Haier Europe | CANDY Hoover Haier

# Haier Europe Demand Driven Journey

15/06/2026


CONFIDENTIAL

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Demand Driven Distribution PROFESSIONAL

Demand Driven Leader PROFESSIONAL

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Haier

THE WORLD'S

# #1

SMART HOME ENTERPRISE

Euromonitor International

# Key Facts and Figures

Haier smart home

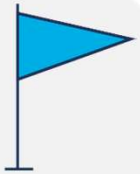
Haier Smart Home designs, manufactures, and sells a wide range of household appliances and smart home scene solutions.

Since **its foundation in 1984**, the Company has been constantly adapting to the development of eras through **entrepreneurship** and **innovation**.

The company is listed on the **Shanghai** and **Frankfurt Stock Exchanges**.

**38 B €**
Operating Revenue

**129**
Marketing Centers



**230.000+**
Retailers

**130,000+**
Employees

**173**
Manufacturing Centers

**35**
Industrial Parks

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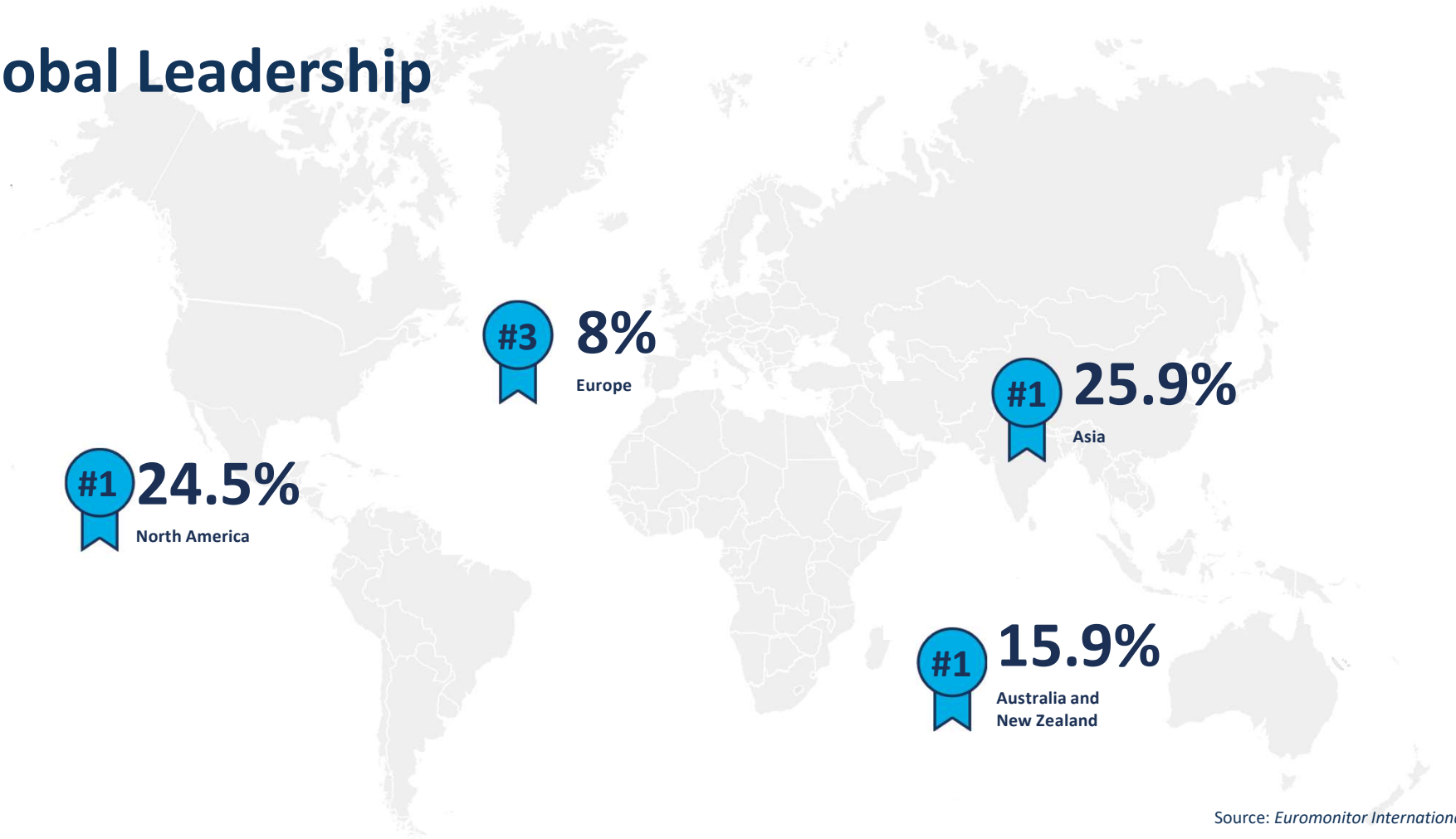
# Global Leadership




Source: *Euromonitor International*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CANDY
HOOVER
Haier
GATE 3
Europe
CANDY HOOVER Haier

# The fastest growing company

With the acquisition of Candy Hoover Group in 2019, Haier Europe encompassed the **entire European domestic appliance market**: from ultra-high premium to more affordable ranges.

Haier Europe made further improvements in processes and market approaches, achieving **growth** in its main businesses, and becoming one of the fastest-growing companies.

**#3**

**8%**
**Market Share**

**3**
Industrial Parks

**22**
Warehouses

**5,000+**
**52%** Blue Collars | **48%** White Collars

**300**
R&D engineers

**2,700**
Suppliers

**54**
Subsidiaries

Source: *Euromonitor International*

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# EUROPEAN DISTRIBUTION NETWORK AT SCALE

Managing complexity across products, geographies and supply flows

**10M+**
Units Sold Annually

**12,000+**
SKU-Destination Combinations

**50,000+**
Containers Managed per Year

**20+**
Countries Served

**80%**
Volume Imported

## PRODUCT PORTFOLIO

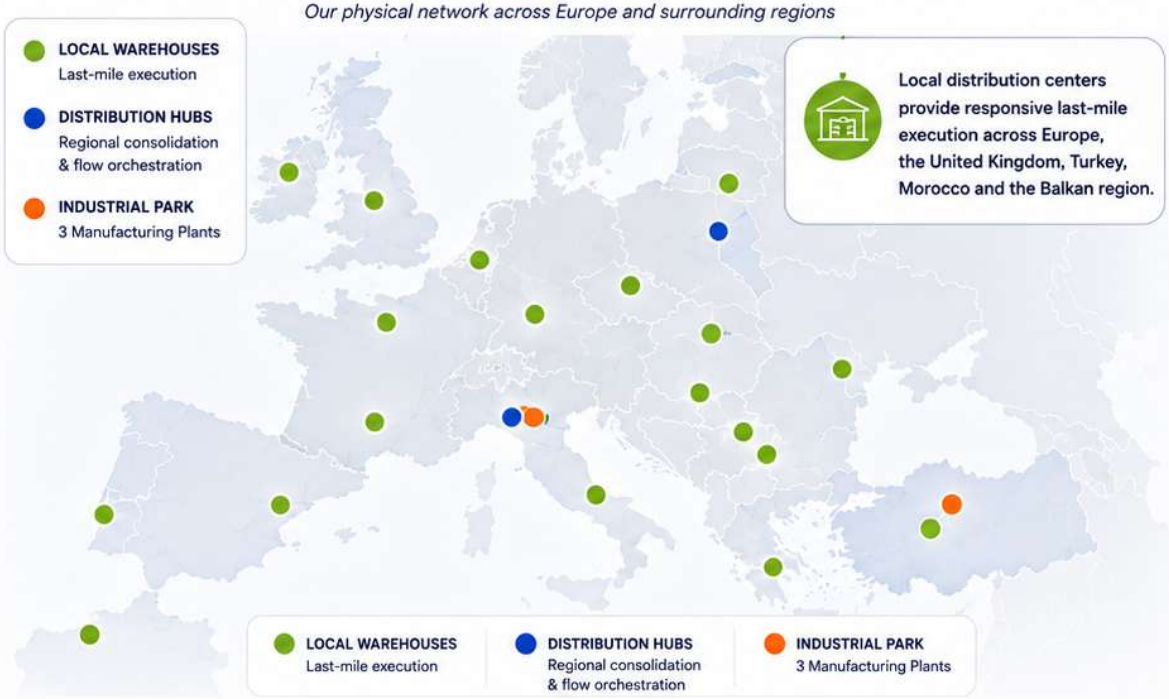
**MAJOR DOMESTIC APPLIANCES**
- Refrigerators
- Washing Machines
- Dryers
- Dishwashers
- Ovens
- Hobs
- Hoods

**SMALL DOMESTIC APPLIANCES**
- Vacuum Cleaners
- Robot Vacuum Cleaners
- Kitchen Appliances

**CONSUMER ELECTRONICS**
- Televisions

## EUROPEAN NETWORK FOOTPRINT

*Our physical network across Europe and surrounding regions*




## NETWORK COMPLEXITY DRIVERS

**PRODUCT COMPLEXITY**
Broad product portfolio spanning MDA, SDA and Consumer Electronics.

**GEOGRAPHIC COMPLEXITY**
Multi-country distribution network with local execution requirements.

**SUPPLY COMPLEXITY**
Global sourcing combined with regional manufacturing footprint.

**PLANNING COMPLEXITY**
More than 12,000 SKU-Destination combinations continuously planned and replenished.

**ONE EUROPEAN NETWORK.**
Integrated across geographies and supply flows.

**THOUSANDS OF PRODUCTS.**
Managing complexity with more than 12,000 SKU-Destination combinations.

**MILLIONS OF CUSTOMER DELIVERIES.**
Delivering value to millions of customers across Europe.

# AGENDA

01

## FROM VUCA TO BANI

Understanding the shift in our world and its impact on supply chains.

