

If you want to predict demand...

DEMAND FORESIGHT

What is Interactive Neural Computing?

Interactive Neural Computing is a fusion of advanced technology, open process support, and intuitive user involvement, powering a demand planning and forecasting system with better initial data and the ability to learn and improve upon itself over time.

Foresight Demand Commander is built on a new technology that makes giant leaps past other forecasting and demand planning systems by utilizing proprietary artificial intelligence data analysis methods combined with common statistical algorithms. The specific application of this technology is totally unique to the industry – as are the results. Foresight is currently in use in a cross section of industries in manufacturing.

Supporting this new technology is an open ended process interface, which molds the system to your company's operating methods, data requirements, and nomenclature. Foresight can be configured to allow any company department to contribute to or own the forecast, such as marketing, sales, finance, or supply chain groups. Foresight can work as a stand-alone application or in concert with your existing ERP and supply chain systems. In short, Foresight will run like your business runs, but with added power, accuracy, and the ability to learn your business over time.

The goal of Foresight is simple:

With Demand Commander you get better information so you can make smarter decisions, leading to increased profits.

With this comes a **GUARANTEE** from Foresight that we will reduce your forecast and demand planning error, at the execution level, by 25-50%.

The goal of this system is to make it as easy as possible for your staff to recognize what is behind a forecast – what factors are driving demand – and to be able to easily make changes when exceptions occur, like new product introductions, new marketing and promotional initiatives, or gained or lost customers. In this way, users begin to trust Foresight for its initial assumptions, and are assured in knowing the reason for these assumptions can be made clear with just a few mouse clicks.

All these methods are combined in our proprietary framework for demand planning and forecasting called Interactive Neural Computing. Building our solution on this framework assures that once Foresight is customized to your business, the interaction between the system and its users will be one of constant learning, refinement, and improvement in demand planning accuracy.

This continuous process of learning, by both the Foresight system and its users is what make Interactive Neural Computing the most powerful and accurate forecasting and demand planning system available on the market today.

If you have ever been involved with sales, marketing, finance, or planning, please suspend your idea of forecasting (or demand planning) for a moment. Imagine a world where the computer-based forecasts are highly accurate and reliable for every item. In this world you have the basics of your business covered and more time to focus on last minute customer changes, new promotional campaigns, sudden price changes, or customer wins or defections. Foresight Technologies' Demand Commander makes this scenario a reality.

Predict, Understand, Manage, and Adapt to Changes in Demand

Other forecasting vendors use virtually the same combination of statistical modeling methods to predict demand. Enhancements may include the ability to run forecasts in batches, to automatically pick the best methods, or even to occasionally check that the best methods still apply. These add-ons are all good at making them more effective in using the same methods to **create bad forecasts!**; the same forecasts that today cause your company to create too much inventory, miss customer service requirements, and minimize corporate profitability or worse the profitability or satisfaction of your customers. The idea that some custom permutation of widely-known statistical forecasting techniques will yield better forecasts is simply not true. Under the hood they are all the same and one reason the forecasting responsibility is treated like a hot potato inside many organizations.

In a recent study by Booz Allen Hamilton involving 198 senior executives at major manufacturers, the inability for companies to accurately forecast demand was listed as the number one obstacle to supply chain success. From this fact, a subsequent article in *Strategy & Business* by the same authors, made an interesting, if not obvious, observation:

"These results, however, only reinforce a truth about IT that is often ignored. Information technology, or any technology for that matter, is ultimately and intimately tied to human variables (e.g., Can people actually use the technology the way it is supposed to be used? Are the management limitations and opportunities to optimize use of IT tools understood? How does IT change the way processes are managed?)."

Source: "Capturing the Value of Supply Chain Management," by Peter Heckmann, Dermot Shorten, and Harriet Engel, Strategy & Business Exclusive, June 26, 2003.

Foresight's Demand Commander amounts to what can be considered a quantum leap in forecasting technology and demand planning process optimization. It combines next-generation software that learns and adapts to your business with an easy interface for understanding demand influences and making changes to data. Our Interactive Neural Computing software acts as a framework that brings computer learning together with user instinct and experience for the first time in a supply chain application. Its functions include:

- **Demand Factor Learning** – Demand Commander learns by constantly testing and evaluating business information about your products, sales histories, promotions, and their interrelationships, along with outside information like causal factors and econometric data. Using this approach, Foresight creates a universe of data for every product/location combination, reduces it to what is relevant, looks for relationships, and then applies these relationships to the forecast.

- **Model Creation & Competition** – Foresight’s models compete to try to be the best at forecasting demand using proprietary intelligent optimization techniques. Foresight creates its own non-linear models for complex scenarios – it sometimes uses the simple technology of statistics for more predictable items – and then submits the best/most accurate (optimized) forecast for that item. Over time, Demand Commander changes its models on its own as it sees shifting demand patterns, trends, and causal factors, or the introduction of competing items, new competition, or product obsolescence.
- **Consensus Building** – A forecast has to be trusted to build consensus. Software has to be intuitive to gain acceptance. Foresight starts with a better baseline forecast but it also makes it easy for organizations to build consensus around it. With Demand Commander, everyone in the organization (including partners and suppliers) can see the forecast, and easily add to it what they know to be different, i.e., price changes, supply constraints, promotions, etc.

The goal of Demand Commander is to establish the most accurate reading on true, customer-level demand as a consensus number for production planning, financial management, and customer service. Combining the power of a learning-based demand planning system with the input from your professional employees results in one highly accurate and credible demand plan that all functions and skill sets can understand and act upon in a consensus manner.

Drive Profits and Revenues

Foresight is the only forecasting vendor to guarantee a 25%-50% reduction in forecast error. We can do this because our system is not tied to a series of inflexible mathematical and statistical models. It learns, grows, and gets more accurate over time.

The end result is:

- Organizations get the most accurate forecasts at the lowest possible levels
- Reduced forecast error leads to reduced inventories, increased customer service, purchasing efficiencies, and increased revenues
- A 25%-50% reduction in forecast error applied to operations improves before-tax profitability by 3-8% or more
- Interactive Neural Computing gets organizations to a consensus forecast

According to Patrick Lynch, Director of Marketing at Georgia-Pacific Office Products, "Foresight is the best forecasting tool that I have ever had. This is a major accomplishment considering that I have been in the consumer packaged goods business for 15 years and have had exposure to a large number of forecasting systems."

