



O&G supermajor gets into
demand sensing groove to
spruce up forecasting





Client background

An oil and gas supermajor

Operations: In over 70 countries

Services: Dominant presence in lubes value chain. Manufactures and distributes industrial and specialty lubricants. Has more than 25 lube plants to process, blend and fill multiple variety of lubricant SKUs



Challenge

The O&G supermajor was facing several business challenges as their IT systems and processes did not support their supply chain planning or demand forecasting. It also did not support the Demand Forecast Accuracy (DFA) up to the desired levels required to meet their targets for service levels, inventory days of supply, supply chain operating costs. Top down forecasting led to huge demand-supply gaps, high stock levels at plant and warehouses, frequent stock-outs at demand end, and over production at plants due to very little visibility into real-time demand. Forecast error rates were high as well.

In addition, short-term demand planning and distribution scheduling involved huge manual efforts.

As a result, the O&G supermajor's lube business took a major hit, impacting top line, bottom line and market share. They needed to build demand sensing capabilities for their lube business to improve forecast accuracy and supply chain strategy.

Inventory optimization solution improves lube supply chain, reduces forecast errors by 30%



Solution

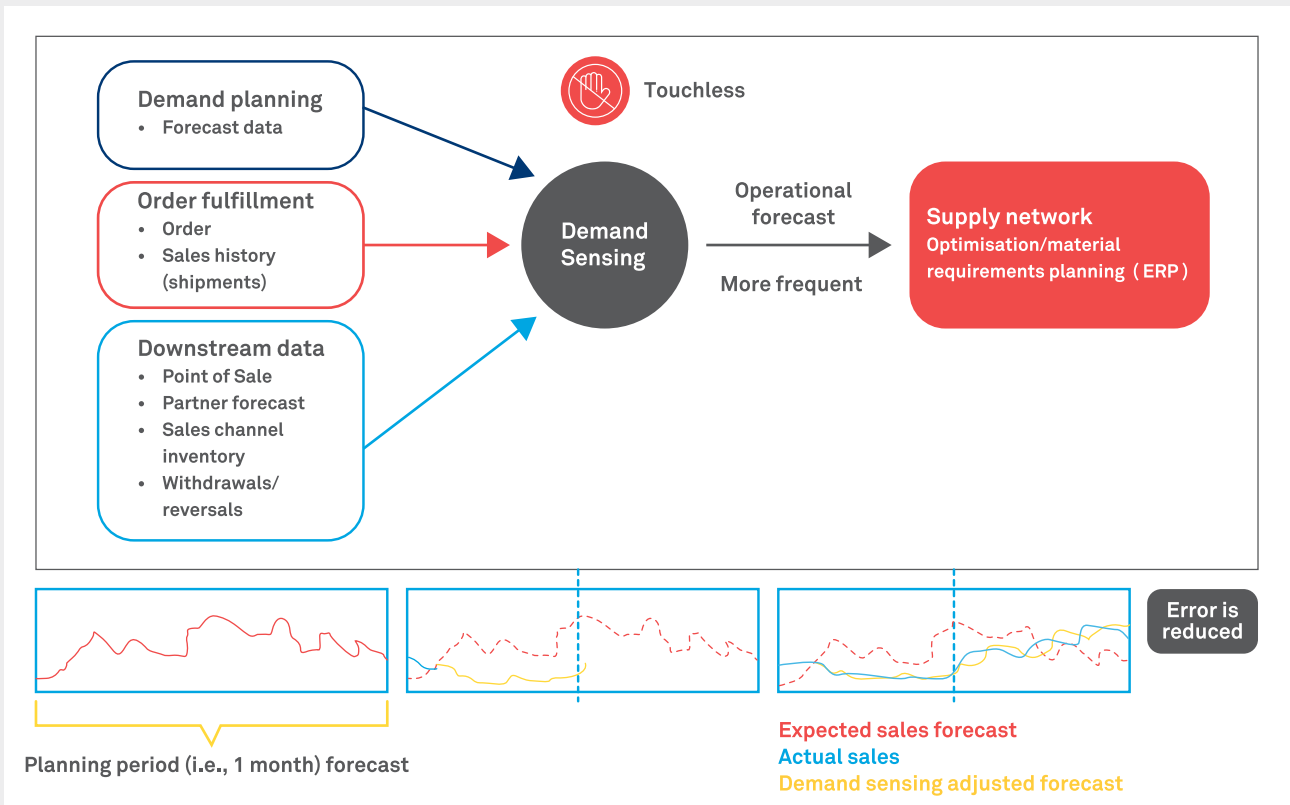
Wipro stepped in as the “thought-to-finish” partner for the O&G supermajor in this marquee demand sensing transformation program, delivered Proof of Concept (POC) to scale up across geographies and locations. The solution was piloted in the markets of West Europe and South East Asia.

We deployed a COTS-based demand sensing and multi-enterprise inventory optimization solution that was supported in business case development.

After having gathered business requirements, we engaged industry analysts to map solution provider landscape against the business-validated requirements. Wipro worked with the O&G supermajor's business and IT teams to develop and approve the business case.

In the execution phase, we supported procurement with negotiating, contracting and supplier onboarding. We managed through the entire project life cycle from requirement analysis, design, build, test, deploy and rollout of the demand sensing solution, worked continuously with key stakeholders to define to-be processes, solution architecture, service model and benefits realization methodology.

Here is a snapshot of what we deployed for the O&G supermajor.



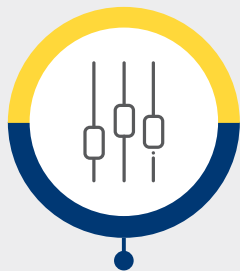
Business impact

As Wipro partnered with the O&G supermajor from thought to finish, the inventory

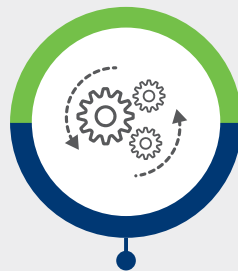
optimization program helped delivered some of these benefits:



30% reduction in forecast errors in 9 months, resulting in more than **92% On Time in Full (OTIF)**



30% reduction in safety stock over the same 9-month period



10% reduction in cycle stock, thereby reducing inventory costs and improving supply chain efficiency



Inventory reduction led to **annual savings of \$16 million** in supply chain costs

“Wipro led the entire business transformation, right from ideation, discovery, solution identification, business case definition to implementation across the O&G supermajor’s supply network that resulted in hundreds of millions of dollars in inventory reduction and double-digit service-level increase.”

Sebastian Ennulat
Partner & Global Offering Head, Intelligent Supply Chain, Strategy & Transformation Consulting, Wipro

● **Wipro Limited**

Doddakannelli, Sarjapur Road,
Bangalore-560 035,
India

Tel: +91 (80) 2844 0011

Fax: +91 (80) 2844 0256

wipro.com

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For more information,
please write to us at
info@wipro.com