02

## HAIER EUROPE ROADMAP TO A DEMAND DRIVEN ADAPTIVE ENTERPRISE

### DDOM ROADMAP

The step-by-step plan to deploy DDMRP across our network.

### CHANGE MANAGEMENT

Putting people at the center of change. Engaging, enabling and empowering our teams.

### DDS&OP DESIGN

From strategy to execution. Designing our DDS&OP operating model.

### WHERE WE ARE AND WHAT'S NEXT

Our current state, expected outcomes and next steps.

03

## TAKE AWAYS

Key learnings and implications to guide our journey forward.

# PHYLLOXERA:
## A TINY INSECT, A GLOBAL DISASTER

The story of how an invisible enemy changed the world of wine forever.

### 1 AN INVISIBLE ENEMY

In the late 1850s, phylloxera (*Daktulosphaira vitifoliae*), a tiny insect from North America, arrived in Europe.
It feeds on vine roots.
The damage is silent but deadly.

### 2 DEVASTATION

Vineyards across Europe collapse.
Millions of hectares destroyed.
Wineries, jobs and traditions disappaer.

### 3 A CONTINENT IN CRISIS

From France to Italy, from Spain to Germany: no region is spared.

Wine production plummets.
Prices soar.
Societies struggle.

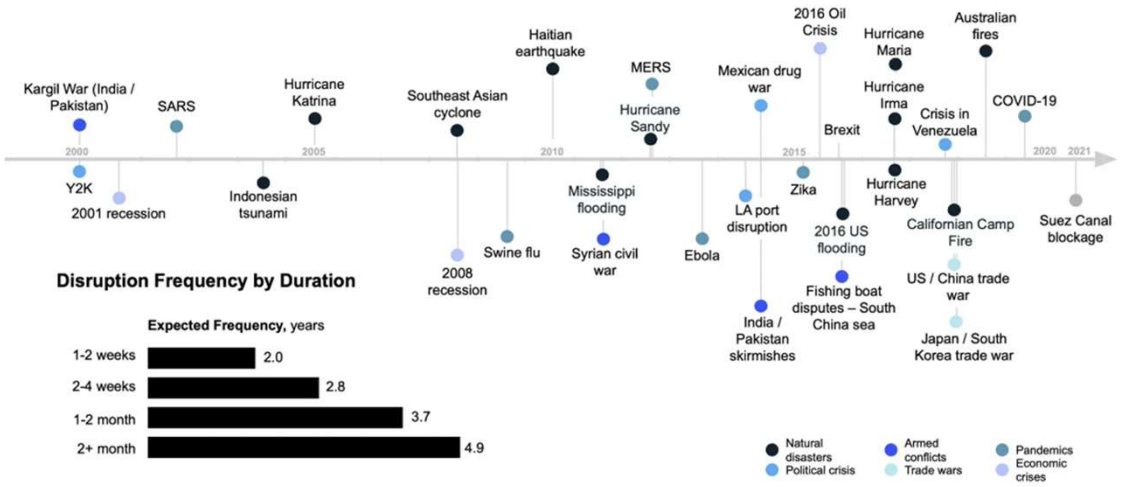
### 4 INNOVATION AND ADAPTATION

The solution comes from an unlikely idea: grafting European vines onto resistant American rootstocks.
A new era begins.

**A CRISIS THAT TESTED AN INDUSTRY.
A LESSON THAT STILL MATTERS TODAY:**

In a connected world, disruption can come from the smallest and most unexpected places.

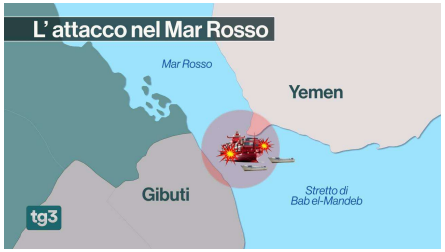
# Disruptions: the new business as usual




*McKinsey Global Institute, Risk, Resilience, and Rebalancing in Global Value Chains, 2020

*… and then:*
*Ukraine war: from 2022*


*Red sea Crysis: from 2023*




*Commercial war: from 2025*


*Iran war: from 2026*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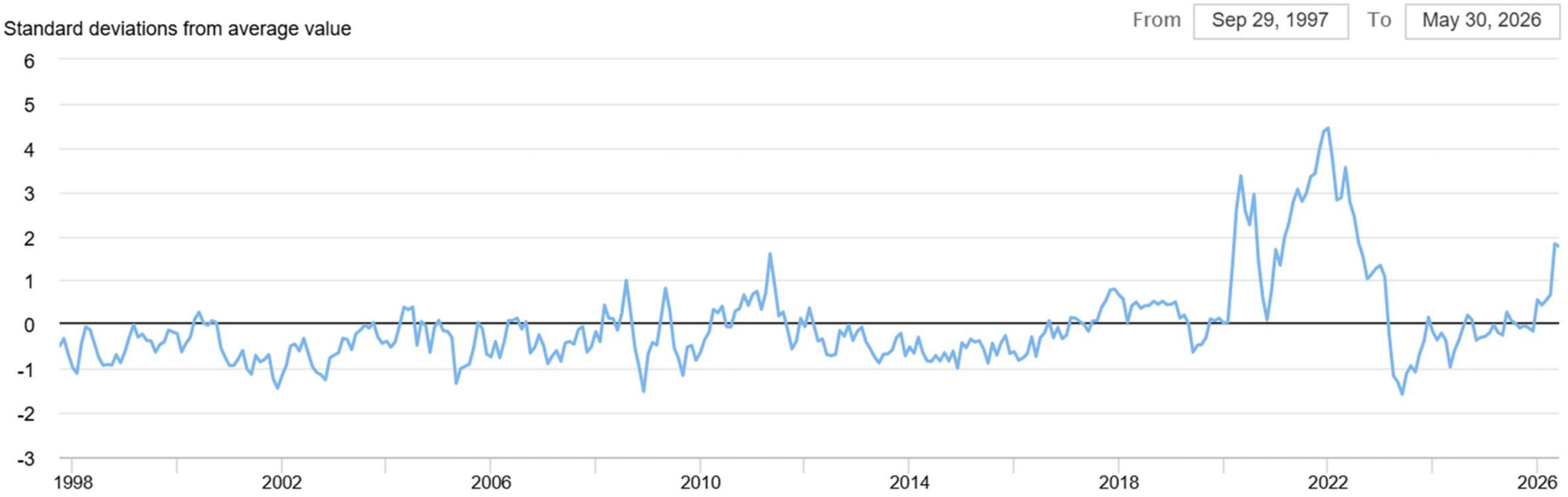
# Supply chain pressure index




*Global Supply Chain Pressure Index (GSCPI) - FEDERAL RESERVE BANK of NEW YORK

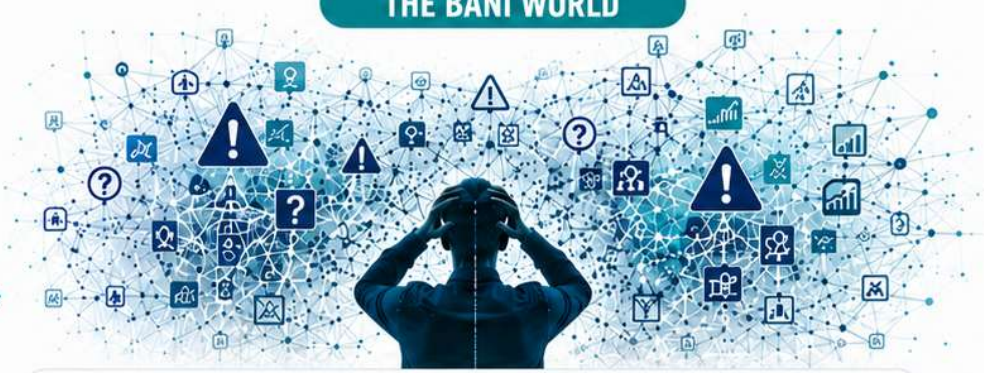
# FROM VUCA TO BANI.

