



CUSTOMER SUCCESS STORY

VALOGIX® Inventory Planner
Helps Steel Service Center and
Scrap Metals Recycler Reduce
Expenditures and Overhead

Pacific Steel

Quick Facts

Company

- Name: Pacific Steel & Recycling
- Location: Great Falls, MT and 35 branch locations across Intermountain Northwest
- Industry: Wholesale distribution
- Products: Steel Service Center and Scrap Metals Recycler
- Items in inventory: 88,000
- Web: www.pacific-steel.com

Challenges

- Standardization of purchasing practices
- Visibility of on-ground inventory
- Accurate forecasting and planning at 38 locations

Objectives

- View inventory across all branches to reduce new buys and inventory levels
- Streamline purchasing processes to reduce planning time

Software Solutions

VALOGIX® Inventory Planner



“In today’s markets, it is imperative that we monitor and control our inventories as tightly as possible. If we don’t, we’ll miss major opportunities in the future.

Valogix has helped us significantly reduce our costs and improve our productivity, giving us the ability to prepare for whatever comes our way.”

Dave Richards, CIO
Pacific Steel & Recycling

Why Valogix?

Initial pilot program demonstrated a very fast, significant ROI and on-going cost and productivity savings

Benefits

- Estimated cost savings of 25-30% the first year by doing branch transfers
- Visibility to all branch inventory resulted in reduction of inventory by 23% in pilot program
- Increased productivity by reducing planning time 200 man hours per week (70%)
- Identification of \$1.49M in dead inventory allows for further reductions
- Detection of \$935,000 in excess inventory mitigates future buys
- Return on Investment in less than three months

Previous Environment

- JD Edwards Enterprise One for business management
- JD Edwards DRP for inventory planning



“Because VALOGIX Inventory Planner automatically identifies items to be reviewed and purchased on a daily basis, we have reduced the amount of items we review from thousands to hundreds.”

Dave Richards, CIO
Pacific Steel and Recycling

Multiple Locations Creates Many Challenges

Pacific Steel & Recycling is the Intermountain Northwest’s largest steel service center and scrap metals recycler and is a 100% employee owned ESOP corporation. For more than 100 years, Pacific Steel has thrived by catering to its customers’ needs.

In the volatile commodity market, Pacific realized it was critical to minimize its inventory investment while maximizing the benefit of stock already on the ground. Their goal, in addition to stock optimization was the standardization of processes and procedures across all branches utilizing Best Practices in its management.

Pacific has 38 branch offices in Washington, Idaho, Utah, Nevada, Wyoming, South Dakota and Montana. Despite a prolonged effort to implement JD Edwards’ DRP across five central warehouses in support of the remaining branches, the results were never what was desired or expected.

“It was obvious we needed to streamline our purchasing processes,” says Dave Richards, CIO at Pacific Steel. *“Our branches needed easier, more efficient methods of viewing each other’s inventory supply and demand., and we needed forecasting system that could pinpoint the items warranting our buyers’ attention.”*

High Impact Results Means Further Implementations

Working with their JD Edwards partner, Pacific Steel implemented VALOGIX® Inventory Planner to address its unique inventory challenges. Installing Valogix in three branches, Pacific Steel soon realized such significant benefits that it lead to a full implementation at the remainder of its 35 steel branches just a few months later.

“We needed a more comprehensive forecasting and planning tool that could narrow down the number of items warranting our buyers’ attention,” notes Dave. *“Because Valogix automatically identifies items to be reviewed and purchased on a daily basis, we have reduced the amount of items we review from thousands to hundreds.”* Dave estimates this savings will equate to approximately 200 or more man hours per week (more than \$250,000 per year).

In addition to the productivity savings by the reduction of time spent on purchase orders, buyers now have more visibility to inventory across the branches. They review excess inventory reports regularly and fill inventory gaps across their branches by inter-branch transfers rather than new buys. The system alerts notify buyers when a product needs to be ordered, saving an estimated 25-30% in spending in the first year.

Pilot Program Points to Major Savings

The results of the first three branches, showed inventory investment decreased 23% and excess inventory levels were reduced by \$935,000. The ability to standardize departmental processes was quickly realized, with the effort to create purchase orders and stock transfers decreasing as much as 70% at the branch level. The system also identified nearly \$1.5 million in dead inventory.

Within a few days, it was clear that Valogix was taking Pacific in the direction they wanted to go. The buyers had the information they needed to make their purchasing decisions and they drastically reduced new buys with inter-branch transfers. The improved forecasting and standardized buying allowed Pacific to take positive measures to manage inventory levels. *“The whole purchasing process is not only more efficient, but is giving us better results,”* adds Dave.



www.valogix.com

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