

Infor Content Services



Mark Michel
May, 2009

Agenda

- Overview of Content Services
- Data Management Services
 - Problems facing Industrial Customers
 - Benefits of Standardized Data
- Inventory Optimization Services

- ROI Opportunities
- Where do we go from here?
- Q&A

Content Services

- Data Optimization (Electronic services)
 - Data Normalization, Standardization, Identification of duplicates
 - UNSPSC Coding
 - Enhancements
 - Data Quality Manager (DQM)
- Inventory Optimization Consulting Services)
 - Implement “Industry Metrics & Best Practices” methodology
 - Asset/Item Identification
 - Storeroom Organization (location schema, layout)
 - Elimination of obsolete and surplus inventory
 - Inventory Automation

Data Management Services

- Data cleansing (eliminate unnecessary syntax, spelling errors, duplicates)
- Standardization (assign noun modifiers, standardize attributes)
- Coding (UNSPSC classification)
- Enhancement (assign missing attributes, values and modifiers)

Typical Data Quality Problems

- Missing or blank data
- Duplicate descriptions and keys
- No standards for Vendor names, addresses or abbreviations
- Formats & standards vary within and across accounts, systems
- Data format differences, e.g. 15-character vs. 20-character fields

10-9990-5551	31-07-098	Allen Bradley	1771-OA	120 VAC Output Module	EA	349	5	20	15
10-7687-8882	43-90-339	AB	1771OA	120V output Card	EA	349	6	20	14
10-2322-4329	64-09-008	Allen Brdly	#1771-OA	A.B. 120V Card	EA	349	13	20	7
10-3443-6665	09-65-348	Allen Bradley		120VAC Module	EA	349	4	20	16

- ❑ Same supplier
- ❑ Multiple descriptions
- ❑ Different divisions/locations

- ❑ Four part numbers for the same SKU
- ❑ Different descriptions
- ❑ Varying quantities

Typical Data Quality Problems

- Slowly changing dimensions, e.g. vendor name changes due to merger, acquisition or divestiture; address changes due to relocation
- Multiple names, incorrect addresses

ORIGINAL DATA				
VNAME	ADDRESS	CITY	STATE	ZIP
FASTENOL	1604 SOUTHWOOD DRIVE	MISHAWAKA	IN	46544
GRAYBAR	312 EAST JEFFERSON STR	ARKANSAS CTY	KY	67005
FOXMAX	620 NESBITT STREET	JACKSONVILLE	AL	36269
MOTION	2802 POTTS HOLLOW ROAD LOT 114	BIRMINGHAM	AL	85215
CLEANED DATA				
VNAME	ADDRESS	CITY	STATE	ZIP
FASTENAL CO	1604 SOUTHWOOD DR	MISHAWAKA	IN	46544
GRAYBAR ELECTRIC CO INC	312 E JEFFERSON ST	ARKANSAS CITY	KS	67005
FORMAX INC	620 NESBITT ST	JACKSONVILLE	AL	36269
MOTION INDUSTRIES INC	2802 POTTS HOLLOW RD LT #114	BIRMINGHAM	AL	35215

Data Management Format

- **Noun** – Descriptive word that identifies a product category
- **Modifier** – Descriptive word that identifies a product within a category
- **Attribute Name** – Discrete title for descriptive information about a product
- **Attribute Value** – Descriptive detail that distinguishes a product within a category

STANDARD FORMAT	EXAMPLE
NOUN	BEARING,
MODIFIER	ROLLER:
ATTRIBUTE NAME_1	TYPE:
ATTRIBUTE VALUE_1	4-BOLT,
ATTRIBUTE NAME_2	SHAPE:
ATTRIBUTE VALUE_2	FLANGED,
ATTRIBUTE NAME_3	MATERIAL:
ATTRIBUTE VALUE_3	STAINLESS STEEL

Client Raw Data

Raw Data DESCRIPTION	UOM	Inventory Type	MFG	MODEL
BALL BEARING, SKF, SEALED	EA	BRG	SKF	6311-2RS
TIMING BELT, POWER GRIP	EA.	BLT	GATES	330H100
FUSE, TIME DELAY, 250 VOLTS	BOXES	FUS	GOULD	MDL-8
LAMP, 120 V, A/B,	EACH	ELE	ALLEN BRAD	855T-L10
PROX, 20-250VAC,	ONE AT A TIME	ELE	TURCK	BI5-G18-AZ3X-B1331