The world has evolved. The same challenges—only amplified.
From describing the environment (systems) to understanding its impact (systems + people).

## THE VUCA WORLD

| | | |
|---|---|---|
| V | VOLATILE | Change is rapid and unpredictable |
| U | UNCERTAIN | The future is unclear and unknowable |
| C | COMPLEX | Many interconnected parts and dependencies |
| A | AMBIGUOUS | Information is incomplete and open to interpretation |

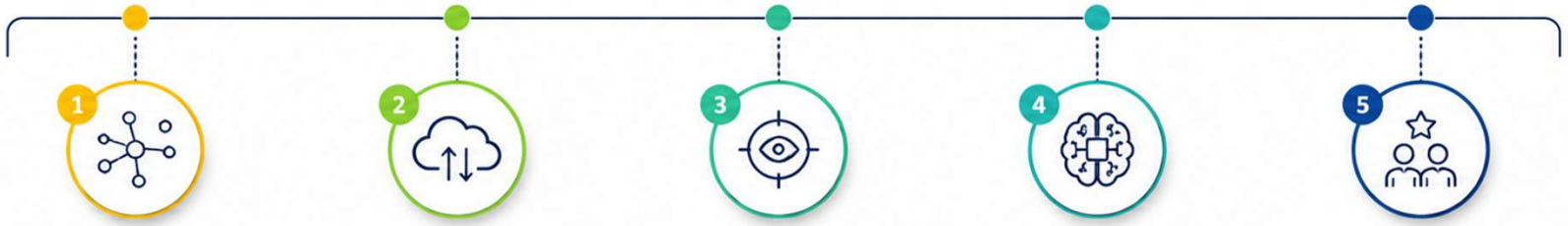
## THE BANI WORLD



| | | |
|---|---|---|
| B | BRITTLE | Systems are fragile, shocks have bigger impact |
| A | ANXIOUS | Constant sense of worry and pressure |
| N | NONLINEAR | Cause and effect are no longer proportional or predictable |
| I | INCOMPREHENSIBLE | Information overload and lack of meaning make sense-making hard |

# 5 PILLARS. ONE RESILIENT SUPPLY CHAIN.

**A RESILIENT SUPPLY CHAIN STARTS WITH 5 PILLARS**



### 1 ENHANCE THE LOGISTIC NETWORK

Build a flexible and responsive network to adapt and react faster.

- Alternative sources (redundancy)
- Improved visibility across the network
- Accelerated reaction times
- Decoupled buffers close to the customer

### 2 ENHANCE "VERTICAL" SYSTEMS & METHODS

Leverage cloud, digital tools and automation to connect and collaborate.

- Lean and fast decision-making process
- Visibility of partners supply chain (Customers & Suppliers)
- Automation and robotics to make supply chain more autonomous

### 3 STRONG DESCRIPTIVE & DIAGNOSTIC ANALYTICS

Achieve end-to-end visibility and understand what's happening, in real time.

- Prescriptive analytics to leverage AI to make reliable predictions

### 4 PREDICTIVE & PRESCRIPTIVE ANALYTICS ROADMAP

Anticipate disruptions and act proactively with data-driven decision-making.

- Machine learning and AI for predictive and prescriptive analytics
- Early warning
- Model risk scenarios with preprogrammed responses
- Updated planning parameters and objectives

### 5 CHANGE MANAGEMENT

Empower people and teams to turn insights into action and build resilience.

- Decentralized teams that react quickly and create rapid-recovery capabilities

**THE IMPACT**

More resilient network → Faster response to disruptions → Better visibility and control → Smarter decisions, lower risk → Stronger teams, sustainable value

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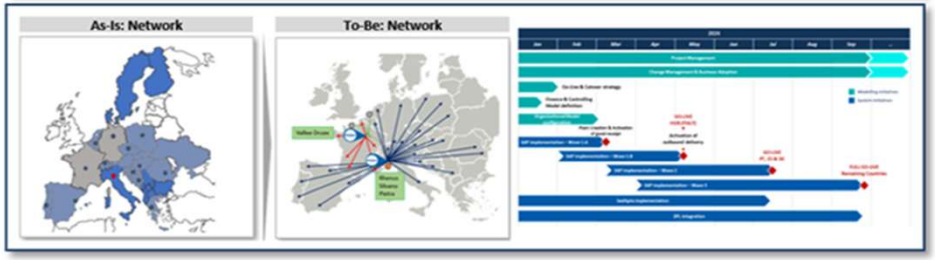
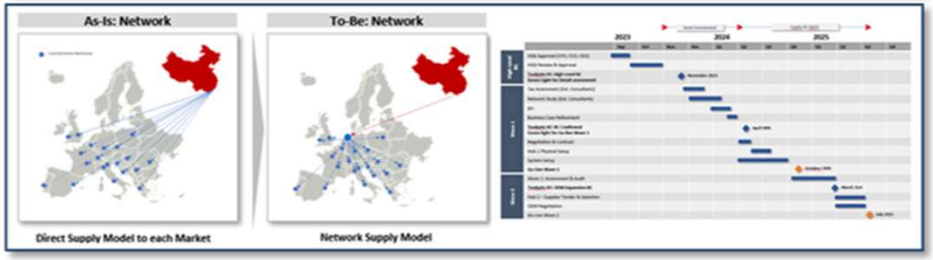
# Supply Chain 2.0: 2024-26

**Network Foundations**

## Small Domestic Appliances Network

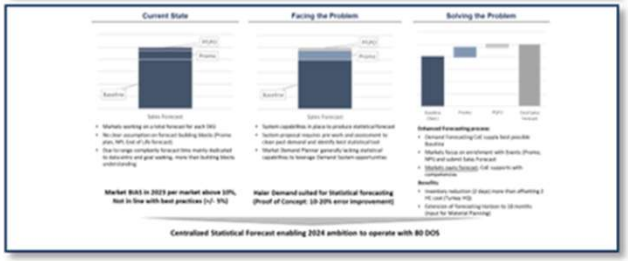



## Major Domestic Appliances Network

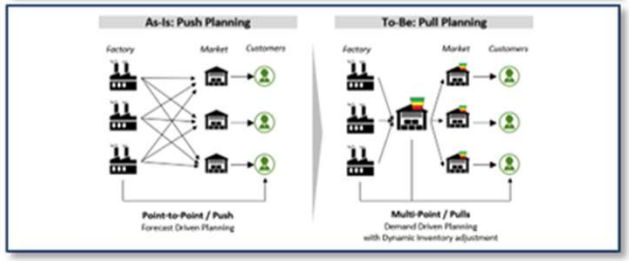



**Digital Capabilities & Tools**

## Statistical (Data Driven) Forecasting




## Demand Driven Supply Chain




## Control Tower & AI powered Supply Chain


**Supply Chain from “Business Partner” to “Competitive Advantage”**

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# WHY DDMRP? THE SMART CHOICE FOR A COMPLEX WORLD.


## 01 DDMRP IS NOT A BLACK BOX

The logic of DDMRP is **intuitive for humans** and allow continuous improvement.

Planners have **multiple levers** to activate for optimization: they can tinker with logical parameters to achieve objectives.

## 02 DDMRP IS FUTURE READY

Fully allow to navigate the **VUCA/BANI** world
Volatility, Uncertainty, Complexity, Ambiguity – Built for today, ready for tomorrow.

Reflect our own perspective of **resilience** and **risk management**
Aligned with our values, our experience, our way of managing risk.

