4.21. Forecasting

In mSupply, 'consumption' is defined as stock that is ***issued***. Stock lost due to damage, expiry, etc. is managed through Inventory Adjustments and **is not** included in 'consumption'. During the later quantification calculation, there are options to include or exclude Stock Transfers and Builds in the consumption calculation.

Forecasting is the art of determining how much stock to order to minimise stockouts (no stock available) and stock expiring before it is used. It requires you to use the information you have on past stock consumption and availability patterns to estimate what will happen in the future.

mSupply has a few tools to help you with this. For a full description of them, please see the details of the various places where forecasting is used in mSupply:

- 6.01. Ordering stock from suppliers - when creating a new auto-generated purchase order. This page contains a discussion of the various calculation stages that go into working out the amount to order.
- 13.04. Purchasing reports - when creating a Suggested order report. This page discusses the details of the options for calculating an item's AMC (Average Monthly Consumption).
- 18.01. Introduction to tender management - when creating a new auto-generated tender. This page refers to the two pages above for detail.

Normally, mSupply is set to use the assumption that future consumption will continue at the same level as consumption over a given historic period. Our experience is that in almost all situations, this method, combined with a conservative provision for buffer stock, yields very good to excellent results. However, in certain situations you will want to provide your own forecasts. Reasons for this could include factors such as:

- Excessive, sudden population increase
- An epidemic causing increased demand
- Historical usage being inaccurate due to operator error or stock-outs
- A change to Standard Treatment Guidelines meaning a new treatment is being introduced, and there is no historical data
- Morbidity and mortality data has been obtained and used to calculate requirements.

When these situations arise then you can fine-tune how mSupply calculates the AMC for each item individually. For details on this functionality, see the 4.01.04. Items - Usage tab page.

Where does mSupply use forecasts?

Any time mSupply produces a suggested order quantity, it will consider each item and use the forecast options for that item to produce a forecast. This includes:

// Previous: **4.20. Units** | Next: **4.22. Pickfaces and Replenishments setup** //

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