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Data Analysis for Supply Chain Optimization

Mrs. Dipika Nivrutti Borhade , Mrs. Bhakti Chandarkant Kale

Department of Master of Computer Application,

JCEI's Jaihind Institute of Management and Research, Vadgaon Sahani Email: dipikaborhade176@email.com, kalebhakti56@gmail.com

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Abstract - Supply chain management often generates vast amounts of data on customers' needs, stock levels, purchases, suppliers, transportation, and order execution. By analyzing this data, companies can identify demand patterns, spot irregularities in stock levels, assess key supplier ratios, monitor expenditures on transportation, and other crucial aspects. This paper aims to provide an in-depth understanding of the benefits of applying descriptive, predictive, and prescriptive analytics to optimize supply chain management. The three-step method proposed in the paper will be implemented in supply chain management to gain descriptive, predictive, and finally, prescriptive analytics. Initially, the process will involve collecting the required data and exploring past data to discover patterns. Then, the future demand will be predicted, and performance metrics and key performance indicators (KPI) will be established. Finally, the best process options will be selected based on the obtained information.

Thus, descriptive analytics will be utilized to analyze present states and discover process flaws. Predictive analytics will be employed to anticipate future demand and plan purchase, stock, and transportation accordingly. Using descriptive analytics to analyze current and historical data will be applied to discover patterns and describe the existing situation. In this paper, I will demonstrate that these techniques can be utilized to improve supply chain management and ensure profit and efficiency. The analytical techniques will be evaluated using such indicators as inventory ratios, lead time, order fulfillment rate, stockout incidence, demand prediction accuracy, and total supply chain costs. I believe that implementing these methods will improve supply chains' performance by optimizing inventory, reducing costs, enhancing process integration, and increasing organizational efficiency.

Keywords: Supply Chain Management: Business Data Analysis, Descriptive Data Analysis, Predictive Modeling, Decision Prescriptive Analytics, Demand Estimation, Stock Control, Purchasing Management, Supplier Evaluation, Logistics Planning, Supply Chain Performance, Expense Minimization, Operational Effectiveness, Order Completion, Inventory Turnover.

1. INTRODUCTION

Supply Chain Management (SCM) consists of manufacturing, transporting, and distributing goods and services from suppliers to customers. SCM efficiency includes several elements like demand, inventory, suppliers, transportation, production rate, and delivery time. Traditionally, supply chain decisions are based on demand forecasts and human judgment However, modern SCM includes complex issues, including customer demand forecasting, inventory shortages, and transportation delays. SCM data analysis is the paradigm of decision-making that helps companies to optimize their supply chain performance considering the critical parameters of demand, inventory, suppliers, transportation, production, and delivery time. Demand forecasts enable companies to anticipate future demand, whereas optimization models enable the best cost-efficient decisions for inventory, purchasing, transportation, and production. This paper focuses on developing a data-analysis framework for supply chain optimization. The framework includes various stages like data gathering, preprocessing, analysis, forecasting, optimization, and performance assessment. The framework's performance can be evaluated by six key performance indicators (KPIs) like inventory turnover, delivery time, stockout rate, order fulfillment, accuracy of forecasts, and overall cost. The research aims to design a data-analysis framework that helps

companies to improve supply chain planning and operation while optimizing their expenditure.

1.1 Algorithms



1.2 Problem Statement

Supply chain companies create tons of data about sales, inventory, suppliers, purchases, and transportation. The data is complicated to organize and rife with inaccuracies, which results in problematic inventory planning and poor-day-to-day operational decision-making. Erroneous demand forecasts can result in too much or too little inventory, whereas delays on the suppliers' end and inadequate transportation management can incur high costs and poor-order performance. Thus, there is a necessity for a system that works on data analytics and can assess supply chain performance to aid inventory, procurement, demand, and transportation decision-making.

1.3 Objectives

2.

1. To identify key supply chain variables which influence the supply chain performance.

2. To get and prepare historical supply chain data.

3. To analyze demand, inventory, supplier, procurement, and transportation domains.

4. To implement forecasting techniques which will forecast

5. To identify inventory and supply chain bottlenecks by analyzing the data.

6. To come up with an optimization model that will help in improving the supply chain performance.

7. To evaluate the performance of the supply chain using the key performance indicators.

8. To examine how data can be utilized to reduce costs and improve supply chain performance.

LITERATURE REVIEW

Many researchers have analyzed the impact of the application of data analytics on different areas of supply chain. Their results suggest that analysis of operations can help organizations identify possible areas of concern and develop more efficient planning and management strategies. Researchers examining the role of forecasting study how historical sales data can help supply chains to predict future needs and manage their production accordingly. Studies on inventory management often deal with ways of maintaining optimal stock levels and avoid shortages or surplus. Works on suppliers focus on such factors as delivery reliability, quality of products, lead time, and purchase costs. Studies on transportation and logistics discuss ways of optimizing shipments, deliveries, routing, and costs. Recent works analyze the use of descriptive, predictive, and prescriptive analytics. This approach allows organizations to study previous performance, forecast the future, and select the most appropriate actions in a given situation. In general, research on supply chains shows that data analytics can be helpful in this field. Still, the effectiveness of such an approach depends on the amount of data available and the ability to correctly interpret it.

