neo Digital Industries



HOW TO MAKE MONEY WITH A SUPPLY CHAIN PLANNING PROJECT

Based on Real Cases

An executive guide to building a consistent and fast return on investment from planning and scheduling initiatives — with data from 30+ industrial projects publicly documented.

100+	20+	2 mo	60%
Industrial Cases Delivered	Years of Experience	Fastest Payback Documented	Avg. Late Order Reduction

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Chapter 01

01 Introduction

If you've ever been asked "What's the ROI of this project?" and struggled to give a clear answer, this ebook is for you.

Supply Chain Planning and Scheduling projects are not always evaluated the right way. Many companies try to measure return by looking exclusively at cost reduction — when in reality, the gains also show up in revenue, cash flow, and risk mitigation.

This is the gap that kills good projects before they start. A technically sound initiative gets shelved because no one translated its value into the language the CFO speaks: money.

> **The fastest payback we have ever documented at Neo was 2 months — at Salus (Groupe Avril). A 14% increase in production throughput, combined with a 60% reduction in late orders, drove an investment recovery in less than one business quarter.**

At Neo Digital Industries, we have been working with industrial companies on supply chain planning and advanced planning and scheduling (APS) projects for more than two decades. Over this time, we have built, implemented, and validated business cases across more than 100 industrial projects — in sectors ranging from plastics and animal nutrition to electric cables, tubes, cosmetics, and automotive components.

What's inside this ebook:

- The three major sources of financial return
- Real documented results from our client portfolio
- Planning vs. Scheduling: where gains show up
- A step-by-step method to build a credible business case
- A complete worked example (Salus payback formula)
- Why the benefits compound over time
- Common traps to avoid when calculating ROI

Chapter 02

What ROI really means in Supply Chain Projects

The Core Metrics

ROI, at its simplest, is the ratio between the net financial benefit of a project and its total cost. But ROI is not the only lens. In practice, companies evaluate investments using a combination of metrics:

Payback Period

How long until the investment pays for itself?

2 to 18 months

ROI (3-Year)

Total net benefit versus total investment

300% to 900%

NPV

Total value of future gains, discounted to today

3x-7x project cost

IRR

Effective annual return rate the project generates

Often >100%/year

Why Supply Chain ROI Is Different

Supply Chain projects generate both direct and indirect returns. Some gains show up immediately on the balance sheet. Others take longer or are harder to isolate.

Balance Sheet

Inventory carrying cost reduction

Cash Flow

Lead time reduction improves cash cycle

Risk Prevention

Avoiding stockouts that cost customers

Key message: Supply Chain projects create value not just by saving money, but by improving the quality of operational decisions that compound over time and touch revenue, cost, and risk simultaneously.

The Three Sources of Return

Every financial gain from a Supply Chain Planning or APS project falls into one of three categories. Most companies only look at cost reduction. That is a mistake.

01 Revenue Increase

- Higher service levels (OTIF)
- Greater product availability
- Reduced lead times
- Unlocked hidden capacity
- Serving repressed demand

02 Cost Reduction

- Inventory reduction
- WIP reduction
- Lower obsolescence
- Operational efficiency
- Planning labor savings

03 Risk Mitigation

- Fewer delivery failures
- Fewer emergency purchases
- Higher schedule adherence
- Reduced disruption impact
- Process maturity

Revenue Increase

This source of return normally does not get much attention in business cases and often represents the largest upside. When a company improves its planning capabilities, several things happen that drive top-line growth.

CASE STUDY

Grupo Malwee

Textiles / Fashion / 40M+ pieces per year

- US$ 666,000 increase in value allocated to sales orders in a single sales period
- 134,500 additional pieces directed to billing after implementing material allocation logic
- Complete order fulfillment rate grew >5% in value and ~9% in volume vs. SAP baseline
- US$ 36,800 reduction in annual improper material purchases

CASE STUDY

Cia. Hering

Fashion / Part of Azzas Group (Largest fashion group in Brazil)

- 24 percentage point improvement in global service level in 2025
- 60% increase in sewing productivity (2022-2025), equivalent to US$ 1.6M in avoided investments
- Elimination of stock ruptures identified automatically

+24pp
Service Level Improvement

+60%
Sewing Productivity

$1.6M
Avoided Investments

Cost Reduction

This is the most familiar territory for ROI discussions. The gains are tangible, measurable, and often fast to capture.

