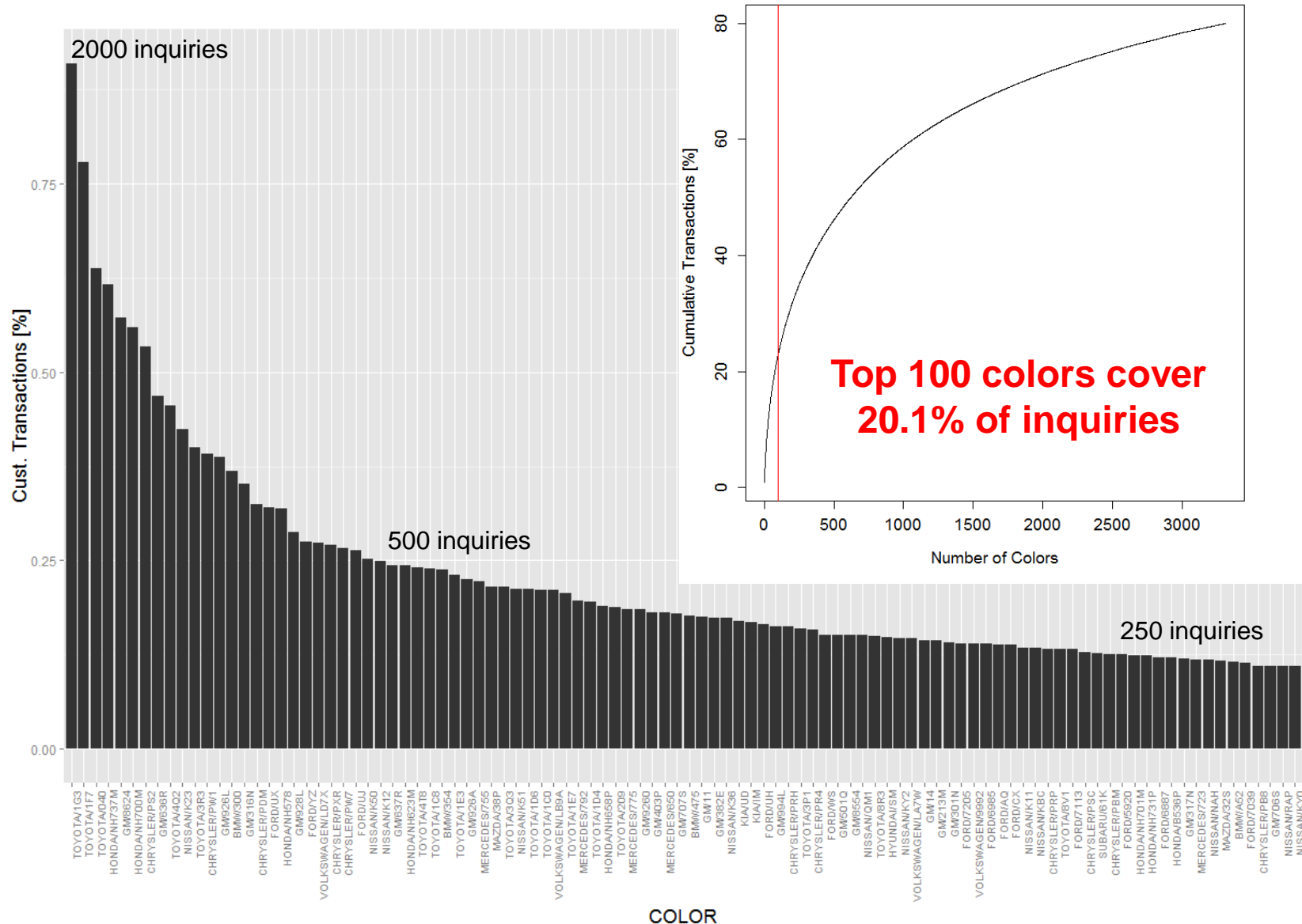
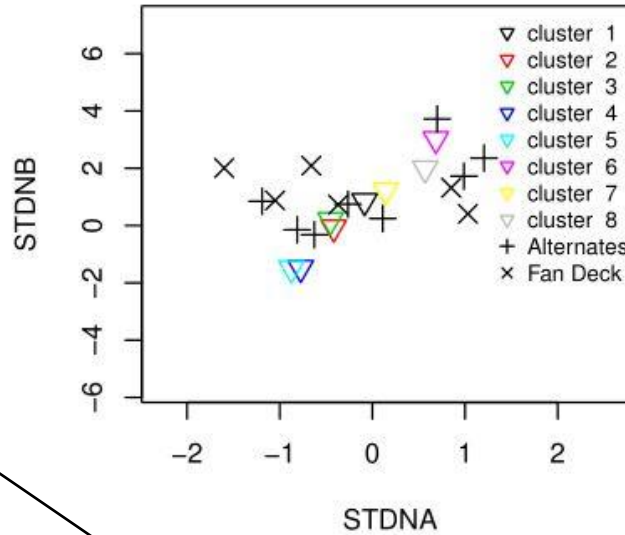