



STM BRANDS

TRANSFORMS SUPPLY CHAIN PLANNING WITH DEMANDCASTER

Saying Goodbye to Spreadsheet-based Planning Enables Accessory Maker to Grow Their Operating Margin by 20 Percent

STM Brands provides ‘Stuff That Matters’ for the doers of the world, including award-winning accessories for tablets, laptops, and phones. With a retail presence across the globe and offices in Sydney, San Diego, London, and Kuala Lumpur, no matter what time zone you live in, STM is doing something to improve the way you do what you do while making goods for the greater good.

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Ethan Nyholm, Co-Founder, STM Brands



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Ethan Nyholm, Co-Founder, STM Brands

Challenge

When Ethan Nyholm failed to find a bag that actually protected his new laptop while also uniquely complementing his casual lifestyle, he teamed up with co-worker Adina Jacobs to design a better, bolder laptop bag. Eighteen years later, business was booming, but Nyholm realized that the company was not as profitable as it could be. It was spending excessive amounts on costly air freight to get products to regions where demand was the greatest.

Solution

NetSuite provides a scalable and flexible ERP platform for operating the business as it continues to boom. DemandCaster fills in the gap between holistic supply and demand planning and enables cross-functional collaboration.

Results

With the help of NetSuite and DemandCaster, STM Brands increased gross profit margin by 5%, increased operating margin by 20%, improved collaboration across sales, procurement, and production, and reduced use of costly air freight by 50%.

When Reality Sinks In: We’re Delivering On Time, But At What Cost?

Every business begins with a problem—or rather a solution to a problem. That’s exactly how STM Brands got its start. When Ethan Nyholm failed to find a bag that actually protected his new laptop while also uniquely complementing his casual lifestyle, he teamed up with co-worker Adina Jacobs to design a better, bolder laptop bag.

Eighteen years later, business was booming, but Nyholm realized that the company was not as profitable as it could be as it was spending excessive amounts on costly air freight to get products to regions where demand was the greatest. “When we identified our escalating supply chain costs, we knew it was time to find a better way of doing things—that became the catalyst to transform our supply chain planning methods and processes,” said Nyholm.

Moving Away from Spreadsheets to the Cloud

As air freight costs rose, Nyholm dug deeper and realized that the root cause was inaccurate (or inadequate) supply chain planning.

Spreadsheet-based planning simply didn't provide the business with an accurate picture of its demand volatility. "When we started to look at how much of a percentage of sales we were spending on air freight versus sea freight—it turned out to be 10:1, which was clearly digging into our margins," Nyholm said.

The company was using NetSuite ERP to manage its business, but realized it needed to fill in the gap between holistic supply and demand planning and enable cross-functional collaboration. STM Brands went looking for a supply chain planning solution that would integrate seamlessly with NetSuite because as Nyholm puts it, "there was no chance that I was going to transfer data manually." The other major requirement was that the solution had to be cloud-based, like NetSuite, because the company was already reaping the benefits of accessing information, anywhere at any time from any device. "It was important to go with a true cloud solution as opposed to a hosted solution," Nyholm added.

Gaining an Accurate Picture of Demand

Nyholm found DemandCaster supply chain planning software through NetSuite's application ecosystem, SuiteApp. What initially struck him about the solution was the visual representation of sales data by product and location and the ability to view trends associated with those products. "We always thought about demand on a regional basis, like what is needed in Australia or in the U.S. With DemandCaster, we're able to look at the entire business holistically, including the movement of inventory between warehouses," said Nyholm.

One of Nyholm's favorite features of DemandCaster are the demand forecast visualizations: "Choice of forecasting algorithms on the demand side gives us flexibility in

forecasting and the visualization of that forecast really allows us to see the trends and patterns. This was something that we couldn't get with spreadsheets and something that has proven valuable to us. Looking at the past gives us better insight into what may happen in the future." He also appreciates the ability to take a forecast for one product and apply it to another. "One of the significant time savers with DemandCaster is the ability to take the forecast or the past demand of one item and copy it to a similar, new product so I don't have to start from scratch."

Making Data-Driven Inventory Decisions

Once STM Brands began using DemandCaster and started to look at demand shifts, which in most cases are seasonal, another bit of insight came to light. "DemandCaster allows us to identify potential excess stock in the future and be more proactive in optimizing inventory, as opposed to waiting until it's too late. Personal electronics is a very fast-moving market segment. If a phone form factor is canceled by its manufacturer like Samsung, Apple, or Microsoft, our product becomes a perishable good. We have to address it right away."

DemandCaster is also enabling STM Brands to make true data-driven decisions. Nyholm explains, "If we know we are expecting a new deal for 3,000 units in February, we can prepare for it. With DemandCaster, we can ask the right questions about why, when, and how which helps us plan around peaks and valleys, as opposed to relying on our intuition or gut."

Making data-driven decisions has resulted in a 20% increase in operating margin and a 50% increase in sales profits. Freight costs to sales are also down 25% year-over-year.

A Winning Combination

Nyholm says that adding DemandCaster to manage supply chain planning was an easy decision as its easy to use. He likes that is can be configured to match the way his business actually works. In the future, Nyholm plans to further leverage the integration between NetSuite and DemandCaster to closely track orders and forecasts associated with those. The company also plans to expand the use of DemandCaster into additional parts of the company, specifically making more use of the sales and operational planning (S&OP) capabilities which has already improved collaboration between the sales, purchasing, and production teams.

In the last three years, STM has doubled in size, tripled in revenue, and nearly tripled in global retail presence. It's no doubt they'll continue to maximize the winning combination of NetSuite and DemandCaster as their business booms.



Company Snapshot

Company: STM Brands

Location: Sydney, Australia



DemandCaster

Company Snapshot

Partner Name: DemandCaster

Location: Troy, MI