3rd Party Warehousing Services Makes Cents!

Prorizon's process reengineering brings millions to the bottom line!

"*Our internal analysis indicated nationwide we had more product than required due to poor inventory tracking processes and over-purchasing because our employee's lacked confidence in the inventory reporting. In less than 120 days, Prorizon Corporation reduced our inventory requirements while dramatically increasing throughput!*"

Business Operations Director
Major Entertainment Customer

Challenges

Our largest and most prestigious customer is an international entertainment conglomerate. Our contract with this conglomerate contains some of the most aggressive Service Level Agreements in the industry as it relates to response time for delivering equipment to any employee, but it was especially challenging to service executives. Before using Prorizon, there was a general mistrust of the inventory and significant over or under stocking leading to unpredictable service delivery and exorbitant inventory costs.

Solution

We arrived at the conclusion that our core competency is delivering superior IT services, not managing global inventory stock levels. We hired Prorizon and in a very short period of time, Prorizon brought in a highly flexible tool combined with 3PL services that completely reengineered our process.

Benefits

- Reduced domestic stock levels by $10 million in 8 months

- Provided real-time online reporting that allowed us access to more accurate data and increase our internal chargeback billing

- Increased customer satisfaction by eliminating the distraction of managing our inventory and increasing throughput

- Decreased training needs and downtime because the 3PL process integrated seamlessly into our organization

Managing a Complex Business Invites Complex Problems

The entertainment company wanted their LANs, WANs, Desktops, Networks and all associated peripherals in warehouses and storage depots in 5 states across the US. Domestically, this inventory supported approximately 23,000 refreshes annually across the 60,000 knowledge workers and 50,000 hotel and park staff.

Managing a supply chain and warehousing operation in multiple states within the US comes with its own challenges. However when tracking receipts in 38 additional countries comes into scope, those challenges increase dramatically.

Domestically, the most problematic issue centered on the inherent inefficiencies of managing 16 inventory locations in 6 states and ensuring prompt deliverability to corporate offices as well as retail stores in 45 states. The rapid pace of the business required the company to meet very stringent delivery SLAs, leading to significant overstocking at the busiest warehouses due to inaccurate inventory records and order reporting latency.

The IT systems and manual processes lacked the real-time visibility and the integration required to ensure timely throughput. Meeting SLAs are easy when there's three to six times the required inventory on hand. Lost and unaccounted for assets was also a major concern.

New inventory in the warehouse must be tracked by multiple stock types (new, refresh only, reserved, build-to-order and project) for the same part number. Proper tracking and accounting for returns or restocked items is further complicated by business unit ownership. As new stock is initially picked out by a business unit (BU), it henceforth will always belong to that unit. Therefore, equipment restocked for different BUs with the same part number would require a custom inventory monitoring and picking process.

Finally our customer operates in 38 other countries. Maintaining an up-to-date view of global purchasing and receiving required a massive amount of human coordination and communication on a daily basis. Often by the time the report data was accumulated, it was out of date.

Implementing Checks and Balances

Typically migrate to "point" solutions including home grown systems and well known ERP systems. Fortunately Prorizon Corporation's Active Supply Chain Management (Active SCM) tool was selected.

Prorizon explained how over-engineered or home grown solutions often take more time, money and resources to implement and eventually maintain when contrasted with a SaaS solution that was plug-and-play.

More importantly, Prorizon's approach to implementing Active SCM contained three important differentiators. First, they brought proven processes and skillsets to the table. Where most companies believe purchasing new software solves business issues, they fail to properly evaluate the impact of having to hire new expertise and design new processes to support the new tool to truly receive the touted benefits. These proven processes translated into real ROI that was reached in months, not years.

Secondly, the Active SCM tool was built from the ground up to support large organizations in managing their supply chain functions. As opposed to the large ERP alternatives, Prorizon was able to bend the software around the way the company needed to operate productively instead of vice versa. Their mantra has always been to minimize the steps a user must perform to complete a function.

Finally, they utilize a Warehouse Coordinator function, which has a global view of all warehouses. A Warehouse Coordinator focuses on rapid resolution of warehouse or end-user escalations as well as responding to customized process alerts which lets them know when a task has stalled (e.g. PO or Pick Request approvals, delinquent receipts, cycle count resolutions, etc.).

All these features were clearly defined in the initial process mapping of the business requirements.

Deploying a Technology in a Globally Enterprise

Implementing a tool domestically where one can just hop a flight and be anywhere in the US within a few hours to solve a problem is one thing. But implementing a global tool with minimal change management requires a deep understanding of the core business issues in each country combined with an intuitive approach that works in multiple cultures.

The other key to the project's success was making a software selection that provided for great flexibility. They were able to implement global business rules and oversight while allowing the individual regions to feel they could operate autonomously within an overall support structure. This key benefit helped accelerate the implementation timeframe and end-user adoption.

Problem Solved

Choosing Prorizon and the Active Supply Chain Management solution has brought hundreds of thousands of dollars in savings each month to the bottom line. Through the use of their CAVS approach, Prorizon implemented

Control, **A**ccountability, **V**isibility and **S**tandardization

across the board. Not only was the organization able to consistently meet their strenuous SLAs, the realized reporting benefits uncovered lost and unaccounted for assets which could be charged back to their customer.

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