

# Know-how meets know-what and know-where

Optimising inventory through stores management

Many businesses purchase as much as 70% of their spare or replacement machine parts directly from OEMs or a single proprietary source, believing it is cost-efficient. In fact it reduces their negotiating power, with a consequent increase in costs, and also increases the risk of supply chain disruption and downtime.

But supply chains are complex, and spare parts and inventory management is challenging. Which is why one customer asked for ERIKS' help to reduce their supply chain costs, optimise their inventory, reduce the risk of downtime, and realise significant savings.

## Challenge

A multinational pharmaceutical company wanted to reduce costs through improvements to its spare parts management, while still ensuring it has critical components readily available when needed.

Like many businesses, the customer was over-stocking spare parts to avoid risk of downtime, and due to the difficulties of planning parts consumption. The result was an unnecessarily high level of capital expenditure.

The complexity and length of their supply chain was increasing risk and potential financial loss at every stage. And a lack of visibility and traceability made it hard for them to know where their inventory was at any given time. Seasonal peaks and transportation issues added to the difficulties of forecasting parts demand, and strengthening and streamlining their supply chain.

Sourcing parts from OEMs was also sometimes causing delays, due to the OEM practice of creating their own part numbers and providing only very basic descriptions. This made it difficult and time-consuming for the customer to correctly identify the parts required.

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Industry sector:  
**Pharmaceutical**



Application:  
**Site-wide**

Actual saving: [2016-2024]  
**€524,739**

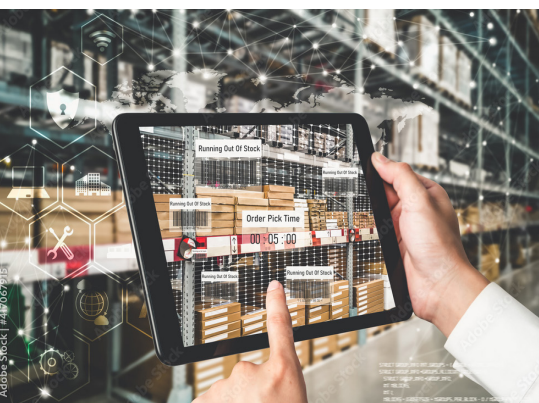
Payback period:  
**N/A**

## Product/Service:

- Supply Chain
- OnSite Solutions
- Stores Management
- Supply Chain Optimisation

## Customer Benefits:

- Cost reduction
- Reduced lead times
- Improved stockholding
- Full traceability & visibility



## Solution

ERIKS worked closely with the customer to identify a large number of OEM-supplied critical parts and convert them to ERIKS-supplied parts.

This was made easier thanks to ERIKS' technical competence, parts identification expertise, engineering experience and global reach. As a result, on-site inventory value has been reduced, and cash flow for the business increased.

At the same time, ERIKS applied their inventory optimisation and stores management know-how, to make critical parts more readily available – enabling faster and simpler equipment maintenance, with minimum production downtime.

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## Result

ERIKS' close working relationship with the customer has helped to realise significant savings. These arise not only through the general OEM conversion exercise, but also through ERIKS being able to gain early warning of upcoming maintenance and repair.

This allows ERIKS to identify parts and, where possible, change supplier to achieve savings for the customer, without any delay to the planned works.

As just one example, the OEM quoted almost €51,000 for recommended spares for an AP400 Checkweigher. As ERIKS received the information at a very early stage, they were able to identify and supply the required spares from an alternative source, to suit the customer's schedule, for less than €25,000,

From supplying just 17 line items at the beginning of the contract in 2016, by 2024 ERIKS was supplying 524, that would otherwise have been purchased from the OEM. The result was savings for the same period of €524,739.