Global Pegging: Why It Is an Indispensable Feature of Any Supply Chain

Explore the correlations between supply chain dependencies to help uncover risks, improve visibility, and intelligently create new decisions so that you can respond to disruptions and mitigate risks in real time and achieve your business goals.

When we think about supply chain operations, we think about a number of activities, such as purchasing, production, transportation, order shipment, or product delivery.

These activities take time, which we call the lead-time of the activity; and they utilize (or consume) various resources, such as machines, employees, and money. This is a very simple explanation of an in general, a series of very complex supply chain activities.

To be able to address this complexity, full visibility into your end-to-end supply chain is the only way to pinpoint risks. And this is where global pegging is a key function to execute complex supply chain decisions. Global pegging is the main catalyst behind all supply chain calculations and algorithms and is the one single important feature that all supply chains must-have for an effective delivery performance.

What Is Pegging and Why Is It Important for Supply Chains?

The process of identifying dependencies between supply chain activities is called Pegging.

Hence, we can peg;

- inventories and production orders of products to customer orders
- inventories and production orders of semi-finished items to production orders of products
- inventories and raise purchase orders of materials to production orders of semi-finished items

Pegging can also be performed between a supply chain activity and resource utilization, which provides the actual meaning behind the installed capacity of resources. Pegging investigates the correlations between all decisions put into action and intelligently helps to create new decisions in accordance with your company goals.

Why You Must Have Global Pegging Within Your Supply Chain Solution

Risks & Opportunities

In every risk, there is opportunity. With global pegging, you can simulate outcomes of an opportunity and evaluate how it effects your supply chain KPIs.

Global Pegging helps you to;

- Uncover opportunities
- Visualize risks
- Evaluate options
- Understand the impacts of those risks on your KPIs

Visibility

In today's complex supply chain organizations, you need a control tower view of your supply chain so you can confidently manage risk, capitalize on opportunities and cope with volatility. With global pegging, you are equipped with the visibility to respond to disruption and mitigate risks almost in real time.

Supply Chain Disruptions

Strengthen and build agility in your supply chain. Supply chains have many inputs and outputs in their process flow. It is not surprising that with such a complex structure, there may be many disruptions in the initial plan.

With global pegging, you can for example simulate the effect of a missing raw material for the start of the work order. It is also possible to gain visibility into all possible permutations and determine the exact number of customer orders affected by this late delivery.

Pegging makes it possible to observe the effects of disruptions within this complex process.

Global Impacts

Global issues such as the pandemic, the Suez Channel blockage, and the war in Ukraine creates an immense impact on supply chains. Changes in inputs within these global incidents makes it more challenging to figure out the realizations of supply chain plans. In such a landscape, pegging is crucial for professionals to evaluate the possible outcomes of those global impacts on their sourcing, demand forecasting, and production planning.

Multi-Plant Operations

Companies with multiple plants typically source their internal material flow from various sites. With global pegging, this helps companies synchronize and maintain production.

As an example, if one production site experiences a delay, pegging informs other sites about the delay and the coordination team can make informed decisions on how to manage or synchronize the production.

To discover more about how global pegging can keep you ahead of your competition, contact our experts!

Do You Have the Correct Mix, Quantity of Inventories and Production Activities in Action to Meet Your OTIF Target?

To be able to calculate operations based KPIs such as OTIF or On-Time-In- Full correctly and efficiently, organizations need to record all supply chain activities so that the KPI calculations can be performed. No data recording simply means no calculations. Historically, ERP systems are designed to provide such a transactional System of Records.

Although KPIs provide us a solid basis to measure how well we performed in the past regarding various operational activities, they provide little value in assessing the current state of our operations and in determining the best course of actions that we should take.

It's all about the ability to answer the question:

> **Do I currently have the correct mix, quantity of inventories, and production / shipment activities in action to meet my OTIF target?**

Although being able to answer a question like this requires a full record of supply chain activities that transpired in the past, such as inventory transactions, open production and shipment orders, and open customer orders; it is not sufficient. To answer this question based on actual data (not based on gut feeling) we need to assess the current meaning of all these transactions and records in relation to each other.

As an example,

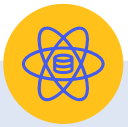
to make a judgment call such as inventory level of a product being too "high", we need to query what the current best allocation of this inventory is. This of course is related to current open customer orders, forecasts, and any other form of delivery requirements. Additionally, we need to detect if the excess amount is higher than our operational thresholds, which reflect safety stocks, calculated minimum operational stocks, etc. In a sense, we need to build a dependency between the inventory records, with the customer requirements. This dependency gives us the meaning (or reasoning) behind the decision to keep products in the inventory by incurring additional costs.

How ICRON Handles Global Pegging and What Is Unique About It?

ICRON offers the most sophisticated level of pegging in the simplest form within its customer centric supply chain solution to get you ahead of the game.

ICRON Global Pegging;

Relates all of the «hows» and «whys» in your entire supply chain with your company goals, needs of your customers and external parameters which are disruptions.



Covers your entire ecosystem in real time with great speed.

Always on, and makes real time calculations continuously.

Allows you to cope with disruptions, and the ever-changing needs of your customers.

ICRON'S Global Pegging Engine, is capable of creating a digital twin of this complicated set of combinations.

Supply chains in modern companies are built in a multi-echelon approach. This complex structure combines many layers of the supply chain and brings a countless number of combinations. Those combinations are very complex to manage, and most of the planning tools in the market can only support one layer of this complex structure.

→ **With this wizard within ICRON, companies can be on top of their game and see the impact of changes they implement.**

Companies will have visibility into how to best position themselves when crafting their customer relations, production plan, inventory policy, and procurement strategies. With ICRON's Global Pegging, companies can easily raise scenarios to analyze outcomes of changes on their supply chain and see the results of their decisions before even deciding!

Equipped with this ability to future-proof their supply chains, companies will also be able to sustain their competitive advantage to accelerate business growth.

Let's have a conversation on how we can help you to build a resilient supply chain!

ICRON

Optimized Decisions Made Simple

www.icrontech.com

Netherlands | Turkey | Singapore