



Reduce Inventory Investment by 40%
Improve Service Levels by 20%

Ensuring a ready supply of parts is crucial for your organisation. Setting the correct order points and order levels is a fundamental step in the materials management function. These decisions not only affect stock turn but also investment and service levels for your organisation. While ERP systems play a vital role in managing organisational resources, they don't deliver a dynamic and precise provisioning model which addresses inventory optimisation and cost control, particularly in an unpredictable demand environment. Similarly organisations have found that traditional stock provisioning models have proven to be inadequate for rotatable, repairable, consumable and spares inventory; very often the organisation will find that their parts inventory is heavily over-stocked, having wasted resources and providing low service-levels. The answer to this problem is an analytical solution designed to handle a set of sophisticated and interdependent variables, one that can calculate optimal inventory levels with true precision.

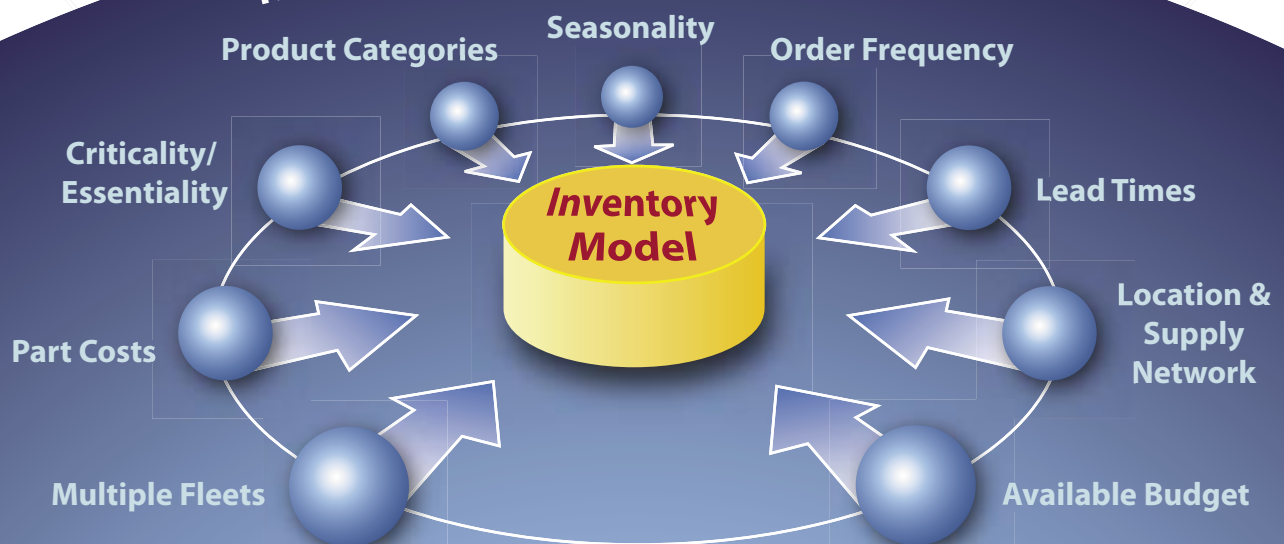
"With RIOsys we can optimise our inventory and aircraft component management and create substantial cost benefits while simultaneously improving service levels to our customers"

Russell Parish, Rotable Inventory Optimisation Manager, SR Technics

Inventory Optimisation Solution

Armac Systems have developed a decision support system that helps organisations to calculate optimal inventory levels, even where part demand is unscheduled, components are numerous and multi-site operations are the norm. It addresses the factors which traditional Materials Management systems fail to take into account.

Inventory Optimisation Variables



The Process

Leveraging data from your existing ERP or Materials Management systems and capturing the expert knowledge of your inventory planners, Armac's solution considers every possible permutation of the inventory set, given your operational and business environment, budget constraints and service level commitments delivering an optimal inventory business solution. It lets your planners calculate both the quantity of each part to be held and the location it should be held in to maximise service levels at the minimum investment. The end result is significant reductions in inventory investment and higher, more consistent service levels for your organisation.

Reduce inventory investment by up to 40%

The benefits of Armac's inventory optimisation solution are delivered without additional capital expenditure as your existing investment is leveraged:

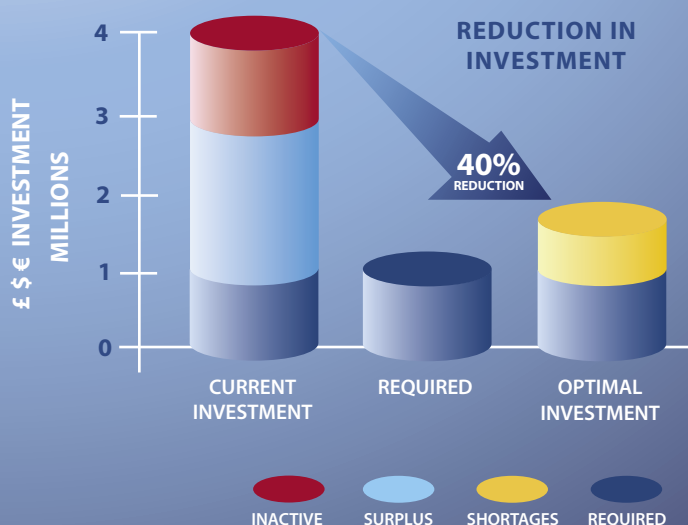
- Reduce spares inventory investment by up to 40%
- Increase fill rates and service levels by up to 20%
- Ongoing investment in inventory on a year-to-year basis can be reduced by 25%.

The simple application and use of this solution means that all locations across the organisation can easily apply objectively determined material purchasing decisions, optimising their investment and providing a platform for improved management control. The solution requires little or no change to your organisation's existing processes. The business and operational impact is low risk, delivering significant value within weeks of implementation.

The solution can be delivered in a number of ways:

- ➔ **Healthcheck** – evaluate your current status in terms of required, surplus and inactive stock
- ➔ **Consultancy** – review your current inventory policy and set revised optimum levels
- ➔ **Ongoing periodic consultancy** – review and optimise at periodic intervals to capture operational and business changes, includes data automation
- ➔ **Software, Web-based Hosted Service** – solution is operated by the client, includes data automation.

REDUCTION IN ACTIVE SURPLUS



The benefits of this solution have been delivered internationally to the following organisations:

**SR Technics • Czech Airlines
Boston Scientific • Dublin City Council
Eircom • Bombardier • Bausch & Lomb
AMNCH • Health Service Executive
Stork Fokker Services**

"After implementing the inventory optimisation recommendations made by Armac Systems, we achieved a significant reduction in our inventory investment. Within 6 months of the commencement of our project we realised a 70% reduction in our surplus inventory and 79% after the third quarter. This investment reduction was delivered whilst increasing the service level by 7% to over 99% - with no stock-outs reported".

Alan Nangle, Materials Manager, Dublin City Council

Armac Systems

Armac Systems' inventory optimisation solution was developed in collaboration with Irish Academic Institutions including DKIT and is supported by Enterprise Ireland. Our engineers and consultants have over 50 years experience in inventory optimisation and operations research and have spoken internationally at a number of seminars on related topics. We also support ongoing research and development into operations research through partnerships such as UCC. Armac Systems were awarded the Irish Software Association Technical Innovation Award in 2006 for our innovative software solution.

For further information on our inventory optimisation solution, please call Liz Thompson +353 (0)41 9805930 or email liz.thompson@armacsystems.com.

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