Data Standardization

NOUN	MODIFIER	UOM	MFG	MFG PART NO.	DESCRIPTION
BEARING	BALL	EACH	SKF BEARING	6311-2RS	BEARING, BALL: ID: 55 MM, OD: 120 MM, WD: 29 MM, DYN LOAD: 71500 N
BELT	TIMING	EACH	GATES CORP.	330H100	BELT, TIMING: WD: 1", PCH LG: 33", PCH: 1/2", TEETH: 66, WT: 0.2 LB
FUSE	TIME DELAY	PACK	BUSSMAN	MDL-8	FUSE, TIME DELAY: DIA: 1/4", LG: 1-1/4", CONSTRN: GLSS BDY, VOLTS: 250 V
LAMP	INCANDESCENT	EACH	ALLEN BRADLEY	855T-L10	LAMP, INCANDESCENT: VOLTS: 120 V AC/DC, WATTS: 7 W, TYPE: BEACON
SENSOR	PROXIMITY	EACH	TURCK, INC.	BI5-G18-AZ3X-B1331	SENSOR, PROXIMITY: BARREL DIA: 18 MM, LG: 82 MM, VOLTS: 20 - 250 V AC

Data Enhancement

NOUN	MODIFIER	After Enhancement
BEARING	BALL	BEARING, BALL: ID: 55 MM, OD: 120 MM, WIDTH: 29 MM, DYNAMIC LOAD RATING: 71500 N, STATIC LOAD RATING: 45000 N, SPEED: 3800 RPM, NO. OF SEALS/SHIELDS: 2 SEALS, WEIGHT: 3 LB, TYPE: SINGLE ROW, MEDIUM SERIES, ADDITIONAL INFORMATION: ITEM #4, NAUTA #3 MIXER
BELT	TIMING	BELT, TIMING: WIDTH: 1", PITCH LENGTH: 33", PITCH: 1/2", NO. OF TEETH: 66, WEIGHT: 0.2 LB, TYPE: TRAPEZOIDAL TOOTH PROFILE, ADDITIONAL INFORMATION: POWER GRIP
FUSE	TIME DELAY	FUSE, TIME DELAY: DIA: 1/4", LENGTH: 1-1/4", CONSTRUCTION: GLASS BODY, VOLTAGE: 250 V, CURRENT: 8 A, INTERRUPTING RATING: 200 A @ 250 V, 10 KA @ 125 V, TYPE: SLOW-BLOW
LAMP	INCANDESCENT	LAMP, INCANDESCENT: VOLTAGE: 120 V AC/DC, WATTAGE: 7 W, TYPE: BEACON
SENSOR	PROXIMITY	SENSOR, PROXIMITY: BARREL DIA: 18 MM, LENGTH: 82 MM, VOLTAGE: 20 - 250 V AC, 7 V AC DROP, CURRENT: 500 MA LOAD, 1.7 A MAX LEAKAGE, SENSING DISTANCE: 5 MM, MIN TEMPERATURE: -13 DEG F, MAX TEMPERATURE: 158 DEG F, CONTACT CONFIGURATION: N.O, NO. OF WIRES: 2, TYPE: INDUCTIVE, QUICK DISCONNECT

UNSPSC Coding

NOUN	MODIFIER	UNSPSC CODE	UNSPSC DESCRIPTION
BEARING	BALL	31171504	BALL BEARINGS
BELT	TIMING	26111802	GEARED TIMING BELTS
FUSE	TIME DELAY	39121604	TIME DELAY FUSES
LAMP	INCANDESCENT	39101612	INCANDESCENT LAMPS
SENSOR	PROXIMITY	41111926	PROXIMITY SENSORS

Attributing

NOUN	MODIFIER	ATTR 1	ATTR 2	ATTR 3	ATT 4	ATT 5	ATT6
BEARING	BALL	ID: 55 MM	OD: 120 MM	WD: 29 MM	NO. OF SEALS: 2	ST LOAD 45000 N	SP: 3800 RPM
BELT	TIMING	WIDTH: 1"	PCH LG: 33"	TEETH: 66	WT: 0.2 LB	TYPE: TRAPEZOIDAL TOOTH PROFILE	ADDL INFO: POWER GRIP
FUSE	TIME DELAY	DIA: 1/4"	LG: 1-1/4"	CONSTRN: GLASS BODY	VOLTS: 250 V	CURRENT: 8 A	TYPE: SLOW BLOW
LAMP	INCANDESCENT	VOLTS:120 V AC/DC	WATTS:7 W	TYPE: BEACON			
SENSOR	PROXIMITY	BARREL DIA: 18 MM	LENGTH: 82 MM	VOLTS: 20 - 250 V AC, 7 V AC DROP	CURRENT:500 MA LOAD, 1.7 A MAX LEAKAGE	NO. OF WIRES: 2	TYPE: QUICK DISCONNECT

Data Quality Manager – For Ongoing Data Quality

- A software solution to enable the ongoing maintenance of clean (existing) and new data
- Enables customers to:
 - Prevents the entry of duplicate customers or “master file” items by matching new items to the existing cleaned “master file” in **real time**
 - Forces use of standards (category codes, USPS prefixes/ suffixes, descriptions, etc.)
 - Allows editing of existing master file items
 - Enables creation of data warehouse with additional data attributes (taxonomy)
 - Tool can be easily integrated with external applications

