

Integrated Supply Chain Solutions - Vendor Managed Inventory, Just-in-Time and eProcurement

The Customer

The customer is one of the established Japanese Consumer Electronics Manufacturers in Malaysia. Its brand is widely known with its electronics household products.

Business Challenges

With multiple production bases and export capability of its base in Malaysia, these challenges were addressed to R Systems:

- ✧ High inventory holding cost
- ✧ Poor cash-to-cash cycle
- ✧ Lack of inventory visibility
- ✧ Long lead time due to manual and paper-based processes in inventory and procurement activities

R Systems and our Total Integrated Solutions - Vendor Managed Inventory (VMI), Just-in-Time (JIT) and eProcurement

A total integrated solutions, comprised of VMI, JIT and eProcurement was executed to solve the issues above, bringing these benefits to the organization:

- ✧ Release working capital that leads to improved cash-to-cash cycle
- ✧ Reduced total supply chain cost
- ✧ Improved assurance of supply
- ✧ Lower inventory levels through process optimization and increased visibility
- ✧ Improved operational efficiency and data accuracy by automating the exchange of information between partners
- ✧ Reduced errors in the supply chain by putting control points in place to identify if the right product is being shipped to the right location at the right time
- ✧ Higher service levels due to clear demand signals
- ✧ Higher productivity through streamlined process and exception-based management

Results from Total Integrated Solutions Implementation

These results were achieved from implementation:

- ✧ Inventory holding costs reduced over RM700K per month
- ✧ Inventory holding time reduced from 9 days to 5 days
- ✧ Inventory turns increased from 13 times to 27 times every half year
- ✧ Supplier response lead time reduced
- ✧ Overall procurement cost reduced over 40%
- ✧ Overall lead time reduced by 40% from the reduction of manual, paper-based processes

Facts and Figures

