



Case Study

**How a company  
in the commodities sector  
improved their  
forecasting process and  
accuracy by more than 50%**

*indicio*

## A leap to improved forecasting methodology. A closer step towards safeguarding the future.

Using Indicio's methodology of selecting leading indicators, they have now successfully moved from using the same 5 indicators, to testing a large set of indicators and getting immediate feedback on which indicators to use or consider for each forecast.

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**If there is a change, we can clearly see the indicators that are valued higher, either with a pronounced higher contribution or higher influence, and when they do change in position.”**

Previously, their forecasting process was generally static in nature - this meant that it was tricky to know with certainty that the leading indicators selected were the correct ones to take into consideration.

They now also have the capacity to drill down into a month-to-month forecast. The organization's demand planner and forecast analyst explains.

“If there is a change (either an upturn or downturn), we can clearly see the indicators that are valued higher, either with a pronounced higher contribution or higher influence, and when they do change in position.”

## Key leading indicators identified

Main variable	Influence (1st step) ▾
■ Total Market sales <span style="background-color: #4CAF50; color: white; border-radius: 50%; padding: 2px 5px; font-size: 0.8em;">S</span>	-
□ Indicator variables (4/11 active)	
□ Nickel Pig Iron Tisco	★★★
□ Euro area - Business Climate Indicator	★★★
□ ECB - Government Bond Yield - 10 Year <span style="background-color: #4CAF50; color: white; border-radius: 50%; padding: 2px 5px; font-size: 0.8em;">S</span>	★★
□ Steel Scrap Index <span style="background-color: #4CAF50; color: white; border-radius: 50%; padding: 2px 5px; font-size: 0.8em;">S</span>	★★
□ INDUSTRY SURVEY - production expectations	★★
□ Germany, Business Surveys, ZEW, Stock Market Indic...	★★
□ S&P GLOBAL INFRA E <span style="background-color: #4CAF50; color: white; border-radius: 50%; padding: 2px 5px; font-size: 0.8em;">M</span>	★★
□ Asia Infrastructure Index <span style="background-color: #4CAF50; color: white; border-radius: 50%; padding: 2px 5px; font-size: 0.8em;">S</span>	★★



# 50%

IMPROVED  
FORECAST ACCURACY

By implementing best practices through all stages of the forecast process, the manufacturer achieved a double-digit MAPE forecast accuracy improvement.

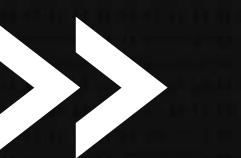
ENABLED FORECASTING FOR

# 10+

GLOBAL MARKETS,  
WITHOUT INCREASING HEADCOUNT

This was attributed to having the capacity to build & test 45+ multivariate models in less than 15 mins, and having instant access to relevant data sources.

# Key results

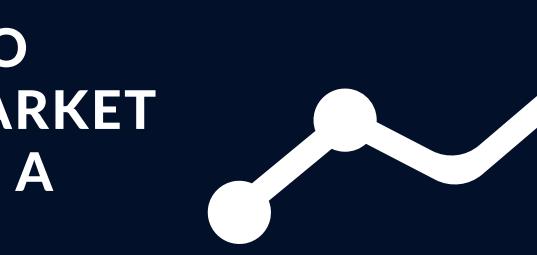




### SUCCESSFULLY SUPPORTED THE ORGANIZATION'S RISK MITIGATION STRATEGIES

Their improved forecasting process enabled them to allocate time to conducting ad-hoc forecasting for auxiliary teams through scenario analysis - a crucial tool during volatile business periods.

### ABILITY TO TRACK MARKET SHIFTS AT A HIGHER FREQUENCY



Visibility into the changing relevancy of the organization's leading indicators, which gave them a clearer picture of which inputs to consider.

