



IIT ROORKEE



NPTEL ONLINE
CERTIFICATION COURSE

SUPPLY CHAIN ANALYTICS

Optimal Level of Product Availability in Supply Chain

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What is Product Availability ?

- Measured using cycle service level or the fill rate
 - Amount of customer demand satisfied from available inventory



Factors affecting Optimal level of product availability

- Cost of overstocking the product
- Cost of understocking the product

Demand Distribution of a Product

Demand (in hundreds)	Probability
4	0.1
5	0.2
6	0.3
7	0.1
8	0.1
9	0.1
10	0.1

- Cost price is \$45
- Selling Price is \$100
- Unsold items are sold at exhibition @\$50 per item.
- Holding and transporting at exhibition costs @\$10per item.

THANK YOU