1. **Inventory Reduction**
   Produce what you need, when you need it
2. **WIP Reduction**
   Less capital tied on the shop floor
3. **Lower Obsolescence**
   Every overproduced unit is a direct cost
4. **Operational Efficiency**
   Fewer changeovers, better utilization
5. **Planning Labor**
   Days to minutes, freeing strategic capacity

CASE STUDY

Grupo Tigre

Tubes & Connections / ~7,000 employees / 4,500 SKUs

- 50% reduction in inventory levels after Opcenter APS
- Schedule adherence: 47% to 95% (+48pp)
- Production orders generated automatically in SAP

CASE STUDY

Induscabos

Electric Cables / 31,000 tons/year / 10,000+ SKUs

- 98% reduction in time to generate production orders
- Max delivery delay: >30 days to <10 days
- 31% production shifted to higher-margin cables

Risk Mitigation

This is the dimension of ROI that almost no one talks about until something goes wrong. Every manufacturing operation faces critical events: a major customer lost, a production line shut down, a batch scrapped, an emergency purchase at 3x the normal price.

> A pattern we see frequently: the investment in planning technology is only approved after a significant event causes a major loss. The project that was "too expensive" at $200,000 suddenly looks like a bargain after a $2 million incident.

CASE STUDY

Zen S.A.

Metal Components / Automotive / Brusque, SC

- 10% increase in production volume in first year
- 15% reduction in total setup time
- Scheduling: ~2 hours to ~10 minutes per scenario

CASE STUDY

Unipac

Construction Materials / nPlan Implementation

- 58% reduction in materials with stockouts
- 53% reduction in stagnant inventory
- 56% reduction in obsolete stock
- Planning cycle: 1 full person-month to 2 weeks partial

Chapter 04

Where the Gains Show Up in Practice

Concepts are useful, but executives approve investments based on numbers. This chapter translates the three sources into specific, measurable indicators.

Revenue Indicators

Indicator	What It Measures	Benchmark
Service Level	% demand met on time	+5 to +24pp (Hering: +24pp)
Fill Rate	% order lines fulfilled	Unipac: -58% stockouts
Available Capacity	Hours freed by better planning	10-14% more output
Demand Fulfillment	% of demand captured	Malwee: +US$646K

Cost Indicators

Indicator	What It Measures	Benchmark
Inventory Levels	Total value held	Tigre: -50%
Planning Labor	Hours generating plans	Induscabos: -98%
Setup Time	Time lost between runs	ZEN: -15% total
Emergency Purchases	Unplanned procurement	Malwee: -US$36K/yr
Productivity	Units per time unit	Salus: +14%; Hering: +60%

04

Risk Indicators

Indicator	What It Measures	Benchmark
Delivery Delays	Days late on orders	Induscabos: >30d to <10d
Schedule Adherence	Actual vs. planned	Tigre: 47% to 95%
Stockout Frequency	Material shortages	Unipac: -58%
Avoided Investments	Capital not spent	Hering: US$1.53M

Chapter 05

ROI in Planning vs. Scheduling

Not all projects are the same. Where the gains show up depends directly on the scope of the project. Understanding this distinction is critical for setting realistic expectations.

PLANNING

Tactical & Strategic
Weeks to months ahead

- Finished goods inventory reduction
- Raw material optimization
- Improved service levels
- Demand-supply alignment
- Scenario simulation speed

Unipac (nPlan)

Stockouts -58%
Obsolete inventory -56%
1,000+ planning scenarios
Planning effort halved

SCHEDULING

Tactical & Operational
Hours to days ahead

- OEE and throughput improvement
- WIP inventory reduction
- Better use of labor/machines
- Shorter manufacturing lead time
- Executable plans (constraints)

Salus (Groupe Avril)

+14% throughput
-60% late orders
5x faster scheduling
Payback in 2 months

The Compound Effect

When both layers work together, the plan is feasible, the execution is efficient, and the customer gets what they need.

