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Case Study

# Vendor Managed Inventory (VMI)

## Optimizing Hardware Inventory For An Aircraft Component Manufacturer

### Business Challenge

An aircraft component manufacturer was experiencing difficulty with managing their hardware inventory.

Forecasting, inventory carrying costs, storage, and tracking of critical parts were not meeting industry benchmarks. The customer felt their approach was hindering the company's competitive advantage.

Seeking to reduce inventory costs, free up cash flow, and consolidate their supplier base, the manufacturer turned to Incora™ for a solution to improve their inventory management performance.



## Incora Solution

Incora implemented a Vendor Managed Inventory (VMI) program to ensure a smooth flow of materials to the shop at the right quantities, minimizing the customer's storage footprint and reducing stock-outs.

This was achieved through the use of proprietary smartphone scanners, inventory planning tools, and software solutions. With this infrastructure, Incora was able to:

- ✓ Collect usage data at the point-of-use
- ✓ Track consumption
- ✓ Manage expirations
- ✓ Automatically initiate replenishment

These capabilities provided the data visibility necessary for more robust and accurate forecasting, bringing major efficiencies to the customer's procurement operations.

## Results

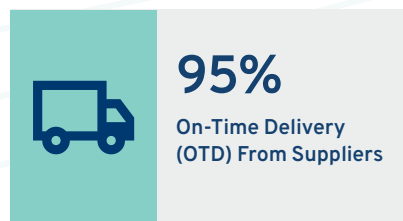
Incora's services consolidated the customer's spending, provided one monthly invoice that spanned a wide range of product suppliers, and significantly reduced capital carrying costs at each manufacturing site.

The automatic invoicing and tailored reporting also monitored operations, which increased stock turnover.

Incora's integrated solution provided other notable cost savings and efficiencies for the customer, including:

- ✓ 44% reduction in inventory carrying costs
- ✓ Improved stock turn
- ✓ No shortages or lines down
- ✓ 95% OTD from suppliers (compared to 70% rating)
- ✓ 99.9% OTD to point-of-use (compared to 75% rating)
- ✓ 54% reduction in required staffing, enabling redirection of resources to higher value activities
- ✓ Improved quality and reduced obsolete and damaged inventory
- ✓ Increased floor space

## Key Successes



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