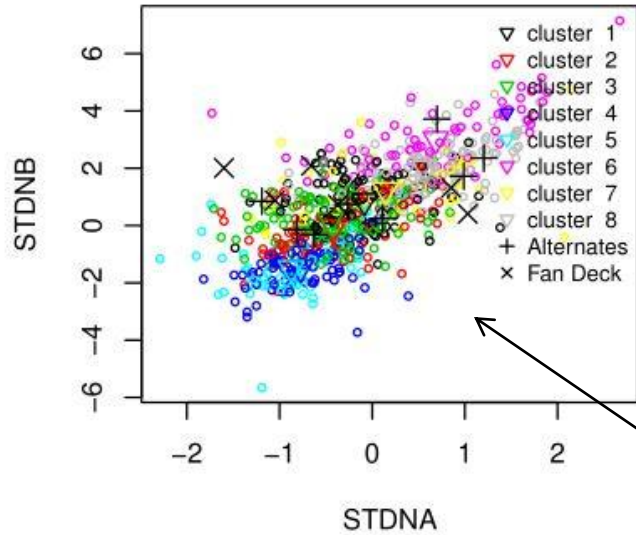# IT landscape
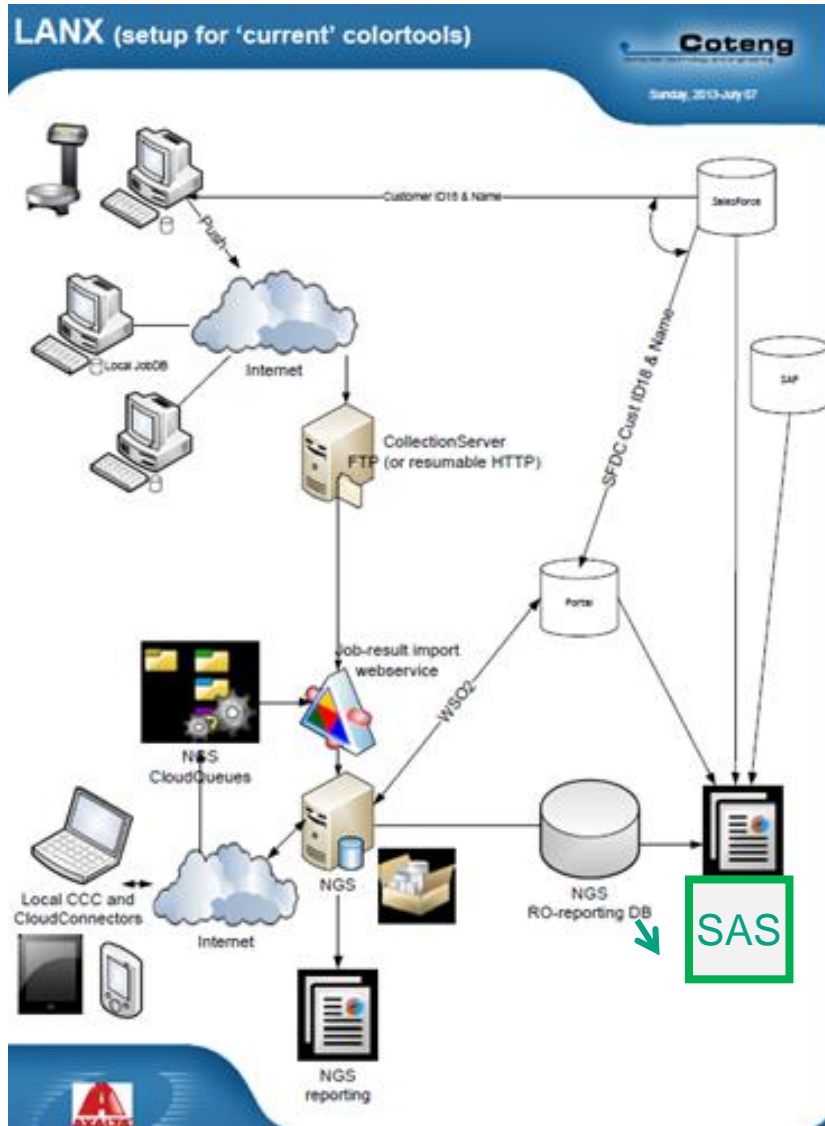
Think Big