**Reduce** lead time and increase **visibility**
Faster response, better decisions, stronger performance.

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# DDMRP transformation roadmap

2023 – 2026 | Building a Demand Driven Enterprise

**2023** Q4 2023 — **2024** 2024 — **2025** 2025 — **2026** 2026

## 1 DESIGN & PILOT
Q4 2023

- SDA scope (pilot products)
- First DDMRP buffers
- Hub-based distribution model

## 2 SCALE NETWORK
2024

- SDA Go-Live
- Full portfolio design
- Redesigned network
- 2 MDA Hubs introduced

## 3 DIGITAL ENABLEMENT
2025

- SDA Platform Deployment
- Advanced planning platform
- Dashboards & analytics
- Control tower visibility

## 4 ENTERPRISE DEPLOYMENT
2026

- MDA Product Family Rollout
- Italy Hub
- Poland Hub
- Turkey Factories
- DDS&OP Implementation

## THE FUTURE STATE
## A CONNECTED DEMAND DRIVEN ENTERPRISE


REAL-TIME DATA | DEMAND DRIVEN DECISIONS | AGILITY & RESPONSIVENESS | SUPERIOR PERFORMANCE

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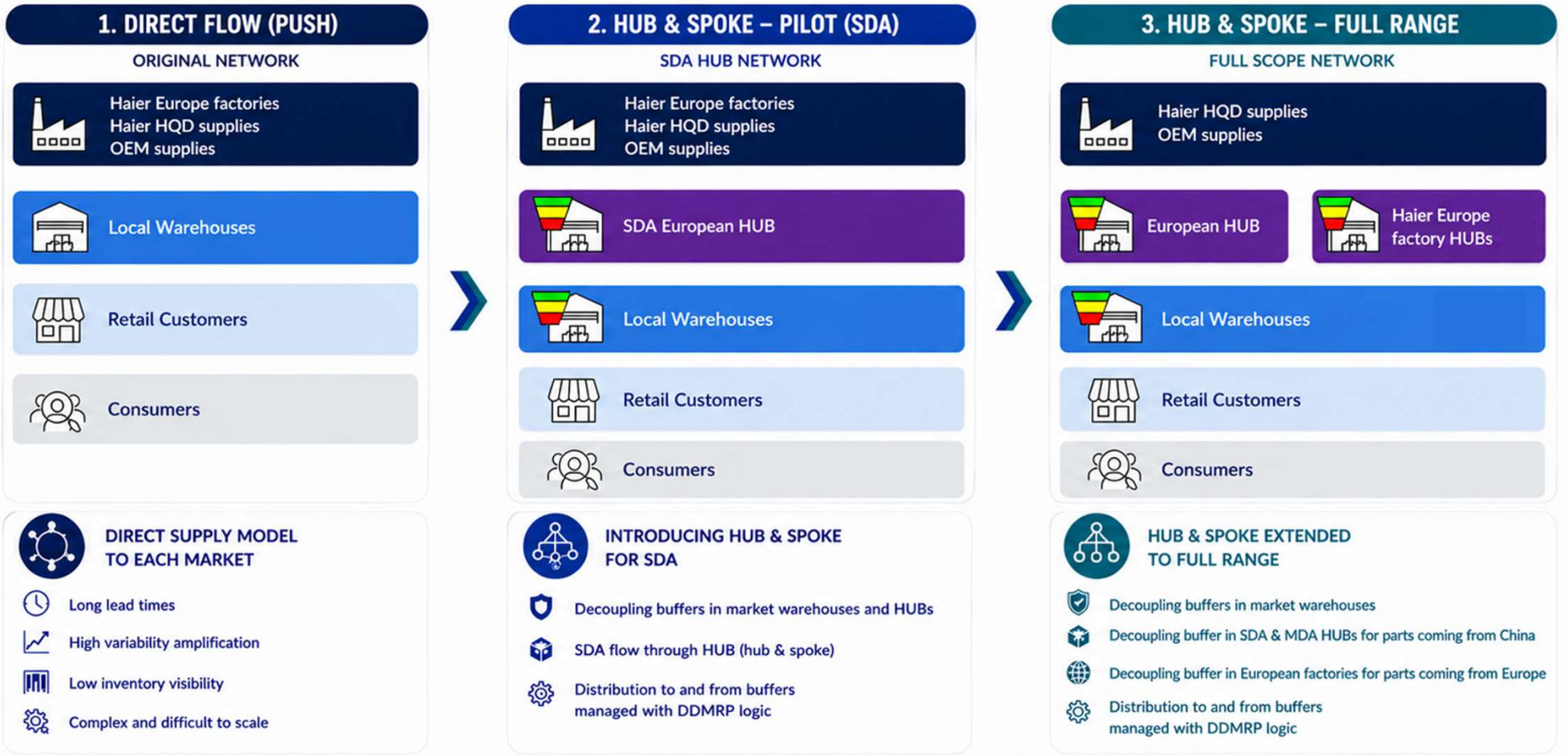
# From push to pull: building a DDMRP network



## STEP 1 – POSITIONING

# DYNAMIC NETWORK BY BUFFER FREQUENCY

EACH SKU. EACH DESTINATION. EACH WITH ITS OPTIMAL FLOW.

**POSITION**
Define where inventory is best positioned

**PROTECT**
Use DDMRP buffers to protect inventory

**PULL**
Pull planning and visible execution

**ADAPT**
Adapt and continuously improve

## NETWORK CHOICE DRIVEN BY LOCAL BUFFER ORDER FREQUENCY

### 1. LOW FREQUENCY > 30 DAYS


**Aggregate to win.** Inventory aggregated in Hub to leverage scale and then positioned closer to demand.

### 2. HIGH FREQUENCY ≤ 30 DAYS


**Keep it simple.** Inventory positioned close to demand.

### 3. OPPORTUNISTIC FLOWS
(ALTERNATIVE TO STANDARD FLOWS)


**Go direct** to capture opportunities and create logistics savings.

## BUFFER FREQUENCY

**LOW FREQUENCY > 30 DAYS**
Optimize stock sharing and service level

**HIGH FREQUENCY ≤ 30 DAYS**
Optimize logistic cost and inventory efficiency

**HIGH FREQUENCY FOR SPECIFIC CUSTOMERS**
Reduce logistic cost leveraging agile execution

**The network is not fixed.**
**The positioning policy determines the network.**

**Hub & Spoke is the positioning choice.**
**DDMRP is how we manage variability and create flow.**

## STEP 2 – PROTECT

# DEMAND SEGMENTATION & BUFFER ASSIGNMENT

PROTECT INVENTORY WHERE AND HOW IT CREATES THE MOST VALUE.

**POSITION** — Define where inventory is best positioned

**PROTECT** — Use DDMRP buffers to protect inventory

**PULL** — Pull planning and visible execution

**ADAPT** — Adapt and continuously improve

### 1. DEMAND CLUSTERING

SKU–Destination combinations clustered according to:

- Demand Frequency
- Demand Variability
- Demand Volume
- Service Requirements
- Lifecycle Status (Phase-In / Mature / Phase-Out)

### 2. FLOW SEGMENTATION

Split between:

**MAKE TO STOCK (MTS)**
Products manufactured or stocked for inventory deployment

**MAKE TO ORDER (MTO)**
Products produced only upon customer order

### 3. BUFFER ELIGIBILITY

**MTS**
DDMRP Buffers Applied

Inventory strategically positioned and protected

**MTO**
Managed with Time Buffer

Demand-driven execution with decoupling provided by time buffer

### 4. POLICY ASSIGNMENT

Dedicated buffer policies by cluster:

- ADU Logic
- Variability Factor (VF)
- Lead Time Factor (LTF)
- Cycle Time

---

**Segment by what drives demand, not by assumptions.**
Better segmentation leads to better inventory decisions.

**Match the right protection to the right flow.**
Different flows require different buffer strategies.

**Protect strategically, not uniformly.**
Apply buffers only where they create real value.

**Policies adapt to demand behaviour.**
ADU, VF, LTF and Cycle Time set by cluster characteristics.

**Smarter protection drives better performance.**
Lower inventory, higher service, greater agility.

## STEP 2 – PROTECT

# BUFFER PROFILES AND LEVEL

RIGHT PARAMETERIZATION. RIGHT RESPONSIVENESS. RIGHT PROTECTION.

**POSITION** Define where inventory is best positioned

**PROTECT** Use DDMRP buffers to protect inventory

**PULL** Pull planning and visible execution

**ADAPT** Adapt and continuously improve

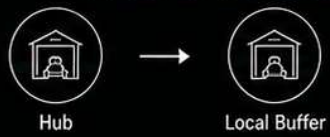
## 1. ADU DESIGN

### UPSTREAM REPLENISHMENT FLOWS


ADU = 4-MONTH FORWARD LOOKING

- Stable planning signal
- Market aligned
- Reduced nervousness

### MARKET REPLENISHMENT FLOWS




ADU = 30-DAY FORWARD LOOKING

- High responsiveness
- Demand sensing driven
- Fast reaction to market changes

## 2. BUFFER FACTORS

### VARIABILITY FACTOR (VF)

Closely aligned with DDMRP best practices.

### LEAD TIME FACTOR (LTF)

- Reduced LTF for long lead-time buffers with calculated Green Zones.
- Slightly increased LTF when Green Zone is determined by MOQ.

**GOAL:** Preserve adequate protection without artificially reducing the Red Zone.

## 3. TRANSPORTATION-DRIVEN GREEN ZONE DESIGN

### MARKET BUFFERS SUPPLIED FROM HUB

Cycle Time determined by Full Truck Load (FTL) formation frequency.

| SHIPMENT PATTERN | CYCLE TIME |
|---|---|
| 1 FTL / Week | 7 Days |
| 2 FTL / Week | 3.5 Days |
| 1 FTL / Month | 30 Days |

Green Zones are optimized to balance inventory protection and transportation efficiency.

**Use the right ADU horizon for each flow.**

Stability upstream, agility downstream.

**Balance protection with realism.**

Calibrate LTF to reflect true planning capability and supply constraints.