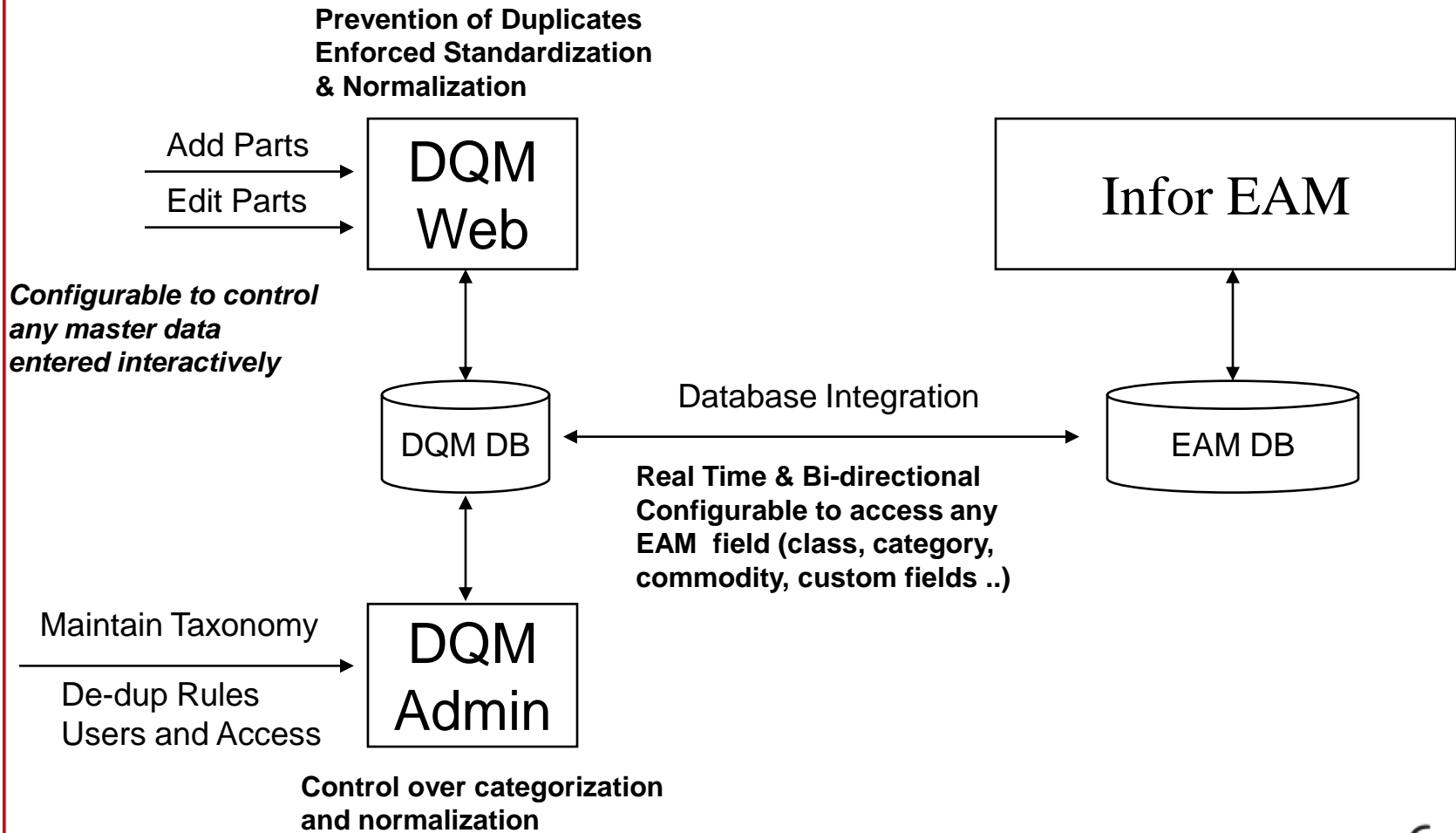
What is the Data Quality Manager?

- Highly scalable, Internet-enabled, data management solution that integrates directly into Infor EAM
- Helps your group clean, organize, and maintain parts listing, inventory items, storerooms inventories and OEM items
- Ensures data quality by providing online, real-time data cleansing of new records created in Infor EAM
- Automatically de-dupes and formats new records to user-defined standards
- Ideal data cleansing tool for organizations that want to maintain and enforce data standards across their enterprises