Start small

Scale Fast

… integrating data : pilot
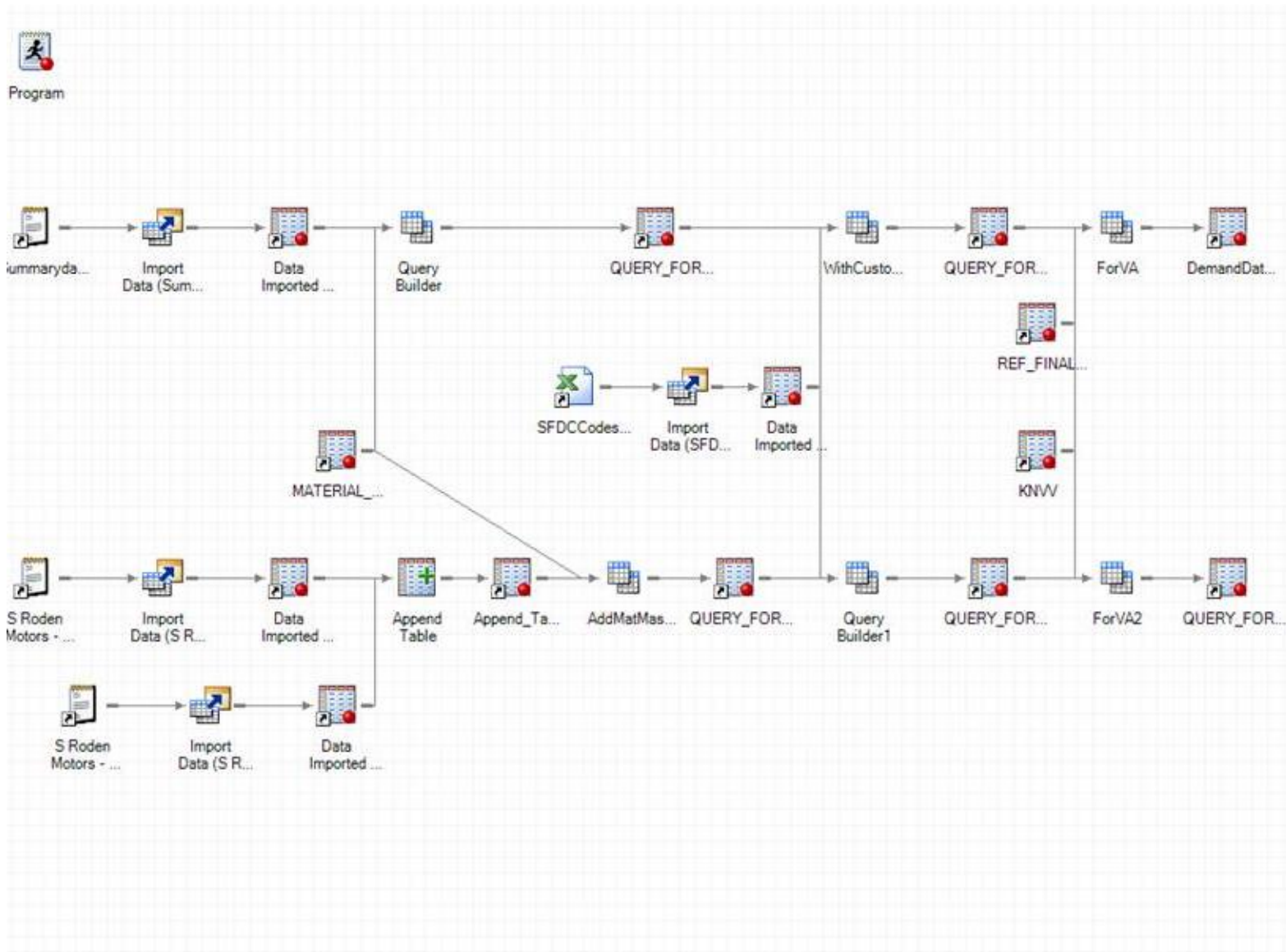