Cia. Hering - End-to-End Integration

300+ external contractors integrated. Scheduling lead time: 10 days to 1 day. US$ 1.53M avoided investments. +24pp service level in 2025.

Chapter 06

How to Build a Solid Business Case

Theory without method is just conversation. This chapter gives you a practical, step-by-step approach to building a credible ROI analysis for your Supply Chain or APS project.

01

Understand the Current Pain

What is hurting the business today? Is service level below target? Are inventory levels too high? Is operational efficiency below benchmark? Are there recurring events that generate unplanned costs?

02

Map Baseline Indicators

Gather the current values for inventory levels, service level and OTIF, capacity utilization and OEE, frequency of critical events, and current operational cost structure. It needs to be honest and defensible.

03

Estimate Improvement Levers

Based on scope and benchmarks from similar industries. Inventory: -15 to -50%. Delays: -40 to -80%. Productivity: +10 to +60%. Planning cycle: -60 to -98%. Schedule adherence: +10 to +50pp.

04

Convert to Financial Value

Inventory reduction = cash release + carrying cost savings. Service level = revenue protection. Productivity gain = throughput revenue or cost avoidance. Planning labor = recurring cost saving. Risk = loss avoidance.

05

Analyze the Return

With costs and benefits quantified, calculate payback period, NPV, IRR, and cumulative gain over 3-5 years. Present all four metrics — different stakeholders respond to different lenses.

> **A good business case does not require perfect data. It requires honest baselines, conservative estimates, and a clear link between operational improvement and financial impact.**

Improvement Levers Reference Table

Based on the project scope and benchmarks from similar industries, estimate the realistic improvement potential.

Typical Ranges from Our Portfolio

Improvement Lever	Typical Range	Best Case Documented
Inventory reduction	15-50%	50% — Grupo Tigre
Late order reduction	40-80%	60% — Salus
Productivity/throughput	10-60%	60% — Hering (sewing)
Planning cycle time	60-98% reduction	98% — Induscabos
Schedule adherence	+10 to +50pp	+48pp — Tigre
Stockout reduction	40-60%	58% — Unipac

Converting to Financial Value

Inventory Reduction
Cash release + carrying cost savings (18-25% of value/year)

Service Level
Revenue protection or growth. Malwee: US$ 666K in one period

Productivity Gain
14% more output = 14% more revenue or deferred capex

Planning Labor
Freeing 270 hours/month of senior team (Induscabos)

Risk Mitigation
2 disruptions/year at $100K each, reduced by 50% = $100K saved

Chapter 07

Case Deep Dive: Salus Payback Formula

The Salus case — part of Groupe Avril, one of France's leading agribusiness groups — is one of the clearest examples of how to structure a payback calculation. The project delivered a 2-month payback, a 14% productivity increase, and a 60% reduction in late orders.

The Starting Point

Salus manufactures premixes, nuclei, and additives for animal nutrition. Nearly infinite product formulations, up to 40 components per product. Before Opcenter APS:

- Scheduling was manual, knowledge-dependent, and time-consuming
- Sequencing didn't account for cleaning requirements
- Delivery dates were uncertain and difficult to commit to
- Urgency-driven replanning created pressure on the team

SALUS-STYLE PAYBACK MODEL

Monthly Production Value	US$ 4,000,000
Step 1: Productivity Gain (14%)	US$ 560,000/mo
Step 2: Apply Net Margin (4.5%)	US$ 25,200/mo
Step 3: Planning Labor Freed (80%)	US$ 1,600/mo
Step 4: Delay Savings (60% fewer late)	US$ 5,400/mo
TOTAL MONTHLY BENEFIT	**US$ 32,200/mo**
Project Investment	US$ 64,000