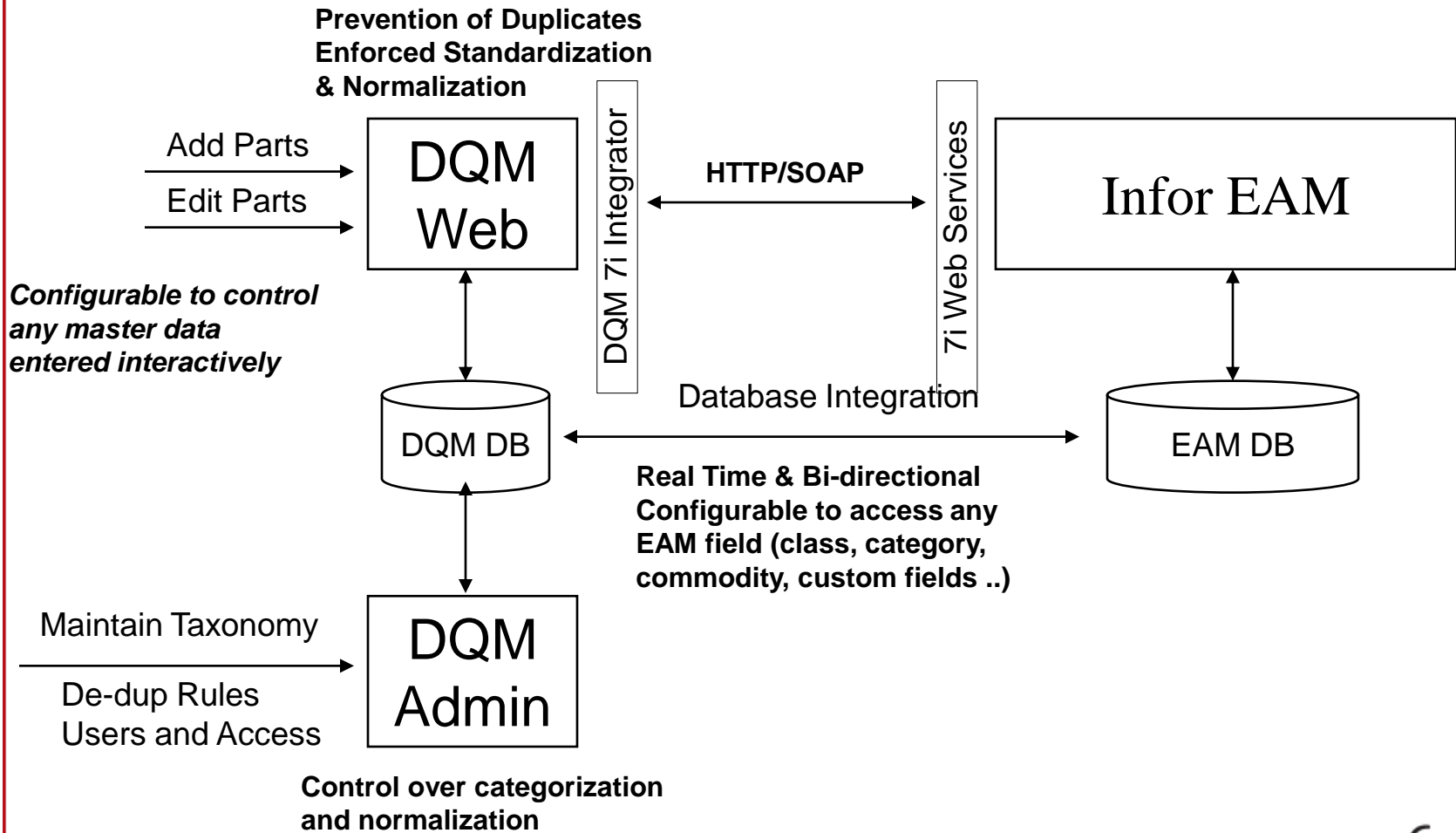
When and How is DQM Used?

- DQM becomes the primary tool to enter inventory data into Infor EAM
- Since it's Internet-based, DQM can be centrally served to your users from corporate, divisional or site locations
- DQM is workflow enabled
 - Access is granted by secure user name and password
 - Entry of new records is constrained to use only those words, classification and values as you determine
 - Approvals can be handled online or routed through your e-mail system to a data administrator

How Does DQM Work?



How Does DQM Work? - Hosted



When and How is DQM Used?

ePartner Data Quality Manager (DQM) HOME CONTACT

Home

Home	Add to MRO Data	Add new records after searching existing records
Logout	View Record Creation Log	View previous submissions
Contact Us	Search/Edit/Delete	Search, edit or delete records
	Edit Profile	Edit your profile

ePartner 2.0.0 ePartner Data Quality Manager 2.1.1. Tue Apr 13 11:04:47 EDT 2004 Copyright © iGATE Global Solutions, Ltd. 1998 - 2004

Downloading from site: http://12.29.176.199/smuckers/dqm/jsps/index.jsp Internet

- A simplified log-in screen can be custom configured to include your logos, corporate or departmental information
- Record creation, matching and editing functions are all available from a central easy to use screen

Custom Record Classification...

ePartner Data Quality Manager - Microsoft Internet Explorer provided by AT&T WorldNet Service