**Increase in  
forecast accuracy**

**+ 50%**

**Mean accuracy  
percentage error**



**3.3%**

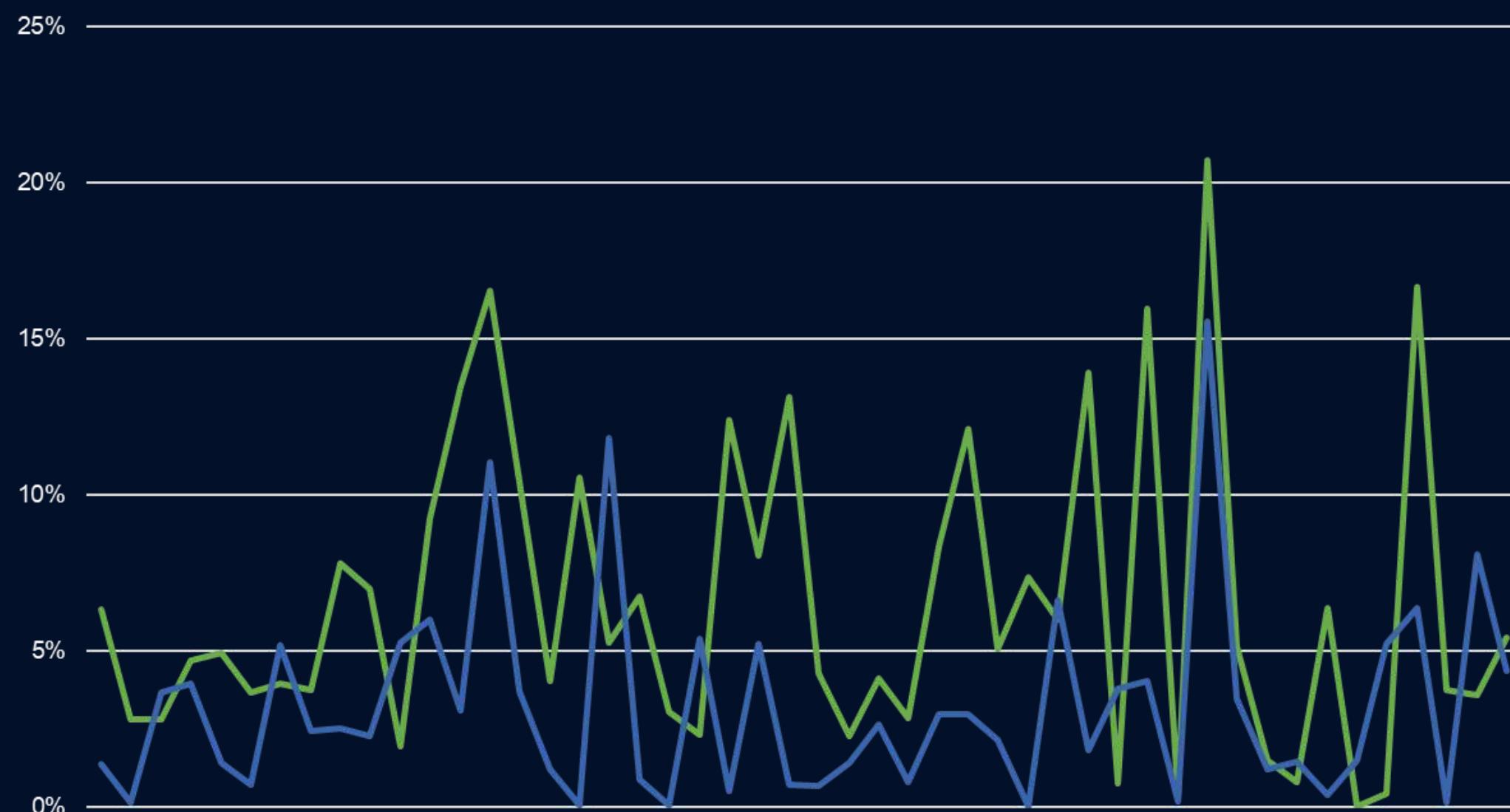
Indicio accuracy error

**6.5%**

Internal accuracy error

Absolute Percentage Error

Internal Indicio



## Refocusing on the key objectives

Time is a valuable asset in dictating the level of resources you need to allocate to make decisions that move the needle. Previously, their forecasting process involved manual, almost administrative work associated with importing different files, and constantly updating them.

"Now, once a good model is built, it's very robust and easy to update. You can start working with it very quickly and this saves you valuable time."

"We can spend time on analyzing the forecasts, what messages or insights we can derive from it, determine if we are at the tipping point, and where we can go from here."

"This allowed us to spend more time on that side of the forecasting process; something that is definitely positive as we were unable to do so before." he interjected.



## Improved cross-departmental cooperation. Enabled by internal advocacy.

This demand planner spotted the parallels between using Indicio forecasting capabilities in his department and the cross-region teams.

"Thanks to Indicio's robust statistical capabilities, I saw that these calculations were not limited to deliveries. They had the capacity to be applied to other functions that are using different data sets, or different data points, and how it might be useful to them.

Especially in the other business areas in the Americas, which had a similar organizational set-up." their demand planner explained.

### **This was not limited to demand planning forecasting.**

The Strategy and Market Intelligence department was introduced to Indicio and it opened up new channels of sharing knowledge and findings between the teams.