**Design Green Zones to move, not to sit.**

Align cycle time with shipment frequency to maximize efficiency.

**Tailor buffer parameters by cluster.**

One size does not fit all: adapt to demand behaviour.

**Better sizing drives better outcomes.**

Higher service, lower inventory, greater agility.

STEP 3–5

# DYNAMIC ADJUSTMENT, DEMAND DRIVEN PLANNING, VISIBLE AND COLLABORATIVE EXECUTION

STANDARD DDMRP EXECUTION WITH DISCIPLINED PRIORITIZATION.

**POSITION** — Define where inventory is best positioned

**PROTECT** — Use DDMRP buffers to protect inventory

**PULL** — Generate & execute orders

**ADAPT** — Adapt and continuously improve

## DYNAMIC ADJUSTMENT

Adaptive buffer management based on changing market conditions.

Managed through:

- Demand Adjustment Factors
- Planned Adjustment Factors
- Zone Adjustments
- Manual Adjustments

Buffer profiles remain dynamically aligned with demand evolution and business priorities.

## DEMAND DRIVEN PLANNING

Standard DDMRP replenishment logic with additional execution rules.

- Net Flow Position driven replenishment
- Order quantities rounded to transportation and handling units
- Operationally executable recommendations

Planning recommendations are translated into executable orders.

## PRIORITIZED ALLOCATION & EXECUTION

Hub replenishment prioritization.

- Prioritized Share allocation
- Fair Share logic during constrained supply
- Inventory distributed according to demand priorities and service requirements

Available inventory is allocated where it generates the highest service impact.

## EXECUTION VISIBILITY

Execution managed through visibility and alerts.

- Projected On Hand monitoring
- Standard DDMRP alerts (red, yellow, green)
- Inventory status visibility
- Proactive exception management

Visibility and alerts enable proactive decisions and on-time response.

### ADAPT CONTINUOUSLY

Buffers evolve with market conditions and business priorities.

### EXECUTE PRAGMATICALLY

Recommendations are converted into operationally feasible orders.

### PRIORITIZE COLLABORATIVELY

Inventory is allocated according to demand priorities and service impact.

STEP 6

# TACTICAL ADAPTATION

DATA-DRIVEN INSIGHTS. CONTINUOUS IMPROVEMENT.

**POSITION** Define where inventory is best positioned

**PROTECT** Use DDMRP buffers to protect inventory

**PULL** Generate & execute orders

**ADAPT** Adapt and continuously improve

We turn data into actionable insights to strengthen buffer consistency, improve inventory integrity and support fact-based decisions for continuous optimization.

## ANALYZE. MEASURE. UNDERSTAND.

In-house analytics dashboard built to provide a comprehensive view of inventory integrity.

**SKU Combination Distribution**
Analyze SKU-Destination combinations across buffer zones, Net Flow Position and On Hand inventory.

**ITR – Target Inventory Ratio**
Measure the inventory integrity for individual SKU-Destination combinations.
Inventory integrity at SKU level.

**Composite ITR**
Measure the overall inventory integrity of the network by aggregating ITR across all SKU-Destination combinations.
Inventory integrity at system level.

**Net Flow Position**
Monitor net flow position by SKU / destination / node.

**Buffer Run Chart**
Track buffer behavior over time to detect patterns and shifts.

**On Hand Inventory**
Monitor On Hand inventory by SKU / destination / node.

Consistent analysis of inventory integrity across SKU-Destinations and the entire network, driving fact-based decisions.

## DIAGNOSE. PRIORITIZE. EXPLAIN.

We go beyond reporting: our FCC uses AI to identify root causes and generate actionable insights at SKU level.

### INCONSISTENCY MATRIX

Built using a SKU Buffer Performance Root Cause Framework: A diagnostic causal framework to identify the drivers of inventory integrity deviations across SKU-level buffer performance and excess/insufficient stock conditions.

### PRIORITIZATION BY SEVERITY INDEX

SKUs are prioritized based on a severity index calculated on inventory integrity deviations and stock-out impact.

### LLM-POWERED INSIGHT GENERATION (POC)

An LLM, properly trained, analyzes the inconsistencies and generates actionable insights, including:

- Buffer tuning suggestions
- Behavioral adjustments
- Root cause explanations
- Recommended actions

From complexity to clarity: AI-powered insights to act where it matters most.

## ACT. IMPROVE. ADAPT.

Insights are translated into actions to continuously strengthen inventory integrity and buffer effectiveness.

### ACTIONABLE RECOMMENDATIONS

Clear and practical suggestions to tune buffers and adjust behaviors.

### COLLABORATIVE EXECUTION

Cross-functional alignment to implement recommendations and drive adoption.

### CONTINUOUS LEARNING LOOP

Outcomes feed the system to refine insights and improve recommendations over time.

### SCALABLE BY DESIGN

Built to handle a very high number of SKU / destination combinations with consistency and speed.

A strategic capability to unlock the full potential of Step 6 at scale.

## STRATEGIC INNOVATION – POC IN COLLABORATION WITH POLIMI STUDENTS

This Proof of Concept, developed with Politecnico di Milano students, represents a strategic step forward. It lays the foundation for an intelligent adaptation capability that makes Step 6 scalable, insightful and truly impactful.

Given the high number of SKU / destination combinations, AI-powered insights are a key enabler to capture opportunities that would otherwise remain undetected.

# BEYOND STANDARD DDMRP

## MODEL-SPECIFIC ENHANCEMENTS FOR REAL-WORLD OPERATIONS

Extending demand-driven principles beyond the standard methodology to address operational constraints, scalability and adoption challenges.

### DISTRIBUTION-DRIVEN FACTORY PLANNING

Virtual Factory Hub Concept

Finished Goods inventory is managed as a DDMRP buffer acting as a virtual Hub across the three manufacturing plants.

**KEY PRINCIPLES**

- Market pull signals generate replenishment demand
- Replenishment simulation uses dynamic ADU consumption forecasts
- Factory demand is generated in the frozen horizon
- Supply requirements are translated into material requirements for factory MRP

**BUSINESS RATIONALE**

Enabled deployment of DDMRP where the business value was highest — distribution — while minimizing manufacturing change-managements complexity.

**PRAGMATIC ADOPTION STRATEGY**

Implement demand-driven distribution first, while preserving existing finite-capacity factory planning processes.

### CAPACITY BUFFER MANAGEMENT

Managing Operational Constraints

Capacity Buffers are used to monitor critical network constraints:

- Warehouse storage capacity
- Container unloading capacity
- Receiving workload saturation
- Congestion risks across network nodes

**BENEFITS**

- Early warning capability
- Reduced Demurrage & Detention exposure
- Improved inbound planning
- Better infrastructure utilization

**CAPACITY BECOMES**

a managed constraint rather than an operational surprise.

### TRANSPORTATION TIME BUFFER FOR MTO FLOWS

For Make-to-Order flows, Time Buffers are applied to transportation rather than production.

**BUFFER DEFINITION**

- Time Buffer = DLT variability
- Based on standard deviation of transportation lead time

**PURPOSE**

- Detect early arrivals
- Detect late arrivals
- Monitor transit reliability
- Support proactive customer service decisions

**FOCUS VISIBILITY WHERE**

customer service risk is highest: transportation variability.

### AI-POWERED BUFFER DIAGNOSTICS (POLIMI POC)

Scaling Tactical Adaptation

Proof of Concept developed with Politecnico di Milano students to increase the scalability of Step 6.

**DIAGNOSTIC FRAMEWORK**

SKU Buffer Performance Root Cause Framework

A diagnostic causal framework designed to identify the drivers of SKU-level buffer performance deviations across:

- Stock-out conditions
- Excess-stock conditions

**INSIGHT GENERATION PROCESS**

1. Severity Index identifies critical SKU-Destination combinations
2. Inconsistency Matrix captures performance deviations
3. LLM analyzes root causes
4. Actionable recommendations are generated

- Buffer tuning suggestions
- Behavioral recommendations
- Root cause explanations
- Prioritized corrective actions

**SCALING TACTICAL ADAPTATION**

beyond human analytical capacity.

---

**PRAGMATIC IMPLEMENTATION**

Deploy demand-driven principles where value is highest first.

