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# Small Improvements Causing Substantial Savings: Forecasting Intermittent Demand Data Using SAS® Forecast Server

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## ABSTRACT

Maybe you're in the service parts business, or a retailer, or working in the pharmaceutical industry. If so, you know the inventory-planning challenges of intermittent or "slow-moving" demand. When a customer calls, you want to make sure you have what he needs. You are also constantly trying to balance the need to reduce the costs of your inventory against the requirement to maintain high customer service levels. Because you have no good way to accurately forecast demand for slow-moving items, the chances are that your company has too much inventory and it's costing a lot of money—sometimes tens of millions of dollars.

SAS® Forecast Server provides access to different ways to tackle this problem. This presentation will illustrate the concept and implications of intermittent demand data (IDD) and present why commonly used forecasting techniques (such as exponential smoothing) are usually inadequate. You will learn about the concepts that SAS Forecast Server employs when dealing with IDD (Croston's method and average demand method) and see how hierarchical forecasting methods can be used.

No paper was submitted for publication in the *Proceedings*. Check <http://support.sas.com/rnd/papers/> or contact the author.

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