Quick Facts

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

Challenges and Opportunities
- Automate forecasting and optimize inventory for best selling products
- Reduce inventory levels and maintain high service levels
- Prevent lost sales through stockouts 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

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

Benefits
- Optimization in inventory allows efficient operation without adversely affecting service levels
- Reduction of inventory by 42% in the first six months, and 50% 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 Planning Approach
Excel spreadsheets and Access database for reports.

New Solution Approach
VALOGIX Inventory Planner

“We originally started looking for a new ERP system. The system we evaluated had VALOGIX Inventory Planner as a solution 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, mediUSA

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Manual Systems Cause Excess Inventories

mediUSA, a subsidiary of German based Medi, is a manufacturer and distributor of medical goods and supplies. mediUSA 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. mediUSA'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 step in and use if necessary.”

Because of their same day shipping policy, mediUSA 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 mediUSA is a distributor, and a manufacturer, having 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 mediUSA. 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.”

mediaUSA’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 mediUSA “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 mediUSA purposely over-stocked 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.”