File Edit View Favorites Tools Help

Address <http://12.29.176.199/smuckers/dqm/jsps/index.jsp>

ePartner Data Quality Manager (DQM) HOME CONTACT US

Search Noun

RECORD CODE: MRO

Noun: [Request a new Noun, Modifier](#)

Step 1
Search for Noun

Step 2
Select Noun, Modifier

Step 3
Enter basic fields

Step 4
Review similar records

Step 5
Finish data entry

ADAPTER	>>	BEARING
BEARING	>>	ASSEMBLY
	>>	BALL
	>>	BUSH
	>>	CAM FOLLOWER
	>>	CAM ROLLER
	>>	CAM YOKE
	>>	CONE
	>>	CUP
	>>	FLANGE
	>>	HANGER
	>>	LINEAR
	>>	NEEDLE
	>>	NO MODIFIER
	>>	PILLOW BLOCK
	>>	PLAIN
	>>	RADIAL
	>>	ROD END
	>>	ROLLER
	>>	SLEEVE
	>>	SPHERICAL
	>>	SPLIT
	>>	TAKE-UP
	>>	THRUST
BLOCK	>>	BEARING
BRACKET	>>	BEARING
CAGE	>>	BEARING
CAP	>>	BEARING
CARTRIDGE	>>	BEARING
COLLAR	>>	BEARING
CONE	>>	BEARING
COVER	>>	BEARING
GEL	>>	BEARING
GUIDE	>>	BEARING
HOLDER	>>	BEARING
HOUSING	>>	BEARING
INNER RACE	>>	BEARING
INSERT	>>	BEARING
KIT	>>	BEARING
NUT	>>	BEARING
PLATE	>>	BEARING

ePartner 2.0.0 ePartner Data Quality Manager 2.1.1. Tue Apr 13 11:12:55 EDT 2004 Copyright © iGATE Global Solutions, Ltd.

Done Internet

- All new records are classified using a standard classification system or a custom in-house system
- This step uses “stemming” technologies to match all possible forms of the word in your Infor EAM database

Defined Attribute level value entry...

ePartner Data Quality Manager - Microsoft Internet Explorer provided by AT&T WorldNet Service

File Edit View Favorites Tools Help

Address <http://12.29.176.199/smuckers/dqm/jsp/index.jsp>

ePartner Data Quality Manager (DQM)

HOME CONTACT

Basic Fields Entry

RECORD CODE: MRO NOUN, MODIFIER: BEAR

Step 1
Search for Noun

Step 2
Select Noun, Modifier

Step 3
Enter basic fields

Step 4
Review similar records

Step 5
Finish data entry

PART TYPE *	N PART
MANUFACTURER *	Wilson Supply
MANUFACTURER PART# *	12 JL 134M
DESCRIPTION: *	
DYNAMIC LOAD RATING	1140 LBS
ID	0.5"
INNER RING WIDTH	7/32"
MATERIAL	STAINLESS STEEL
NO. OF SEALS/SHIELDS	1
OD	2"
OUTER RING WIDTH	7/8"
SPEED RATING	11000 RPM
STATIC LOAD RATING	1120 LBS
TYPE	FLANGE
WEIGHT	0.024 LBS
WIDTH	2-1/2"
ADDITIONAL INFORMATION	estimated life: 10 years

Request New Attributes

Submit Cancel

* fields are mandatory fields

ePartner 2.0.0 ePartner Data Quality Manager 2.1.1. Tue Apr 13 13:33:46 EDT 2004 Copyright © iGATE Global Solutions, Inc.

- Specific attribute names and values are automatically identified for each commodity type
- New attribute names and values can be added on-line via controlled workflows and approval levels

Automated matching and de-duping

ePartner Data Quality Manager - Microsoft Internet Explorer provided by AT&T WorldNet Service

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Media Print

Address

ePartner Data Quality Manager (DQM) HOME FAQ CONTACT U

Review Similar Records

Step 1
Search for category.

Step 2
Select category.

Step 3
Enter basic fields.

Step 4
Review similar records.

Step 5
Finish data entry.

Input Record						
	Part#	Vendor Part#	Manufacturer Part#	Description		
	MRM-110	6230	6230-22	ID: 60 MM, OD: 110 MM, WIDTH: 0.312"		

Reference Record						
No.	Select	Proba-bility	Part#	Vendor Part#	Manufacturer Part#	Description
1	<input checked="" type="radio"/>	100	MRM-110	6230	6230-22	ID: 60 MM, OD: 110 MM, WIDTH: 0.312"
2	<input type="radio"/>	73	10004-MRM	6210-22	6210-22	ID: 57.5 MM, OD: 68 MM, SLS/SHLDS: 2 SHIELDS, WIDTH: 13 MM
3	<input type="radio"/>	65	MRM-10001	6206-22	6206-22	ID: 30 MM, OD: 52 MM, SLS/SHLDS: 2 SHIELDS, WIDTH: 6 MM
4	<input type="radio"/>	65	100006-MRM	6208-22	6208-22	ID: 40 MM, OD: 62 MM, SLS/SHLDS: 2 SHIELDS, WIDTH: 10 MM
5	<input type="radio"/>	54	MRM-10000	6205-2RS	6205-2RS	ID: 25 MM, OD: 42 MM, SLS/SHLDS: 2 SEALS, WIDTH: 5 MM

