

Gaining Positive Business Impact with Valogix Inventory Planning and Optimization



Translectric, a 38-year old parts distributor for the automotive and heavy equipment industries with 18 employees, had outgrown the software applications it was using to run its business. With an inventory of over 8,000 unique items, they used Excel spreadsheets and “intuition” to do planning and replenishment. They purchased VALOGIX® **Planner** through their local SAP reseller in conjunction with their SAP® **Business One** implementation.

Solid results gained from using VALOGIX Planner in less than 3 months are:

- ◆ Inventory Reduction: 12%
- ◆ Planning Time Reduction: 85%
- ◆ Revenue Increase: 10% over previous year
- ◆ Time to Value: 10 - 11 weeks
- ◆ Back Orders: Decreased by 12%
- ◆ Inventory Turns: 300% Increase
- ◆ Improved Customer Service: High fill rates of customer orders



Challenge

Planning for 8,000 inventory items using Excel spreadsheets and “best-guessing” was a time-consuming and arduous manual process. At the beginning of the year, the planner placed large inventory orders, putting the company in financial strains until inventory started selling several months later.

Despite purchasing the large amounts of stock, the company was plagued with a high number of back-orders, leading to lower customer satisfaction and decreased revenue from lost sales and high expedited shipping costs.

Throughout the year, the planner would order additional parts on an as-needed basis after spending hours each week evaluating reports to identify which items had hit their minimum fill rates. Because of the irregularity of the orders, they were unable to take advantage of supplier discounts and shipping credits. At the end of every year, the company was burdened with tens of thousands of dollars in dead and excess stock.

The time to act was now, before the conditions became worse.



“VALOGIX Inventory Planner shows us what should be bought so we are buying smarter and our inventory is turning quicker. We are increasing “good” inventory while getting rid of excess and inactive inventory.

-Jim Monteith
Planning Manager

**Valogix Planner has
received
SAP Certified Integration**



Solution

The SAP Business Partner, worked closely with Translectric’s management team to identify requirements for each aspect of the business and completed a discovery session of the existing inventory planning processes. Upon conclusion, the reseller recommended VALOGIX® Planner. After consulting with Valogix’s inventory planning experts, Translectric’s management team made the decision to include Valogix in their new SAP Business One solution set.

The entire Valogix implementation took less than one day and the planner was able to compare the current on-hand inventory value to the Valogix optimized inventory the first time he opened the software. He was surprised to see the potential to reduce their inventory by \$300,000 and began collaborating with sales and management to develop a plan. Since then, they’ve been able to reduce their inventory by nearly \$200,000 by returning stock, canceling outstanding orders and implementing new sales campaigns.

Translectric now shares information with their vendors to secure the best pricing and shipping discounts, and by using the VALOGIX generated forecast, the vendors can better supply them since they know what will be ordered in advance.

On the manufacturing side, they use VALOGIX to drive MRP in SAP Business One to help plan work and purchase raw materials for production. They’ve been able to significantly reduce back orders, making both the sales team and their customers more satisfied.

One significant benefit from the implementation is to the bottom line – revenue is up 10% from last year, making the purchase of SAP Business One and Valogix a valuable business investment.