7.1. Definitions and Concepts

Here is a list of the most frequently used terms in this documentation:

- *Item* or *Item code* – a product or product variant that can be sold, purchased, or manufactured.

- *Item category* –- item's category such as product group.

- *Item description* –- a description for the item.

- *Location* – a store or a warehouse.

- *Distribution center (DC)* – a warehouse that supplies a set of locations. A DC can also sell items in addition to distribution.

- *Channel* – represents a channel of sales. For example, e-commerce, direct sales, a sales person, a group of customers, or even a single customer.

- *Planning item* – a unit of planning that depends on the context of planning. Since Streamline allows performing two kinds of planning, demand planning and inventory planning, *planning item* should be understood accordingly. Consequently, the number of planning items also depends on the context.

In the case of demand planning, this number is limited by:

$$N = n_{locations} * n_{items} * n_{channels},$$

where:

- $n_{locations}$ – the locations number;
- n_{items} – the number of items.
- $n_{channels}$ – the number of selling channels.

In the case of inventory planning, the upper bound is:

$$N = n_{locations} * n_{items},$$

where:

- $n_{locations}$ – the locations number;
- n_{items} – the number of items.

In the case of inventory planning, the planning item is also referred to as SKU (stock-keeping unit).

If locations and channels are not imported, $n_{locations} = \mathbf{1}$ and $n_{channels} = \mathbf{1}$.

- *Inventory report* – any report(tab) in one of the Inventory planning, Intersite optimization, or Distribution center tab.

- *Model* – a mathematical formula that generates forecasts for a demand planning item. It is built based on the channel's sales history of each item-location pair.

- *Material* – an SKU at the lowest level of a BOM tree. It is used to build intermediate items and finished items.

- *Intermediate item* – an SKU that is produced during the manufacturing process and is used to create finished or another intermediate item.

- *Finished item* – a product (an SKU) that is manufactured from materials or intermediate items. This is the highest level of a BOM tree.

- *Item type* – the type of SKU in the context of manufacturing. There are three types of items, *Material*, *Intermediate* and *Finished item*. All of them are described above.

- *Data aggregation period* (or simply, period) –- the time interval your sales history data is aggregated in when you import them into Streamline.

- *On hand* –- the quantity of item that is physically currently in stock at location.

- *Safety stock* – a stock buffer used to protect against the random fluctuations in demand. It makes up inventory held to protect against forecast errors, changes in customer's orders, quality defects, or late shipments from the supplier of an inventory item.

- *Service level* -– the percentage of the time (in the long run) that the item is in stock. It reflects the ability to sell the product to a customer.

- *Lead time* -– the interval of time between replenishment order placement and its receipt. It refers to either the supplier lead time or the lead time from DC to the location at the lowest echelon.

- *Order cycle* -– how often a replenishment order is placed.

- *Purchase order* – a purchase order that is sent from a store/DC to a supplier.

- *Transfer order* – a stock relocation order between your locations or from DC to a location.

- *Manufacturing order* – an in-house manufacturing order.

- *Purchase plan* –- a plan showing which planning items should be ordered from your suppliers currently and in the future. It also shows ordering quantities.

- *Transfer plan* – a plan showing which items should be replenished from DCs or locations with overstocks currently and in the future.

- *Material requirements plan* – a *Purchase plan* for *Materials*.

- *Manufacturing plan* – an ordering plan for *Finished* and *Intermediate* items that should be manufactured.

- *Projected inventory levels* –- the expected future inventory levels calculated based on the *On hand* quantity, generated forecasts and the *Purchase/Replenishment plan*.

- *Project's archive* – a set of archived periods where the forecasts were generated.

The current period does not belong to the project's archive. Each archived period stores the following data:

- statistical forecasts;
- forecast overrides;
- orders to receive;
- on-hand.

Streamline updates this data for the current period each time you change them and save the project. As soon as a new period appears in the project, Streamline archives the previous period and adds a new option into the Period drop-down of the **Reports** tab.

For archived periods you can only view the statistical forecasts, forecast overrides, and the data derived from that, like forecast error/accuracy and projected revenue.

Next: Item Status System

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