



# Performance Made **Responsive**

Demand Driven Supply Networks (DDSN)

---

# Demand Driven Supply Networks (DDSN)

## Executive Summary

Most consumer products companies realize that developing a demand-driven supply network (DDSN) could provide the pathway to true customer focus. These supply networks depart from the traditional systematic manufacturing “push” of products to market, which meets the demand of the distribution center, but not of the end customer. Because actual buying decisions are made with the shopping cart, not the warehouse picker, DDSN turns the business around – customers actually “pull” products to the point of sale.

While the proposition may seem somewhat commonplace, achieving it requires a major strategic shift. Being “demand-driven” requires an instantaneous sensing of customer demand and an immediate supply chain response to get the product to the customer when the customer wants it. The critical element is collaboration among partners in the supply chain, enabling manufacturers to produce exactly what the customer is poised to buy.

DDSN is the next step in the advancement of supply chain philosophy, which has included responsive replenishment – collaborative planning, forecasting, and replenishment – and others. These advances streamlined the supply chain to deliver greater profits through efficiencies and collaboration among trading partners. DDSN, however, is a mind shift that combines traditional practices with new elements in an evolutionary way.

DDSN translates into real money on the bottom line. Based on existing customer studies, analyst comments and industry polling, QAD has determined that consumer products companies can achieve significant value by adopting the DDSN model.

In consumer markets, customer expectations have completely changed. With more products, more channels, more outlets and more product information, customer choice reigns. Unconstrained by geography, a consumer might choose to buy from a brick-and-mortar retailer nearby, but can also shop online for better availability, selection and price.

To succeed with this more demanding and well informed customer, consumer products manufacturers must be precise with their product line and in-stock levels. If a manufacturer permits an item to be out of stock, consumer products companies cannot assume that the customer will come back another day. Someone else will fill the gap. Companies must change the whole approach to forecasting and product distribution, which is mired in assumptions that are no longer valid.

---

## Demand Driven Supply Networks (DDSN)

The answer is DDSN, which ties supply to actual demand. DDSN provides real-time sensing and response, as well as visibility, collaboration and analysis, throughout the network. In its most advanced form, DDSN can better inform the product innovation process for targeting consumers' true needs and desires, creating a powerful competitive advantage. And beyond its immediate uses, DDSN will also reveal intelligence that enables the ability to sense – and act upon – small shifts in demand that can sometimes provide a preview of an important trend. Consumers want different things at different times. The goal of DDSN is to be the first to sense those desires and fulfill those expectations – with increased sales of full-priced merchandise as the desired result.

Visit us at [www.qad.com/DDSN](http://www.qad.com/DDSN) to download the DDSN Resource Kit or contact your local sales representative today to learn more.



QAD Inc.  
100 Innovation Place  
Santa Barbara  
California 93108  
USA  
[www.qad.com](http://www.qad.com)

Copyright © 2009 QAD Inc. All rights reserved.

QAD is a trademark of QAD Inc. All other products and company names are used for identification purposes only and maybe trademarks of their respective owners.