



STM Brands Increases Operating Margin by 20% with DemandCaster

“DemandCaster has enabled us to move away from ‘gut-feel’ decision making. Now our decisions are insight-driven and based on what we see in the data.”

Ethan Nyholm
President & Co-Founder

About STM Brands

STM Brands was founded in 1998 and makes high-quality, award-winning accessories for tablets, laptops, and phones. With a worldwide retail presence and offices in Sydney, San Diego, London, and Kuala Lumpur, the company’s mission is to provide the “Stuff that Matters for the doers of the world.”

Challenges and Needs:

- ✓ Heavy reliance on spreadsheets hindered the company’s ability to effectively manage inventory costs and movement.
- ✓ Sub-optimal supply planning often led to expensive air freight to ensure goods got to the right place at the right time, which negatively impacted margins.
- ✓ Using only spreadsheets to manage demand, the company lacked insight into market shifts which often resulted in slow, reactive response and out of date or excess inventory.
- ✓ Disconnected planning and decision making limited collaboration between sales, purchasing, and production.

Solution Benefits:

- ✓ Increased gross profit margin by 5%.
- ✓ Increased operating margin by 20%.
- ✓ Improved collaboration across sales, procurement, and production.
- ✓ Reduced use of costly air freight by 50%.
- ✓ Decreased overall freight to sales ratio by 25% year-over-year.

“With DemandCaster, we have dramatically improved our inventory turns and overall flow of goods. The additional insight helps us ensure we have the right stock, at the right place, at the right time—and importantly, by the most economical means possible.”

Ethan Nyholm
President & Co-Founder

Every business begins with a problem—or rather a solution to a problem. That’s exactly what Ethan Nyholm did when he founded STM Brands. Ethan and his co-worker, Adina Jacobs, (pictured below) designed a bag that would not only protect his laptop but do it in a stylishly-casual way. Eighteen years later, his business is booming yet he noticed that the company was spending a lot on costly air-freight to get products to regions where demand was the greatest.

“When we identified our escalating supply chain costs, we knew it was time to find a better way of doing things—that became the catalyst to transform our supply chain planning methods and processes,” said Nyholm.

Moving Away from Spreadsheets to the Cloud

As the costs for air freight rose, Nyholm dug deeper and realized that the root cause was inaccurate (or inadequate) supply chain planning. In addition, spreadsheet-based planning didn’t provide the business an accurate picture of its demand volatility.

“When we started to look at how much of a percentage of sales we were spending on air freight versus sea freight—it turned out to be 10:1, which was clearly digging into our margins,” Nyholm said.

The company had already selected NetSuite ERP to manage its business and was looking to fill in the gap between holistic supply and demand planning as well as cross-functional collaboration.

In searching for a supply chain planning solution, one of the key requirements was it had to integrate with NetSuite because as Nyholm puts it, “there was no chance that I was going to transfer data manually.” The other major requirement was the solution had to be cloud based because the company had experienced the benefits of accessing information, anywhere at any time from any device. “It was important to go with a true cloud solution as opposed to a hosted solution,” Nyholm added.

Gaining an Accurate Picture of Demand

Nyholm found DemandCaster supply chain planning software through NetSuite’s application ecosystem, SuiteApp, and what initially struck him about the solution was the visual representation of sales data by product, by location, as well as trends associated with those products.



“We always thought about demand on a regional basis, like what is needed in Australia or in the U.S. With DemandCaster, we’re able to look at the entire business holistically, including the movement of inventory between warehouses,” Nyholm commented.

One of Nyholm’s favorite features of DemandCaster has been the demand forecast visualizations:

“Choice of forecasting algorithms on the demand side gives us the flexibility in forecasting and the visualization of that forecast really allows us to see the trends and patterns. This was something that we never had before and something that has proven valuable to us. Looking at the past gives us better insight into what may happen in the future.”

He also appreciates the ability to take a forecast for one product and apply it to another. “One of the significant time savers with DemandCaster is the ability to take the forecast or the past demand of one item and copy it to a similar, new product so I don’t have to start from scratch.”

Making Data-Driven Inventory Decisions

After seeing the wide range of capabilities, Nyholm decided to use DemandCaster for supply chain planning at STM Brands. Once the company looked at demand shifts, which in most cases are seasonal, another bit of insight came to light.



“DemandCaster allows us to identify potential excess stock in the future and be more proactive in optimizing inventory, as opposed to waiting until it’s too late. Personal electronics is a very fast-moving market segment. If a phone form factor is canceled by its manufacturer like Samsung, Apple, or Microsoft, our product becomes a perishable good. We have to address it right away.”

Nyholm also said that he’s able to make more data-driven decisions about his business than he was before DemandCaster. “If we know we are expecting a new deal for 3,000 units in February, we can prepare for it. DemandCaster allows us to ask the right questions about why, when, and how which helps us plan around the peaks and valleys, as opposed to us relying on our intuition or gut.”

Making data-driven decisions has resulted in an increase of 20 percent in operating margin and a 50 percent increase in sales profits. Freight costs to sales are also down 25 percent year-over-year.

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Supply Chain Planning Success at STM Brands

Collaborating for a Profitable Future

Nyholm wants to build a dashboard that drills down into more specifics on potential areas of risk to be even more competitive. He also plans to leverage the integration between NetSuite and DemandCaster to closely track orders and forecasts associated with those.

Nyholm also plans to expand the use of DemandCaster into additional parts of the company, specifically making more use of the sales and operational planning (S&OP) capabilities which has already improved collaboration between the sales, purchasing, and production teams. Previously, when a salesperson wanted to order additional quantities of a product, the purchasing and

production department would question it. Now, the teams can discuss the request against previous sales and projected forecasts to conclude on whether it's a wise decision or not and Nyholm added, "We are an even better team with DemandCaster."

Nyholm said DemandCaster was an easy decision just as it is as easy to use. "It's very easy to use, not only when you start to get into the details but also in the way you can configure DemandCaster to match the way your business actually works."

"The DemandCaster implementation was very smooth. We started using the system to support our decision-making within a few short weeks."

Ethan Nyholm
President & Co-Founder



DemandCaster

DemandCaster supply chain planning software empowers organizations around the globe to stay ahead of the unexpected with unprecedented insight and agility. Powerful and intuitive, DemandCaster supports the entire spectrum of supply chain planning in one modular cloud-powered suite. It enables plans to be put into action with the click of a button and removes the barriers that keep planners from doing their best work. With DemandCaster, agile supply chain planning becomes a reality and turns your planning process into a continuous driver of efficiency, profitability, and growth.

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