**CONSTRAINT-AWARE OPERATIONS**

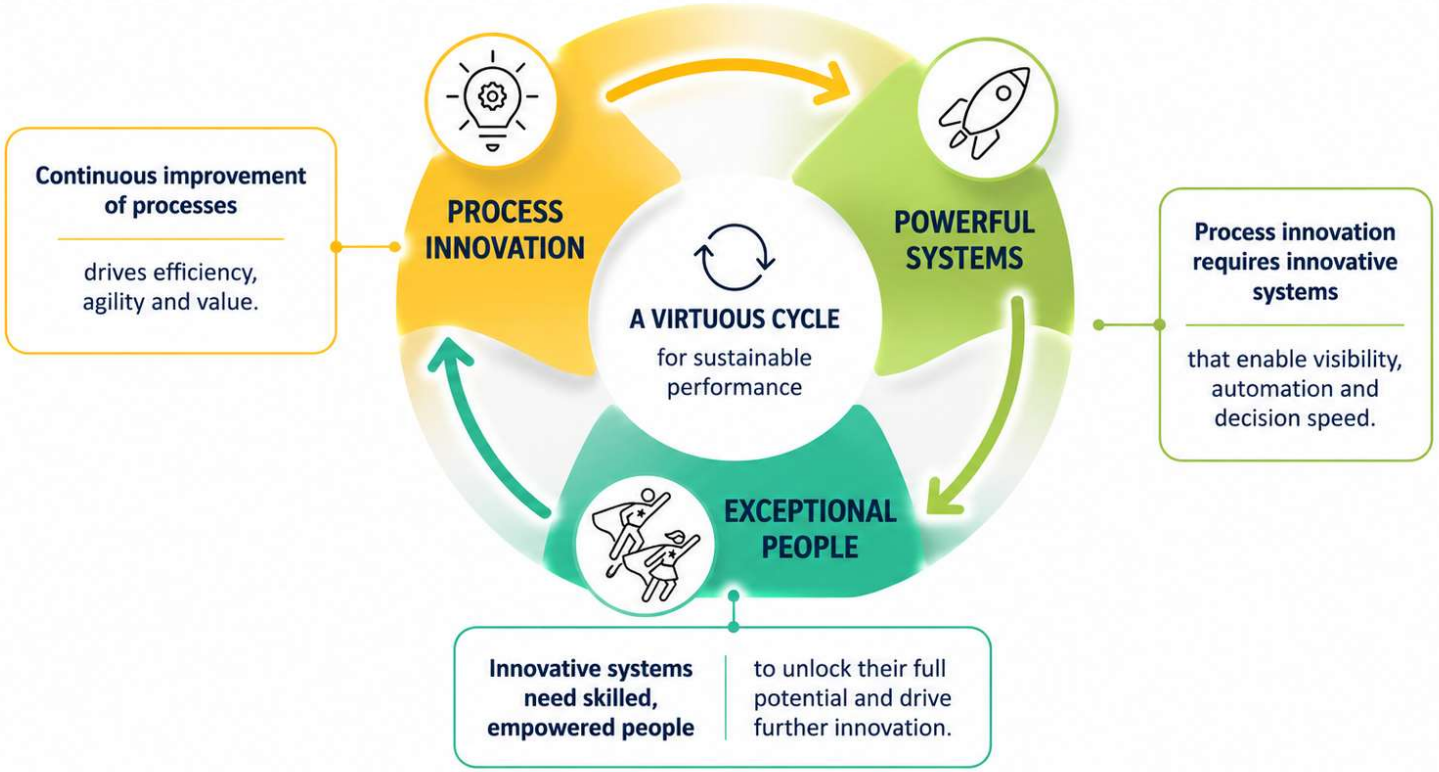
Extend demand-driven principles beyond inventory management.

**SCALABLE INTELLIGENCE**

Combine analytics and AI to unlock continuous improvement at scale.

# PEOPLE. SYSTEMS. PROCESSES. CHANGE THAT CREATES VALUE.

A virtuous cycle for sustainable performance




People + Systems + Processes | Continuous innovation, better decisions, superior results.

# Old vs New planners capabilities

## TRADITIONAL DRP

**FORECAST & DATA CENTRIC**
Strong in data analysis and forecasting
Comfortable planning far in advance

**COMPLEXITY & DETAIL**
High attention to detail and parameters
Skilled in managing many constraints

**ERP/MRP MASTERY**
Expert in systems, BOMs and
time-phased planning

**UNCERTAINTY TOLERANCE**
Comfortable with forecast error
and plan instability

**CROSS-FUNCTIONAL COORDINATION**
Good at aligning with functions
on forecast changes

**MANUAL OVERRIDES**
Skilled in adjusting plans
and system recommendations

**PROBLEM-SOLVING UNDER STRESS**
Able to react quickly to disruptions
and plan changes

## DDDRP

**FLOW-BASED MINDSET**
Thinks in flows, positioning and decoupling
Understands how the network works

**VARIABILITY AWARENESS**
Understands variability and its impact
Knows how to use buffers and ADU

**SCENARIO THINKING**
Evaluates options and trade-offs
Decides closer to real-time

**VISUAL & ALERT-DRIVEN**
Monitors buffer status and KPIs
Uses insights to prioritize actions

**COLLABORATIVE MINDSET**
Works cross-functionally to protect flow
Maintains buffer health together

**CONTINUOUS IMPROVEMENT**
Learns from performance
Adjusts buffer profiles and policies

**MANAGE BY EXCEPTION**
Focuses on what's truly critical
Empowers the system to handle the rest

## THE SHIFT

**FROM FORECAST TO FLOW**
From predicting demand
to shaping and protecting flow

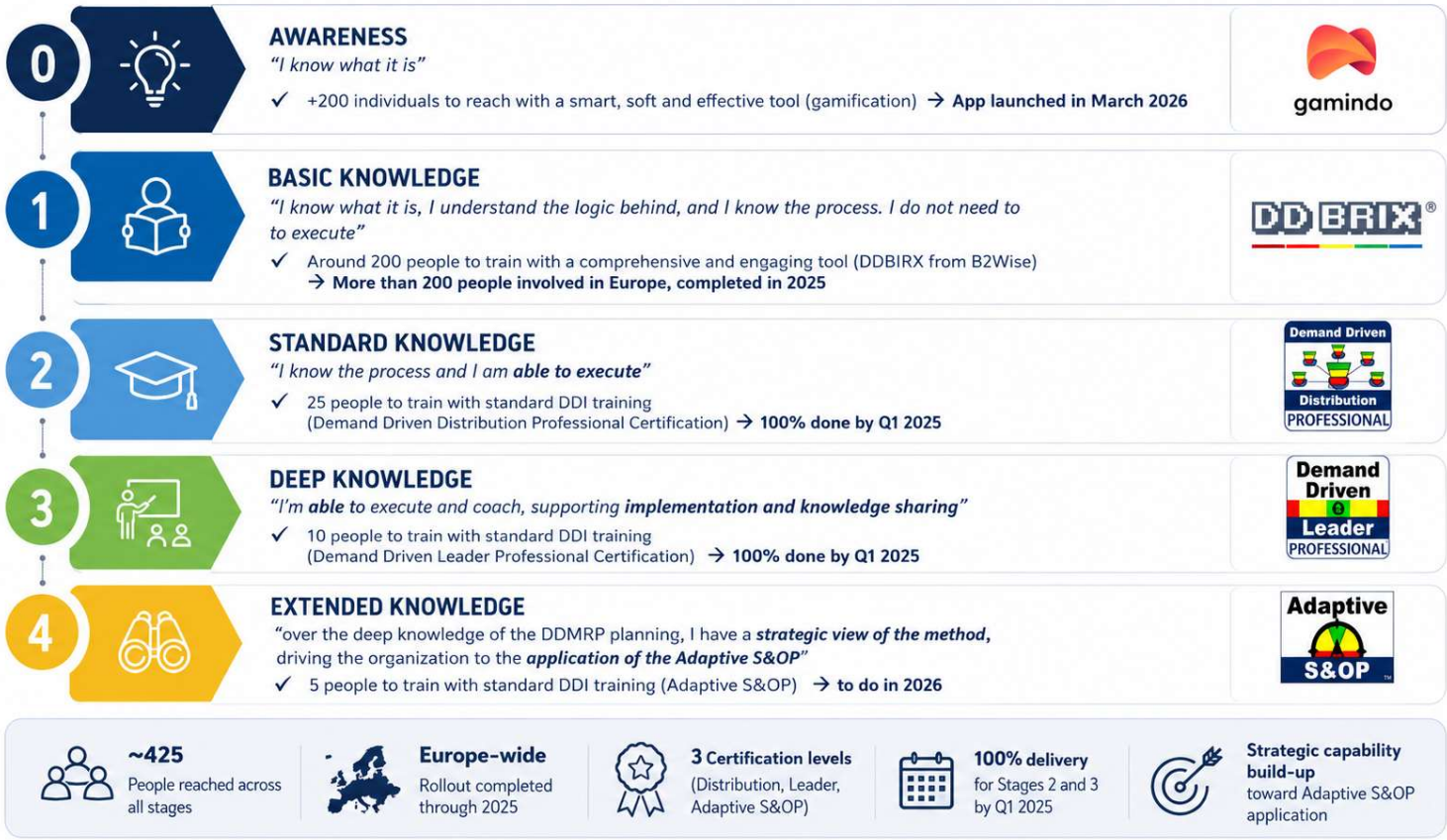
**FROM COMPLEXITY TO CLARITY**
From many parameters
to key insights