New Value

Search Reference

OK Reset Cancel

ePartner ePartner Data Quality Manager 0.1.2 Wed Feb 25 13:12:21 EST 2004 iGATE Global Copyright © iGATE Global Solutions, Lt

Done Internet

- Customizable matching algorithms identify exact and near-matches to existing records already in your systems
- Matching can be based on any combination of part numbers, vendor or manufacturer's names, or descriptions

Infor EAM defined fields...

ePartner Data Quality Manager - Microsoft Internet Explorer provided by AT&T WorldNet Service

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Media

Address

ePartner Data Quality Manager (DQM) HOME FAQ CONTACT

RECORD CODE: PARTS CATEGORY: BEAR

Step 1
Search for category.

Part# Description

Class

UOM

Step 2
Select category.

Part Details
Tracking method

Order Details

Store

Store org

Preferred supplier

Supplier reference Vendor part#

Manufacture Manufacture part#

Pricing Summary
Gross price

- Fields that are part of uniqueness function are readonly
- * fields are key fields and are mandatory
- ** fields are mandatory fields

ePartner ePartner Data Quality Manager 0.1.2 Wed Feb 25 13:22:47 EST 2004 iGATE Global Solutions Copyright © iGATE Global Solutions

Done Inter

- User defined fields from Infor EAM can be populated from within DQM
- Workflow, approvals and authorizations can be configured by your Data Administrator and customized for your particular organization

Secure data verification...

ePartner Data Quality Manager - Microsoft Internet Explorer provided by AT&T WorldNet Service

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Media Print

Address

ePartner Data Quality Manager (DQM) HOME FAQ CONTACT

Record Creation Log

Record Type: All

Date Between and Search

Date	Record Code	User	Status	Details
Feb 25 2004 01:27 PM	PARTS	Jeff Leech	New Record Created	View Record
Feb 25 2004 01:20 PM	PARTS	Jeff Leech	Similar Record Found	View Record
Feb 19 2004 02:17 PM	PARTS	Jeff Leech	New Record Created	View Record
Feb 13 2004 09:50 AM	PARTS	J.M. Smucker's	New Record Created	View Record
Feb 10 2004 09:35 AM	PARTS	Datastream	New Record Created	View Record
Feb 10 2004 09:33 AM	PARTS	Datastream	Similar Record Found	View Record
Feb 05 2004 04:36 PM	PARTS	General User	New Record Created	View Record
Jan 30 2004 10:06 AM	PARTS	Datastream	Similar Record Found	View Record
Jan 30 2004 10:00 AM	PARTS	Datastream	New Record Created	View Record
Jan 30 2004 09:42 AM	PARTS	Datastream	New Record Created	View Record
Jan 26 2004 02:10 PM	PARTS	Datastream	Similar Record Found	View Record
Jan 26 2004 02:08 PM	PARTS	Datastream	New Record Created	View Record
Jan 23 2004 11:40 AM	PARTS	Vamsi Inkollu	Similar Record Found	View Record
Jan 23 2004 11:17 AM	PARTS	Datastream	Similar Record Found	View Record
Jan 23 2004 10:15 AM	PARTS	Datastream	Similar Record Found	View Record
Jan 23 2004 09:38 AM	PARTS	Datastream	New Record Created	View Record
Jan 23 2004 08:07 AM	PARTS	J.M. Smucker's	New Record Created	View Record
Jan 22 2004 09:44 AM	PARTS	Datastream	New Record Created	View Record
Jan 22 2004 09:34 AM	PARTS	Datastream	New Record Created	View Record
Jan 22 2004 08:59 AM	PARTS	J.M. Smucker's	New Record Created	View Record
Jan 21 2004 03:18 PM	PARTS	J.M. Smucker's	New Record Created	View Record
Jan 08 2004 10:44 AM	PARTS	Datastream	New Record Created	View Record
Jan 08 2004 09:30 AM	PARTS	Vamsi Inkollu	New Record Created	View Record
Jan 07 2004 03:54 PM	PARTS	Datastream	New Record Created	View Record
Jan 07 2004 03:49 PM	PARTS	Datastream	New Record Created	View Record

ePartner ePartner Data Quality Manager 0.1.2 Wed Feb 25 13:28:52 EST 2004 iGATE Global Solutions, Ltd. Copyright © iGATE Global Solutions, Ltd. 1998 - 2003

Done Internet

- Complete workflow capture of all entries, possible matches and other data filed entries are captured and date / time stamped for later approval, verification or change

Catalogs

- The **Standard Catalog** is a reference catalog of over 100,000 common MRO items with full descriptions and attributes.
- A **Custom Catalog** can be created based on the customers existing Inventory Data. This will be scoped on an individual customer basis.

