

Overview

With headquarters in the Detroit area and branches in Green Bay and Memphis, Amerisource Industrial Supply has been in business for over 60 years. As a full line industrial distributor, they focus on consumable and MRO supplies. Amerisource prides itself on a proven track record of delivering industrial supply cost savings by implementing best practices, consumption controls and simplifying the procurement process. Proof of customer success includes best in class performance with over 98.5% fill rates and order accuracy exceeding 99.8%.



Challenge

In today's ever changing, highly competitive manufacturing environment, effectively and efficiently managing inventory is more important than ever. To quickly satisfy customer demand, manufacturers often face a balancing act between carrying a wide range of inventory in order to avoid stock-out situations while striving to find ways to improve their operations and reduce costs.

It is generally understood by purchasing professionals that the merchandise price as shown on the invoice is only 40% of the total cost of procurement. Determining what is required, placing the order, issuing the purchase order, receiving the product, putting it away and paying the bill account for the remaining 60% of the cost of purchasing industrial and MRO supplies. Amerisource found that most companies have done a good job of negotiating lower prices for industrial supplies, but in order to realize substantial savings, companies have to change what they are doing and focus more on the other 60% of their costs.

Solution

Amerisource realized that the majority of the cost of purchasing MRO supplies is in requisitioning, crib management labor, freight in, receiving, put away and paperwork processing which can be up to 60% of the cost of supply purchases. With this thought in mind, they started to look for ways to automate and improve crib management processes to cut down on waste, remove inefficiencies, and above all else, save time and money. They also realized that technological advancements would allow them to automate many of the often tedious work-related tasks that take time and effort.

According to Amerisource's President, Lou Ray, the future of MRO supplies is in automated crib management. With the application development assistance of Serialio.com, an Opticon Premier Business Partner, Amerisource developed an automated crib management solution called Auto Crib, which is based on the self-checkout barcode scanning one finds at the local grocery store.

The key components of the Auto Crib solution include a badge reader door lock, PC workstation, laptop or mobile device such as a Smartphone, wireless camera and wireless bar code scanner (Opticon's OPN2002 Bluetooth Companion Scanner – see sidebar). The PC or mobile computer is connected to our Amerisource's inventory management software via the Internet. The process is as follows:

- Authorized employee scans their badge to enter the crib
- PC or mobile device starts an inventory order
- Employee picks up the Opticon OPN2002 barcode scanner and selects items required and enters quantity
- Employee checks and completes order on PC or mobile device
- Employee leaves crib, camera snaps picture on entry and exit from the crib
- Inventory is automatically replenished from Amerisource's warehouse as items fall below minimum levels
- Replenishment orders are put away by Amerisource's staff
- Customer is summary billed by cost center once per month on usage with 24/7 access to consumption data



Opticon OPN2002 Bluetooth Companion Scanner

- Price point makes real-time barcode scanning very affordable
- Small form-factor (1.3" x 2.4" x 0.7") makes the device easy to carry
- Supports HID and SPP Bluetooth profiles for flexibility
- Ready-to-go out of the box - just pair it with your device
- Conveniently holds up to 25,000 scans when batch mode is required
- Two year warranty protects your investment

Outcome

Auto Crib has not only reduced costs associated with key consumable and MRO supplies, but it has also has increased productivity by streamlining crib operations. Other tangible business benefits include:

- MRO consumptions drops by 25-40%
- Reduced staffing costs through automation and improved efficiencies
- 24/7 access to real time consumption data by cost center, job or work order
- Elimination of expensive and disruptive stock-outs
- Automated purchasing and reduced overall procurement costs
- Increased inventory turn rates, lower stock levels and purged dead stock
- Complete lifecycle management and tracking of inventory and usage, MRO and supply inventory level and location monitoring

Rob Bluthardt, the owner of Aphase II and a current user of Auto Crib comments, *"Implementation was a snap and it delivered more than I expected! It reduced our overall cost by eliminating a full time employee along with reducing supply consumption and drastically minimizing the purchasing and accounting effort. Auto Crib has allowed Aphase to get accurate costing of all perishables, per job, in real time with no effort."*



Future

In addition to expanding Auto Crib's functionality and features, Lou and his team at Amerisource are also working on porting the mobile application to support Apple's iOS mobile operating system, which would allow their customers to use the iPhone and iPad.



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