**FROM REACTIVITY TO RESILIENCE**
From firefighting
to proactive leadership

**IMPACT**

- Stronger planner ownership
- Better decisions in uncertainty
- Faster response & execution
- Stronger cross-functional alignment
- Sustainable performance & learning culture

# DDMRP training program

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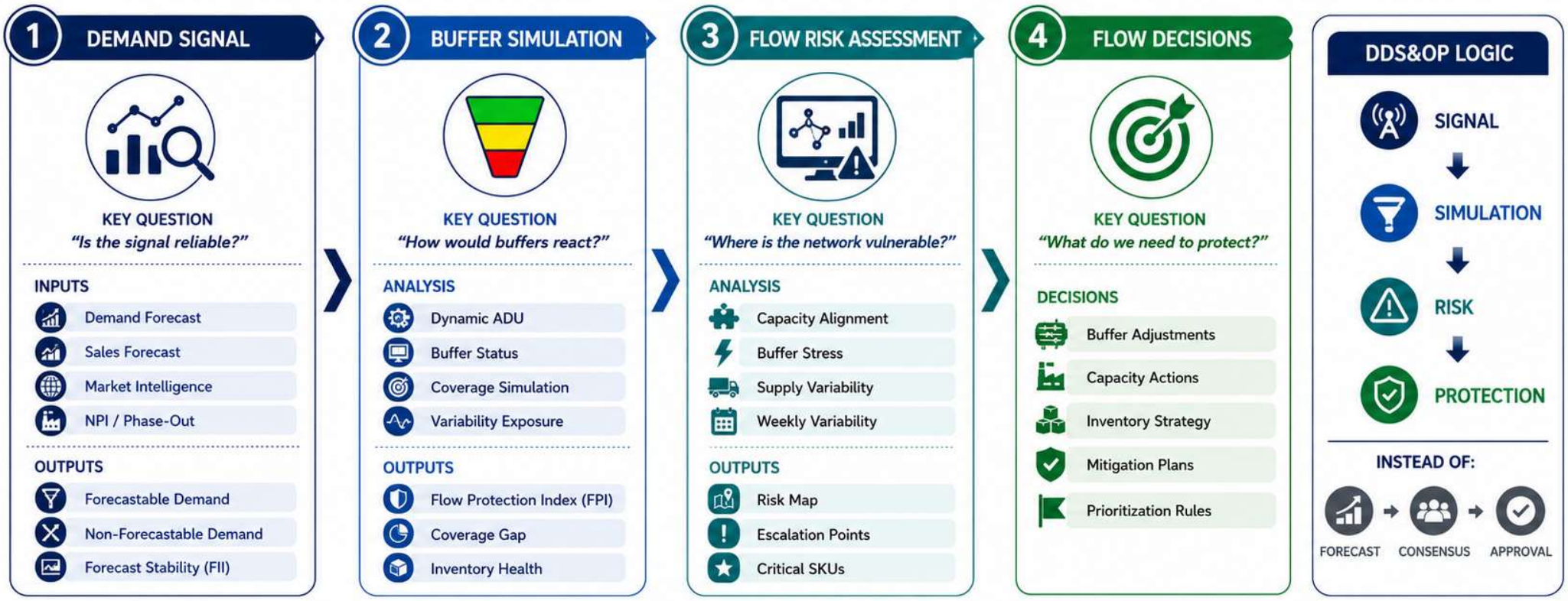
# DDS&OP: High level design

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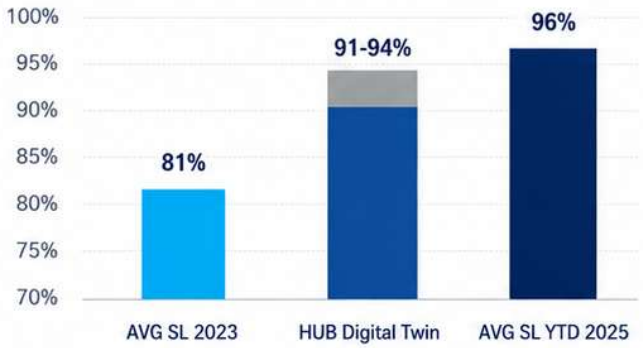
# MAIN RESULTS

DDMRP implementation on Small Domestic Appliances distribution

## 1. SERVICE LEVEL IMPROVEMENT

Higher reliability for our customers



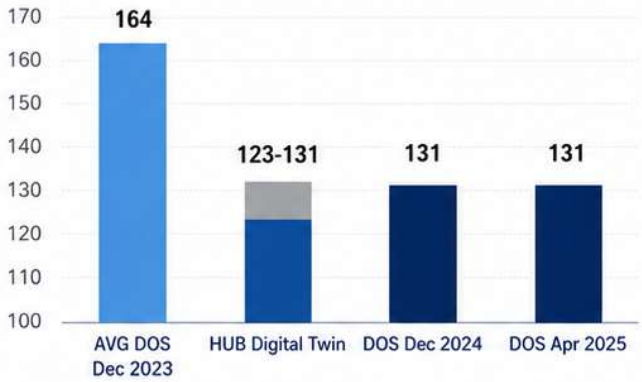

New Planning model based on DDMRP technology (from Push to Pull)

**Digital Twin Simulation output:**
between **10% and 13%** service level improvement

*Simulation based on real 2023 demand data*

## 2. STOCK OPTIMIZATION

Right stock, right place, at the right time



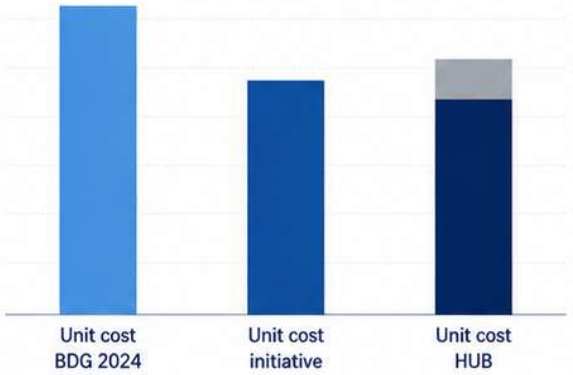

New Planning model based on DDMRP technology (from Push to Pull)

**Digital Twin Simulation output:**
optimal inventory between **123 and 131 days** (-20% vs. baseline)

*Simulation based on real 2023 demand data*

## 3. LOGISTIC COST

Lower cost, higher efficiency




Original Network design driving **22%** of unit logistic cost reduction

Further pipeline of actions driving additional **10%** of unit logistic cost reduction

**2025 YTD SERVICE LEVEL OBSERVED IMPROVEMENT: +15%**

(over the Business Case simulation)

**ACTUAL vs AVG Q4 2023 STOCK: -20%**

(in line with Business Case simulation)

**ACTUAL LOGISTIC COST REDUCED BY 17%**

Optimization on going for a further reduction of **7%** in Q3 2025

# What's next?

## 1 EVOLVE THE NETWORK: MORE AGILE, MORE CUSTOMER-PROXIMATE

**Bring DDMRP buffers inside our customers' operations with Warehouse Managed Inventory (WMI)**

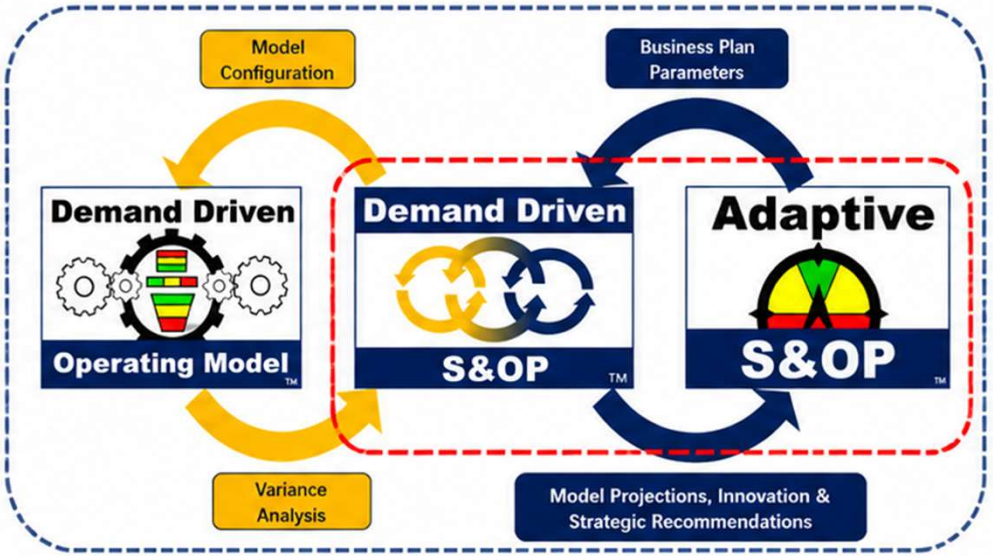
- Haier HQD supplies OEM supplies
- European HUB
- Haier Europe factory HUBs
- Local Warehouses
- Retail Customers
- Consumers

**WMI: DDMRP BUFFER AT THE CUSTOMER**

- Buffers positioned in customers' warehouses, close to the point of use
- Managed by DDMRP logic to absorb variability and protect service
- Real-time visibility and shared performance management
- Stronger collaboration and alignment on the flow
- Lower lead times, higher agility, higher customer satisfaction

## 2 IMPLEMENTATION OF DDS&OP AND ADAPTIVE S&OP

**From detailed process design to a continuous, adaptive planning capability**

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# Our ambition!