Benefits of Standardized Data

- Reduce the number of suppliers by 30-70%
- Reduce product costs up to 15%
- Reduce standard parts used up to 30%
- Gain a clear picture of purchasing at the site, commodity or item level.
- Properly align your supplier base to your supply needs
- Improve visibility into inventory enterprise-wide
- Manage inventory optimization and spend management programs more effectively

Business Benefits

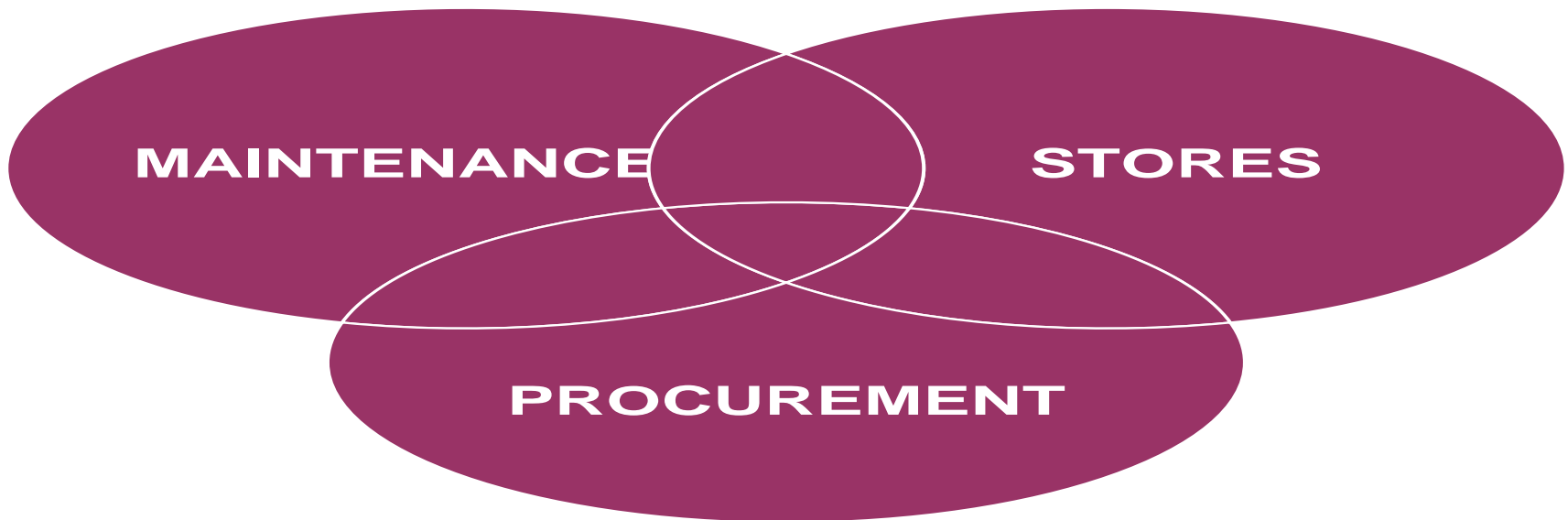
Benefit	Source of Benefit
> Improved Inventory Management	> Ability to see inventory by category, Attribute Name, Attribute Value
> Reduce Inventory Costs	> Ability to set accurate Min / Max levels, determine slow moving obsolete goods (SMOG), set accurate inventory turns
> Cost Reductions	> Identifying inventory levels, buying patterns
> Increased Compliance	> Ability to accurately determine contract min/max, contract volumes, price breaks, discount pricing, vendor compliance
> Added Revenues Through Analytical Capabilities	> Spend Analysis, Leveraged Buying, Vendor Consolidation, Payment Analysis, Term Negotiations

Inventory Optimization

- The “Right” Materials -The right materials are those identified by Production and Maintenance that are necessary and critical to the operation, meet specifications, are easily installed and maintained, and ensure a high level of process “runnability”.
- The “Right” Place-The right place is defined by customer delivery requirements. The right place could be at the Job Site, Delivery Area or Staging Area.
- The “Right” Time-The right time is defined by the Job Schedule and materials availability. The job is not released for scheduling until all of the material delivery requirements have been met.
- Lowest Possible Cost-The Materials Management Model seeks to minimize the sum of the following four costs: Part Costs, Replenishment Transactional Costs, Holding Costs and Cost of Inventory Shortages.
 - “Monitor Costs, Manage the Practice” !

Inventory Optimization

“Achieving the goal of having the right materials, delivered to the right place, at the right time, at the lowest possible cost, requires the close coordination and integration of three different and distinct operational functions: Maintenance, Stores & Procurement.”