Visual Analytics : Speed is key
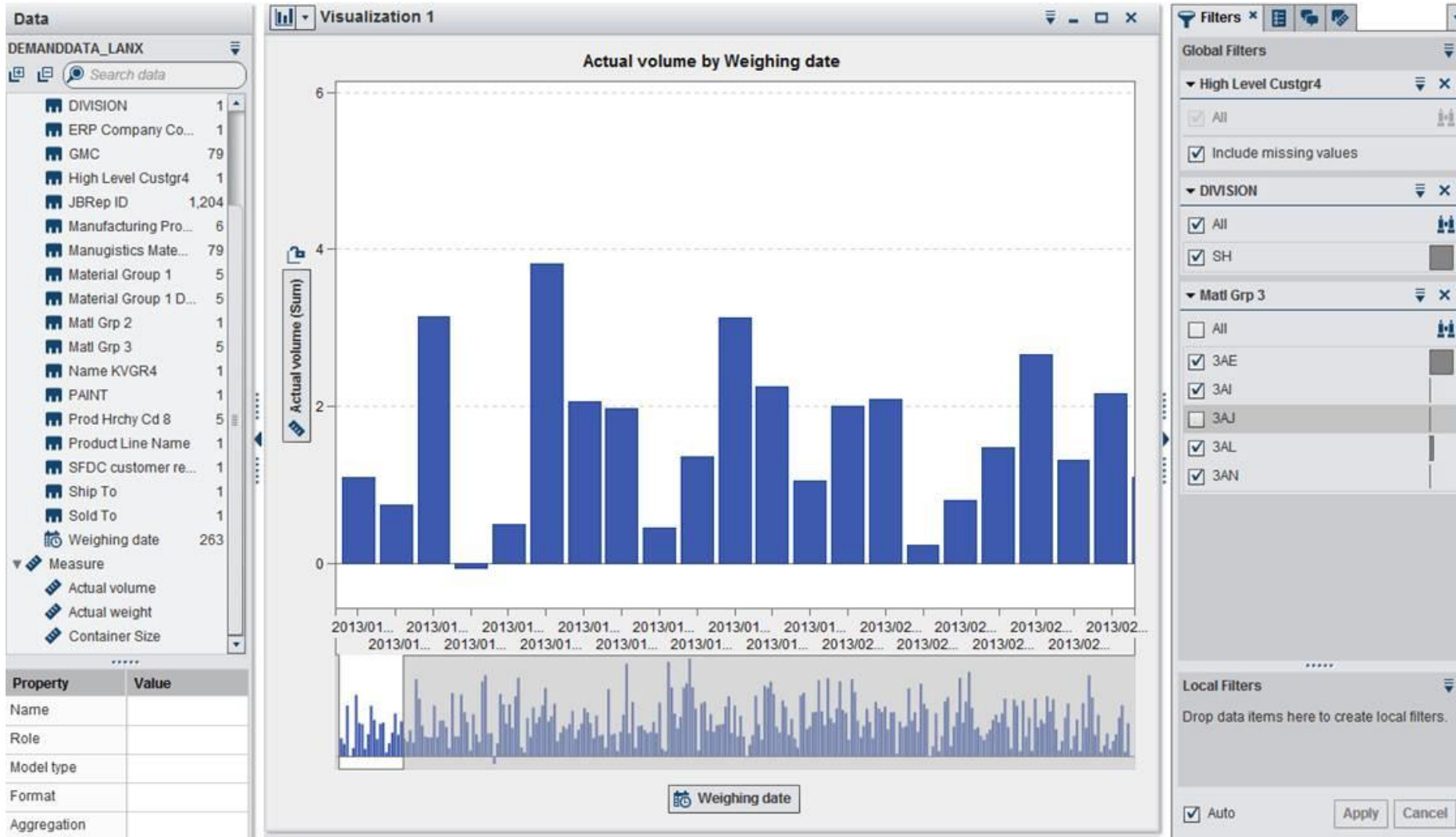
Top 100 Most Searched and Used Colors