*2027*

*Q4 2026*

| | |
|---|---|
| Stage 5 | Sense, adapt, and innovate across the supply chain (customers and suppliers) for continual ROI improvement. |
| Stage 4 | Leverage and adapt the DDOM across the enterprise and market. Full DDS&OP and Adaptive S&OP in place. |
| Stage 3 | Synchronize, leverage, and adapt operational capability for better flow performance. Expanded or full DDOM and preliminary DDS&OP in place. |
| Stage 2 | Begin the emphasis on flow-based operational efficiency with the preliminary implementation of DDMRP. |
| Stage 1 | Cost-based operational efficiency and legacy planning systems. |

Adaptive Systemic Thinking™

Adaptive S&OP™

Demand Driven Operating Model™

Demand Driven S&OP™

Demand Driven MRP

VS

# AGENDA

01

**FROM VUCA TO BANI**

Understanding the shift in our world and its impact on supply chains.

02

**HAIER EUROPE ROADMAP TO A DEMAND DRIVEN ADAPTIVE ENTERPRISE**

**DDOM ROADMAP**

The step-by-step plan to deploy DDMRP across our network.

**CHANGE MANAGEMENT**

Putting people at the center of change. Engaging, enabling and empowering our teams.

**DDS&OP DESIGN**

From strategy to execution. Designing our DDS&OP operating model.

**WHERE WE ARE AND WHAT'S NEXT**

Our current state, expected outcomes and next steps.

03

**TAKE AWAYS**

Key learnings and implications to guide our journey forward.

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# 3 TAKEAWAYS

## 1 SYSTEMS ARE EASIER THAN HABITS

*"We are what we repeatedly do."*
— Aristotle

Changing software is an IT project.
Changing routines and habits is the real transformation.

## 2 PEOPLE TRUST EXPERIENCE BEFORE DATA

*"The eye sees only what the mind is prepared to comprehend."*
— Henri Bergson

Data does not speak for itself.
People interpret data through experience and beliefs.

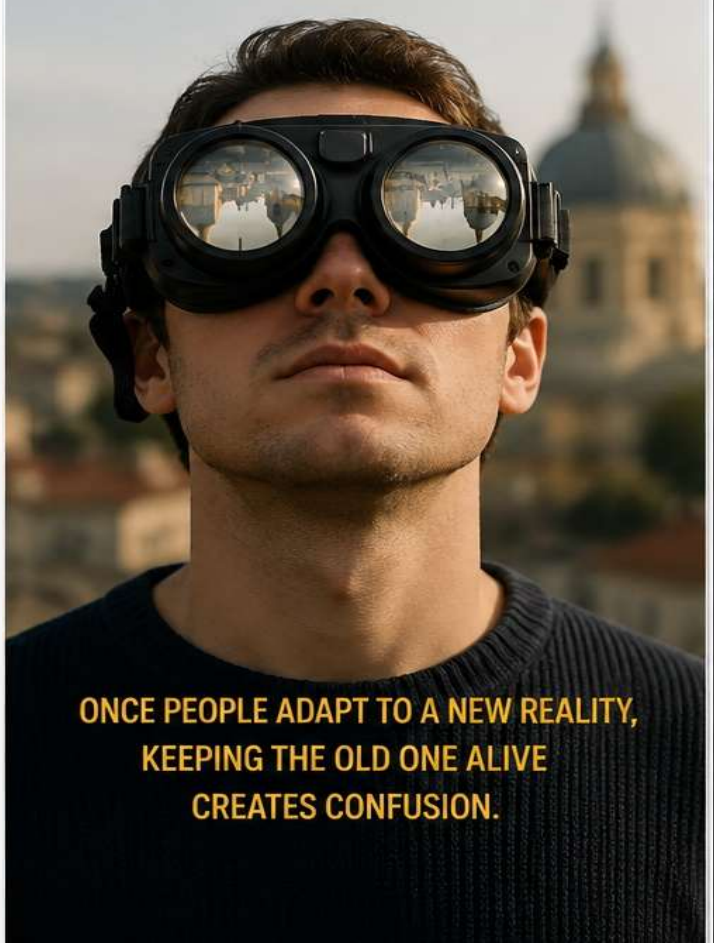
## 3 SIDE EFFECTS ARE NEVER SIDE EFFECTS

*"Everybody has a plan until they get punched in the face."*
— Mike Tyson

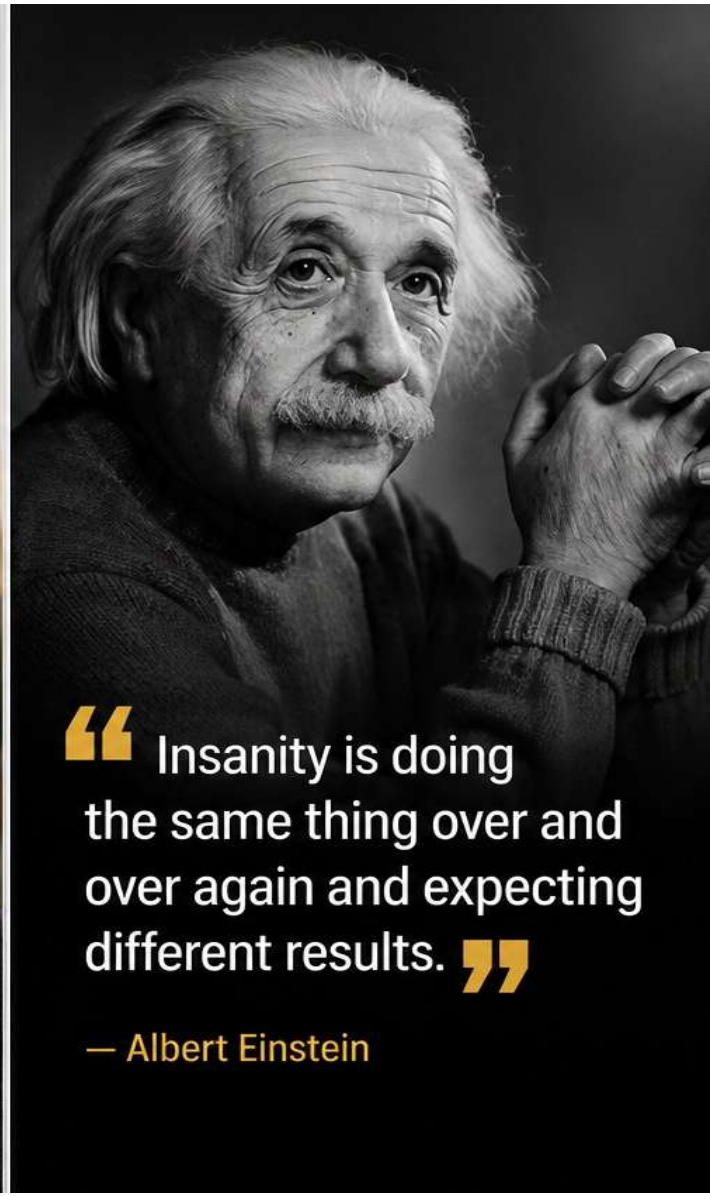
The process you redesign is not the process you impact.
What looks secondary today can become a major roadblock tomorrow.

## THE ERISMANN EXPERIMENT

Erismann showed people a world upside down.
After some days, their brains adapted and the upside-down world became normal.



ONCE PEOPLE ADAPT TO A NEW REALITY, KEEPING THE OLD ONE ALIVE CREATES CONFUSION.



"Insanity is doing the same thing over and over again and expecting different results."

— Albert Einstein

*"People can't predict how long they will be happy with recently acquired objects, how long their marriages will last, how their new jobs will turn out, yet it's subatomic particles that they cite as 'limits of prediction'. They're ignoring a mammoth standing in front of them in favor of matter that only the most powerful microscopes in the world can reveal to us.* ***Our track record in predicting the future in socioeconomic life is extremely poor, yet we live under the illusion of control.“***

The Black Swan - Nassim Nicholas Taleb

***Forecasts create comfort, adaptability creates survival.***
***Don't build supply chains for the future you expect, build them for the future you don't.***

*ChatGPT (conversation with R. Sabia)*

# *THANK YOU!*