**"Thanks to Indicio's robust statistical capabilities, I saw that these calculations were not limited to deliveries."**

"There were a couple of cases where they (the Market Intelligence) were working on defining their market size prognosis, and they came across one or two indicators that were relevant to their forecasts. They were then adamant to get more insight into the trajectory of prices, and what market size they could forecast."





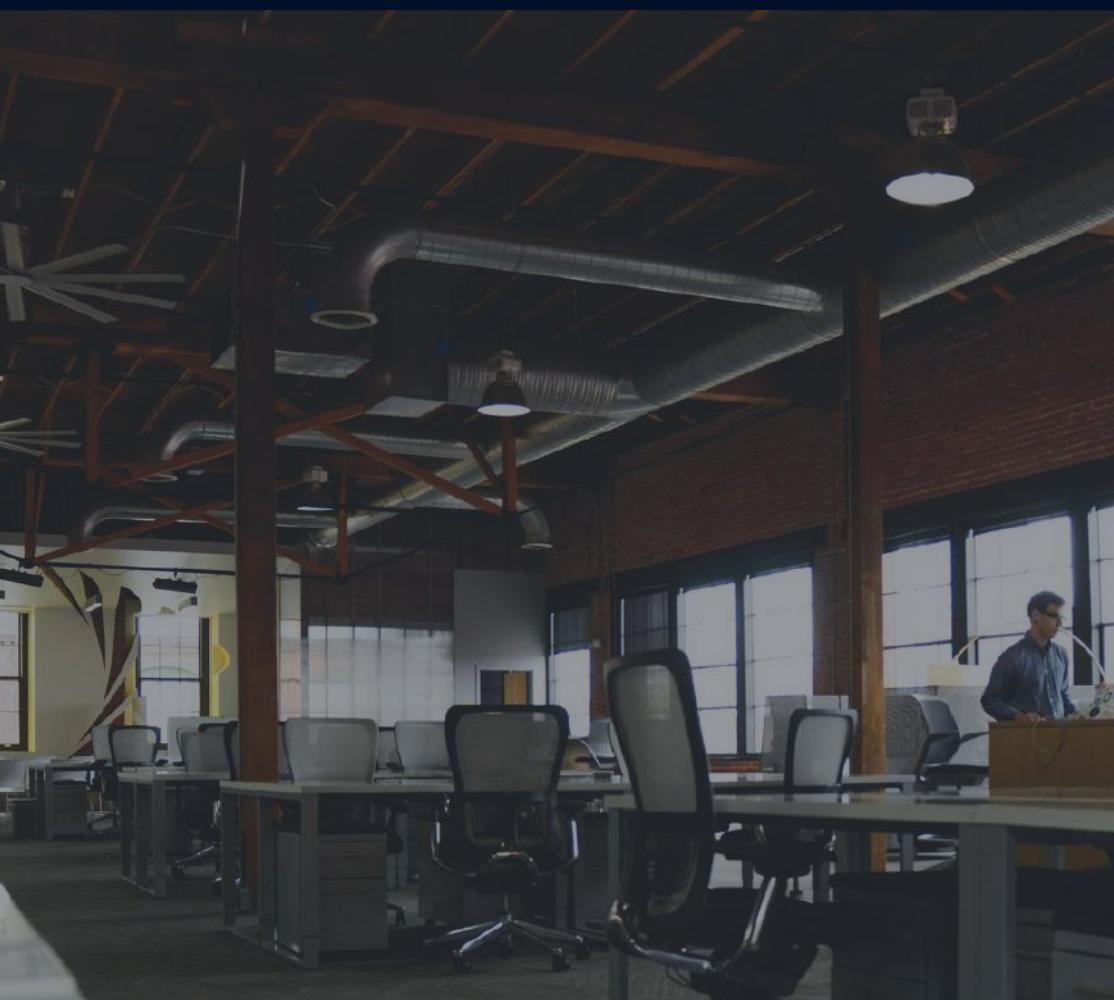
## Easy rollout and implementation across departments

This cooperation was enabled by a no-fuss rollout between the different departments. They were able to get up and running in no time as it was “easy to manage and in the technical sense, easy to set up.”

“The tool is intuitive to use and it only required one to two sessions before the Market Intelligence team was up and running with it. Once you have some basic training on how to use Indicio, you’re ready to go”, he added.

With one pool of indicators, it was easy to share recommended indicators across departments.

The Market Intelligence team could seamlessly select and pull from this shared list to generate their desired forecasts.



# Ready to get started?

Contact us today and find out  
how much you can improve your forecast accuracy.



Book a demo

**indicio**