= 2 MONTHS PAYBACK | ROI > 500% in Year 1

Generalizing the Formula

The Salus model can be adapted to any scheduling project with Opcenter APS. The key inputs and their typical ranges from our portfolio:

Key Inputs & Typical Ranges

Input	Typical Range	How to Measure
Productivity Gain	10-14% (sched.) up to 60%	Units/shift before and after
Net Margin	3-20% depending on industry	Cost accounting, conservative
Planning Labor Freed	60-98% of planning hours	Track time on scheduling weekly
Delay-Related Cost	Penalties + rework + customer risk	Sum historical penalty + rework
Project Investment	Varies by scope and complexity	Vendor: implementation + license

Once you have these five inputs, you can build a payback in under an hour. The formula is not complex — the challenge is collecting honest baseline data and using conservative estimates for improvement potential.

"This project was a milestone for our company. We were extremely satisfied with both the tool and the NEO implementation team. Our expectations were fully met with APS."

— Hugo Costa, PMO Manager — Salus (Groupe Avril)

Chapter 08

Why the Return Is Cumulative

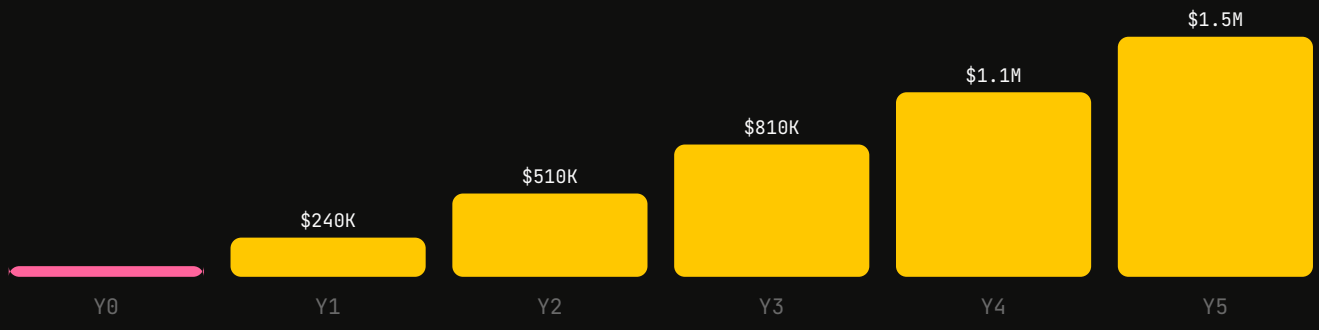
One of the most underappreciated aspects of Supply Chain Planning and APS projects is that the benefits don't happen just once. They accumulate. And they compound.

When a company reduces inventory by US$ 600,000 through better planning, the capital is released once — but the carrying cost savings (warehousing, insurance, obsolescence risk, cost of capital) recur every year.

> Think of it this way: the investment happens once, but the causes of loss that the project eliminates were recurring. This is why a project costing US$ 80K-160K can generate several million dollars in cumulative value over a 3-5 year horizon.

Cumulative Value Model

Year	Annual Benefit	Cumulative	Net Position
Year 0	—	—	-US$ 120,000
Year 1	US$ 240,000	US$ 240,000	+US$ 120,000
Year 2	US$ 270,000	US$ 510,000	+US$ 390,000
Year 3	US$ 300,000	US$ 810,000	+US$ 690,000
Year 4	US$ 320,000	US$ 1,130,000	+US$ 1,010,000
Year 5	US$ 340,000	US$ 1,470,000	+US$ 1,350,000



Chapter 09

Examples of Gains You Can Monetize

To make your business case concrete, here is a reference list of gains that can and should be included in the financial analysis, with documented evidence.