2000 inquiries

500 inquiries

250 inquiries
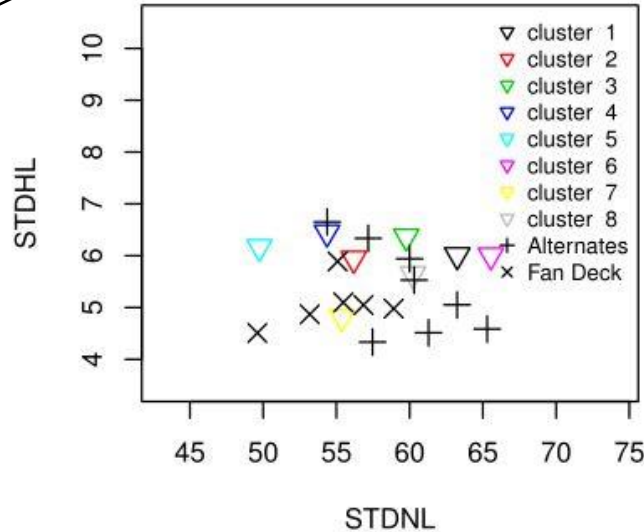
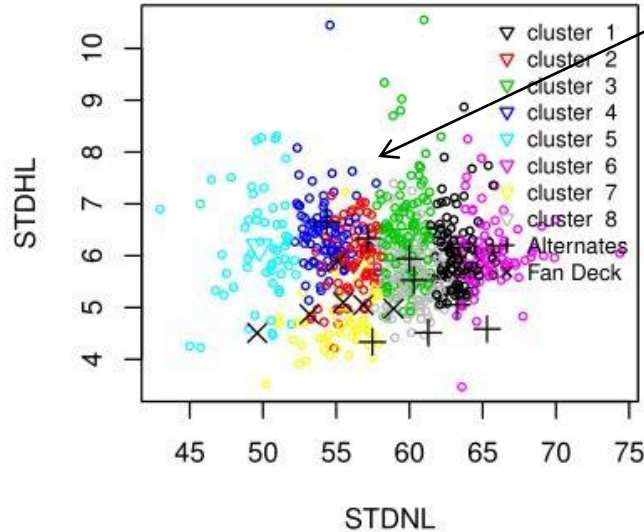**Top 100 colors cover 20.1% of inquiries**

Color Targeting – Repairs of TOYOTA/1G3
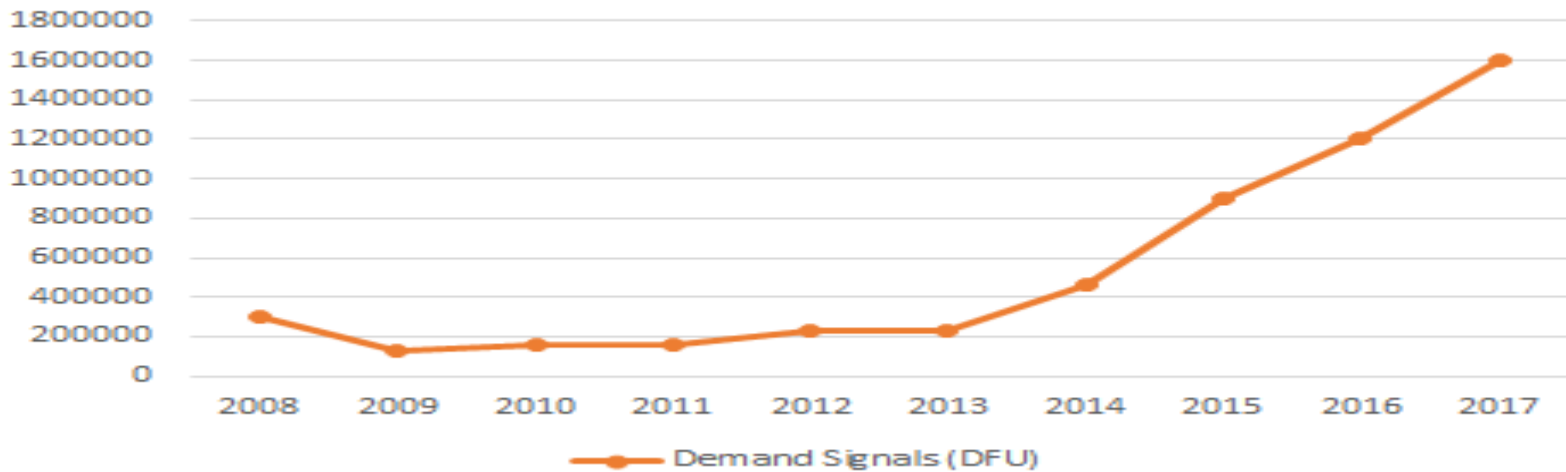

Clustered field color measurements

We need to provide alternate colors properly positioned within the field measurements

<u>The</u> receipee does not exist

… but :

1. Clean the house : Integrated Business Management (S&OP) - 1 plan

2. Demand : Pyramid planning – introduce business accuman (judgement)

3. Invest in Data quality and Analytics (people, process, systems)

4. Be market-oriented …. Work on Go-to-market strategies /