



medi USA

Medical Goods Supplier Reduces Inventory and Maintains High Service Levels with VALOGIX[®] Inventory Planner

“We originally started looking for a new ERP system. The system we evaluated had VALOGIX Inventory Planner as a component and once we saw what it could do for us, we decided all we really needed was automated inventory planning. Implementation was easy and the results have been impressive.”

Markus Frischholz, IT Manager, medi USA

Quick Facts

Company

- Name: medi USA
- Location: Whitsett, NC, USA
- Industry: Wholesale Distribution
- Products and services: Medical Goods
- Items in inventory: 3,500
- Website: www.mediUSA.com

Challenges and Opportunities

- Automate forecasting and optimize inventory for best selling product line
- Reduce inventory levels and maintain high service levels
- Prevent lost sales through stock-outs and backorders

Objectives

- Sustain same-day shipping policy for a large range of inventory items by having stock with minimal inventory investment
- Utilize one automated system to streamline forecasting and planning processes
- Keep manufacturing line productive while reducing output

Software Solutions

VALOGIX Inventory Planner

Why VALOGIX

- Automated planning and forecasting helps reduce inventory while maintaining high service levels

Benefits

- Optimization in inventory allows efficient operation without adversely effecting service levels
- Reduction of inventory by 42 percent in the first six months, and 50 percent within 12 months has significant impact on bottom line
- New technology in Beta product opens up options in planning and forecasting processes and offers a competitive edge
- Decrease in days of inventory from three months to three weeks
- Return on Investment in less than three months

Previous Environment

Excel spreadsheets and Access databases





“We used to keep two to three months of inventory in stock at all times. Since we’ve implemented VALOGIX Inventory Planner, we’ve been able to operate with only three to four weeks of inventory and still maintain our high service levels.”

Sam Burgess, Planning Manager,
medi USA

Manual Systems Cause Excess Inventories

medi USA, a subsidiary of German based medi, is a manufacturer and distributor of medical goods and supplies. In the US, medi USA manufactures and distributes its own medical line and also is a distributor for other manufacturers. Together, they stock more than 3,500 unique items.

Germans are known for their systematic and engineering spirits and their approach to business is no different. medi USA’s production planning manager, Sam Burgess, explains, *“We were using Excel spreadsheets and Access databases to perform our planning and replenishment functions. Even though we were confident in the numbers our spreadsheets computed, we wanted to have a completely automated process that would allow anyone to step in and use if necessary.”*

Because of their same day shipping policy, medi USA often carried high inventory levels, two to three months, to prevent back orders, stock-outs and missed sales opportunities. Since they stocked so much inventory, they had a nearly 100% service level and weren’t willing to compromise service in order to reduce their inventory levels.

Reduced Inventory Does Not Equal Reduced Service

Since medi USA is not only a distributor, but also a manufacturer, they had unique considerations in implementing a new software package. Drastically reducing inventory could cause the production line to come to a screeching halt. *“We decided to slowly reduce our inventory prior to implementing VALOGIX® Inventory Planner to ensure that our manufacturing facility could adjust their output to match our new stocking quantities,”* says Burgess. *“Although it took longer to implement, it was ultimately the best course for medi USA. We’ve been able to reduce our inventory while maintaining our high level of service, and without jeopardizing our manufacturing jobs.”*

Reducing inventory was challenging but not without rewards. Melissa Manring, Assistant Production Planners shares, *“In the first six months of using VALOGIX, we reduced our inventory by 42%. By 12 months, we reduced our overall inventory by 50%. VALOGIX paid for itself in less than three months and will keep paying for itself as we bring more of our lines into the software.”*

medi USA’s positive experience has led it to be an early adapter of Valogix’s latest planning product, VALOGIX® Inventory Planner V8, due for general release this summer. *“The technology in the new product will give us more options in our planning processes. While Beta testing is time consuming, we felt that*

having input into the development of the latest product really gives us a competitive edge,” notes Markus Frischholz, IT Manager for medi USA. *“Our industry is highly competitive, with only a few players in our space so it’s important for us to use the latest technologies to manage our business.”*

Automation Identifies Optimal Inventory Levels

Even though medi USA purposely overstocked to avoid lost sales and additional shipping charges, they now operate at the same level of service with less stock. *“We used to keep two to three months of inventory in stock at all times,”* comments Burgess. *“VALOGIX Inventory Planner has allowed us to operate efficiently with only three to four weeks of inventory. Maintaining a high service level was integral to the success of the implementation and we’ve achieved exactly what we hoped.”*



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