Category	Gain	Real Case	Recurrence
Inventory	Reduction in total inventory	Tigre: -50%	One-time + annual
Inventory	Eliminate obsolete stock	Unipac: -56%	Annual
Revenue	Higher service level	Hering: +24pp	Annual
Revenue	Increased allocated value	Malwee: +US$627K	Per cycle
Revenue	Avoided capacity invest.	Hering: US$1.53M	Multi-year
Cost	Planning labor reduction	Induscabos: -98%	Annual
Cost	Late order penalties	Salus: -60%	Annual
Cost	Setup reduction	ZEN: -15%	Annual
Productivity	Throughput increase	Salus +14%; Hering +60%	Annual
Risk	Schedule adherence	Tigre: 47%->95%	Ongoing
Risk	Stockout reduction	Unipac: -58%	Annual

> Best practice: Pick the 4-6 gains most relevant and defensible in your context. A focused business case is more credible than an exhaustive one. Start with 2-3 easiest to quantify, then add 1-2 larger drivers that require estimation.

Chapter 10

Common Mistakes When Evaluating ROI

01
Only looking at cost reduction

Revenue protection and risk avoidance together often exceed cost reduction in our cases.

02
Ignoring the revenue dimension

Malwee's US$ 627K additional revenue in one period is a direct consequence of better allocation.

03
Dismissing risk as intangible

A $1M loss from a planning failure in the past 3 years is a data point, not a hypothetical.

04
No reliable baseline

If you don't know current inventory, service metrics, or costs, any estimate is guesswork.

05
No time horizon separation

Some gains appear in Q1, others take 6-12 months. A good business case shows the timeline.

06
Treating as IT expense

Frame as operational investment with measurable returns. The frame matters enormously.

07
Waiting for perfect precision

No business case is 100% accurate. The goal is directionally correct and defensible.

Chapter 11

Where to Start: Planning or Scheduling

Not every company needs to start in the same place. The right entry point depends on where the biggest pain — and the biggest opportunity — sits today.

START WITH PLANNING

- Inventory above target
- Forecast poorly connected
- Limited demand-supply visibility
- Chronic stockout + excess
- No scenario simulation

Primary: inventory, service level, working capital

START WITH SCHEDULING

- Highly constrained factory
- Significant setup time lost
- Efficiency primary concern
- Long manufacturing lead time
- Plans broken daily on floor

Primary: OEE, WIP, throughput, lead time, service level

START INTEGRATED

- Problems across layers
- One layer hitting limits
- Need sync plan + execution
- Bottlenecks shift
- Need fast large-scale returns

Primary: compounded gains, all dimensions

There is no universal starting point. Start where the pain is greatest and the return most visible — then expand. In our experience, a structured 2-4 week diagnostic consistently produces a business case strong enough for executive approval.

Chapter 12

Conclusion

Supply Chain Planning and APS projects can generate fast, measurable returns — but only if the value is properly identified, quantified, and communicated. The evidence from more than a hundred industrial projects at Neo consistently confirms the same pattern.

2 mo	50%	$1.6M	98%
Fastest payback (Salus)	Max inventory reduction (Tigre)	Avoided invest. (Hering)	Time saving (Induscabos)

1. The value comes from three sources, not one. Revenue, cost, and risk.
2. The type of return depends on the scope. Planning vs. Scheduling.
3. The benefits are cumulative. Investment once, gains for years.
4. A credible business case is achievable with the Salus-style formula.

> More than asking whether a Supply Chain Planning project is worth it, the right question is: Where are the losses, inefficiencies, and risks that this initiative can eliminate — and what are they costing us today? When this question is answered honestly, the business case almost always approves itself.

Chapter 13

Next Steps

If you are evaluating a Supply Chain Planning or APS investment — or if you need to build a business case that gets approved — we can help.

Neo Digital Industries works with industrial companies to:

- Diagnose operational improvement opportunities and quantify their financial impact
- Estimate payback and cumulative ROI by scenario, using your own baseline data
- Build defensible business cases with NPV, IRR, and payback analysis
- Define the right project scope based on where the value is greatest
- Connect planning strategy to measurable financial outcomes
- Implement Opcenter APS (Siemens) and nPlan solutions with validated methodology

Ready to understand the return potential in your context?

Contact Neo Digital Industries to start a conversation about your next Supply Chain transformation.

neodigitalindustries.com

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