Client Success Story

Global Mining Giant Achieves 20% Reduction in Moving Inventory Value

The Challenge:

This globally integrated commodity producer, marketer and trader is comprised of over 90 commodities including metals and minerals, energy and agricultural products. The organization's operation encompasses over 150 mining and metallurgical sites, oil production assets and agricultural facilities – spanning 50 countries.

Due to the volatility of commodity prices over the past 3 years, efforts to enhance shareholder value precipitated the need to reduce operating costs and increase working capital efficiency. To achieve this, the company incorporated inventory optimization as a business strategy.

Busines drivers included:

- ❖ Corporate pressure to reduce growing MRO inventory
- ❖ Costs associated with the increasing warehouse space
- ❖ Increase warehouse personnel workload
- ❖ Management and costs associated with the lack of storage space
- ❖ Risk associated with out-of-stock parts

The Solution:

Pulse

The client turned to Xtivity to provide multi-user access to Xtivity's *Pulse;* a SaaS, hosted inventory optimization software that examines transactional data and calculates the appropriate Order Point/Order Quantity (or Min/Max) and Lead times (internal and external) for every line item of an MRO inventory.

Domain Expertise. From data mining and analysis to MRO Supply Chain Principles, trends and insights, Xtivity's ongoing decision support brings diverse industry experience; backed by seasoned inventory analysts and SCM practitioners.

Helping clients improve performance, ensure reliable operations and improve cash flow.

THE IMPACT:

The Inventory Optimization solution generated the following results in *less than 24 months:*

- ✓ **$5.5M** – Reduction in moving inventory value (20% base month value)

- ✓ **4% time share** – 1 Day/month spent reviewing entire inventory across 7 storage locations

- ✓ **$310K** – Costs eliminated through greater storage capacity (offsite storage elimination)

> *Xtivity provides consistency to our reporting of overall inventory value and identification of non-moving items. Given our company's focus and targets on inventory management, this is a must for our business."*
>
> -Director of Procurement, Canada Operations

> *This is an easy win for us. The ROI was lightning fast. Pulse continues to provide a low cost, effective solution to optimize inventory; a concern that's rarely addressed in organizations. It's a no brainer!"*
>
> -Inventory Management Specialist