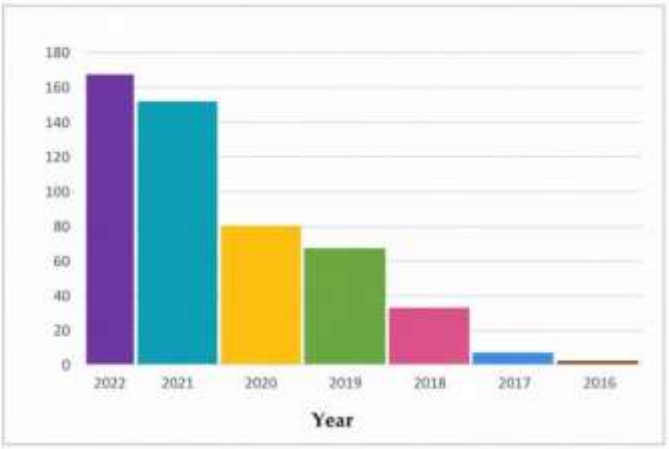
3. METHODOLOGY

3.1 System Architecture

The given system of Data Analysis for Supply Chain Optimization includes the following stages: 1. Data Gathering – collecting the data related to sales, stock, suppliers, and delivery. 2. Data Cleaning – removing data errors, and organizing the information properly to make it more usable. 3. Data Examination – studying, analyzing the data, and searching for patterns and insights. 4. Demand Prediction – predicting future customer demands with historical data. 5.

Process Improvement – analysis and finding of better and more optimal methods for inventory, purchasing, and logistics.

6. Result Assessment – measuring and evaluating the performance using delivery time, inventory, and the overall cost in general.



4. Future Scope

The future scope of supply chain optimization using data analytics involves utilizing Artificial Intelligence, Machine Learning, and real-time analytics to make more informed decisions. Moreover, developing advanced models for forecasting can lead to improved demand planning and avoid instances of stock outlay or surplus. The future of supply chain management will focus on automating inventory planning, supplier selection, transportation, and risk management. Advanced analytics will be used to collate information from warehouses, suppliers, customers, and transportation to make more realistic decisions. This will lead to lower costs, higher adoption of resources, increased customer satisfaction, and a more agile and responsive supply chain.

5. Existing Research

Prior research has shown that data analysis can improve supply chain management by predicting demand, controlling inventory, optimizing transportation, and managing supplier relationships. Researchers have used machine learning and predictive analytics to uncover insights, reduce costs, and improve decision-making in supply chains. However, there are still challenges in data integration, real-time analytics, and using different types of supply chain data sets. Therefore, further research is needed to develop effective data-centric approaches to improving supply chains.

6. Hypothesis

1. H_0 (Null hypothesis):

   Data analysis has no significant effect on supply chain optimization and not improves forecasting, inventory control, procurement activity, transportation management, cost efficiency, and performance.

2. H_1 (Alternative hypothesis):

   Data analysis has a significant positive effect on supply chain optimization and improves forecasting, inventory control, procurement activity, transportation management, cost efficiency, and performance.

7. Tools and Technologies

Python : Data cleaning, analysis, demand forecasting, and optimization.

R : Statistical analysis and predictive modeling.

SQL : Storing, retrieving, and managing supply chain data.

Microsoft Excel : Basic analysis, calculations, inventory tracking, and reporting.

Power BI : Dashboard creation and supply chain performance visualization.

Tableau : Business intelligence and data visualization.

Pandas : Data cleaning, transformation, and analysis in Python.

Scikit-learn : Machine learning and demand prediction.

Machine Learning : Demand forecasting and pattern recognition.

8. **Gole for Supply Chain Optimization**



9. Conclusion

The use of data analytics in supply chains may result in improvement by studying consumer demand, inventory, transportation, delivery, and costs. It can properly forecast demand, manage inventory, prevent delays and additional expenses, and help make the best choices in supply chains. However, the quality of the underlying data is of exceptional importance in order to guarantee accurate results. In general, it is possible to claim that data analytics in supply chains can enhance the organization's efficiency, optimization, and cost management. Further research should concentrate on real-time data analytics, artificial intelligence, machine learning, and automatization in order to take supply chains to a new level.

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