Inventory Optimization Services

➤ **Inventory Validation**

- Inventory Walk-down (Obsolescence, cannibalized, reliable?...)
- Identification & tagging of good, bad & “I don’t know” inventories
- Reconcile inventory database against storeroom inventories
- Determining “Where Used” BOM (Bill of Material Development)

Stock Room Design and Organization

- Commodity breakout and organization
- Location scheme development
- Shelf/space optimization
- Define storage media requirements (High density cabinets, vertical racking, pallet racking, high capacity shelving, binning...)
- Storeroom layout development plan
- Barcode label development and tagging
- Work closely with client architects, engineers, storage media providers to refine scope and complete storeroom design details



from *chaos*
to
control



Stock Room Design and Organization



Stock Room Design and Organization



Inventory “Best Practices” Development

- Staffing Strategy
- Model Development (Assistance in developing formal SOPs)
- Training
 - Inventory “Life Cycle” Transactions (Issues, Requisition Generation, Receipts, Stocking, Picking, Kitting, Staging, Delivery, Out-shipment...)
 - Inventory Management (Cycle Counting, Stock Authorization, Rebuildable Spare Tracking, Barcoding, Shelf Life Testing, Establishing Min / Max...)
 - Integration to Work Management (Reserving stock, Requisitioning, Material Charge Out Requirements, BOM Maintenance, Obsolescence ID, Critical Spare ID...)

Data Collection

- Develop data collection templates
- Define data formats (nomenclature, descriptive information, classifications...)
- Item walk-down & identification
- Database location reconciling

MRO Inventory Analytics

- Inventory Rationalization (Excess Active, Excess Inactive ID...)
- Inventory Re-Order Point Models (Optimizing re-order points !)
- Inventory EOQ Analysis (Optimizing re-order quantities !)
- ABC / XYZ Analysis (Prioritizing your inventory !)
- Inventory Reporting
- KPI Development & Analysis

ROI - Hard Dollar Savings & Returns

- Inventory on Hand Reduction
- Carrying Cost Reduction
- Unit Cost Reductions from Vendor Consolidation, leverage spend across multi-site operations
- Unit Cost Reductions from the elimination of Spot Buying, Maverick Buying
- Establish optimum re-order quantities & corporate inventory visibility

ROI - Soft Dollar Savings & Returns

- Process Savings & Returns-PO Cost Reduction
- Bar-coding
- Increased maintenance uptime
- Automated Stock Requisitioning
- Automated Purchase Approval Process
- Automated Purchase Order Submission (iProcure)

ROI Opportunities (utilizing the metrics)

➤ Industry ROI Metrics

- Multi-site corporation projects savings of \$9.6 million from asset management information system implementation. They expect 52% or \$5 million from repair parts inventory and 48% or \$4.6 million from other business process improvements directly related to the EAM..
 - Kaiser Permanente
- “Without Effective MRO Inventory Management Processes, industry experience shows 20% to 30% of a customer’s inventory is in the category of Excess-Active items or surplus inventory (Carrying higher levels of inventory than is necessary). Cost recovery for this surplus inventory is achieved by inventory disbursement through the client's vendor supply chain”
 - Jim Calvert
 - President & CEO
 - IMA (Inventory Management Analysis)

ROI Opportunities

➤ Industry ROI Metrics

- NAPM (National Association of Purchasing Managers) reports that more than 1/3 of all corporate spending is out of compliance with existing corporate volume purchasing agreements (VPA).

“Maverick buyers pay between 18% to 27% higher prices when compared to Corporate VPA agreements. *Accurate inventory information* enables the customer to pull back maverick and spot buys into the VPA and significantly impact and improve the bottom line performance”

Morgan Stanley Dean Witter

- “Experience shows a 20% inventory reduction and 23% to 40% carrying cost reduction is achieved through the use of structured inventory data, storerooms and proper MRO inventory management processes”

Jim Calvert

President & CEO

IMA (Inventory Management Analysis)

ROI Opportunities

➤ **Industry ROI Metrics**

- NAPM & National Association of E-Commerce also allows purchasing to control the buying process, i.e. maverick and spot buying with aggressive vendor reduction programs = cost savings that is measured by various consulting groups 15% - 35% (Forrester - 35%, Ariba - 30%, Price Waterhouse Coopers 30%, D & B - 15% - source is Spend Analysis forum 2000 by ECCMA)
- The Center for Advanced Purchasing Studies, supported by NAPM is benchmarked as follows: 20% on annual spend can be saved through the implementation of a well integrated system and procurement processes
- Average Cost of processing 1 Purchase Order \$75 to \$150
Average Cost of processing 1 Electronic Purchase Order \$12 to \$15
NAPM

Satisfied Clients



Where do we go from here?

- Assessment
- Current practices in place
- Are resources available?
- Questions and Answers