One Industry.
One ERP.
One Focus.

SHOP EDGE
SOFTWARE INC.

Industry Edge Report Summary

Part 1 of 2: Cost Savings in Metal Stamping: Inventory Management

How to Reduce Your Inventory Costs and Save Money NOW...

Shop Edge understands that you need to manage your Job Costs closely now more than you ever had to before. Let us show you how our customers are controlling costs and saving money.

In a recent survey of our customers who are exclusively in the Metal Stamping industry we have uncovered that this involvement in just "**one industry**" and the singular focus on Metal Stamping has generated a number of transferable cost control practices. It is this singular focus that sets us apart and helps our customers to achieve remarkable "**cost control**". An industry-specific solution empowers operational excellence by facilitating collaboration within your own business as well as with your customers.

Consequently, organizations, similar to your own, see a complete solution approach that provides maximum value to them and the customers they serve and at the same time **drives costs out;** your competitive edge.

Minimize your Inventory Costs

Money is constantly wasted in excess inventory, which is why many companies know they need to have a proven metal stamping inventory management system for both raw materials, work in process (WIP) and finished goods. Better visibility, in real time, of your inventory translates into lower costs for you and your customer, and significantly less money wasted on unnecessary raw materials.

Advances in software design and functionality (Inventory Control modules) now provide you with the ability to have inventory counts at your fingertips. Materials management with newer technology is accurate and straightforward and eliminates the procurement of excess of raw material when your on-hand

Today more than ever you need to give your company an "EDGE"...

Minimize your Inventory Costs cont'd...

supply is difficult to determine. This visibility and real time inventory accuracy also eradicates additional expedited shipping costs, both inbound and outbound, saving you more money and at the same time improving your efficiency.

Applying automation (barcoding) to inventory control allows you to track both raw, WIP, and finished goods inventory using a wireless <u>Metal Stamping Supply Chain</u> barcode module. Our customers consider the wireless barcode, Metal Stamping Supply Chain module essential in improving operational speed by:

- Eliminating manual processing
- Reducing time when receiving material and shipping inventory

Time is money, and the more steps you can reduce in your daily business procedures, the more money you will save.

"Time is money, and the more steps you can reduce in your daily business procedures, the more money you will save."

"Knowing where your inventory is saves you valuable time. Over sixty weeks per year spent looking for raw material can be eliminated."

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The Numbers Game...

Before ERP and Automation		After ERP and Automation	
• Lack of inventory visibility translates into money tied up in inventory	• Net Working Capital in overall raw material and finished goods inventory was $1,200,000 and for selected projects "life cycle" on-hand inventory was approaching two years	• Increased visibility equates to a leaner production environment. Overall inventory was reduced as a result of implementing an automated and accurate inventory visibility module	• Net working capital in inventory fell to only $250,000. This represented at minimum a 75% or $950,000 reduction
• Zero visibility translates into lost time	• With ten employees over three shifts each spending one hour searching for inventory the non-productive labor time totaled 10 hours per day or 50 hours per week	• Knowing where your inventory is saves you valuable time. Labor "man hours", over sixty (62.5) weeks per year, spent looking for raw material was eliminated	• The labor savings from eliminating non-productive activity resulted in $37,500 of direct labor cost reductions
• No visibility results in additional and costly expedited shipping	• Having to expedite both inbound and outbound shipping reached a level of 4-5 trucks per week each with a truck surcharge of $250.00	• Available and accurate Inventory totals at your fingertips means you never have to pay expedited shipping costs	• Eliminating the 4-5 expedited trucks per week resulted in a real cost savings of $50,000 per year
LOST • Net working capital in additional or surplus inventory • 50 hours of non-productive work each week • Control of shipping costs for 4 trucks each week		**FOUND** • Inventory reductions of 75% and a net capital cost savings of $950,000 • Elimination of non-productive labor costs $37,500 • Shipping costs reduced by $50,000 A total of $1,037,500. back into your business	

NOTE: Cost control numbers are accurate and were provided during the 2008 annual ShopEdge Software Inc. customer survey from our metal stamping customers.

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To download the complete

Industry Edge Report:

"Powerful Best Practice Cost Saving Techniques used in Metal Stamping ",

please visit

www.shopedgesoftware.com

Stay tuned for **Part 2 of 2:**

"Cost Savings in Metal Stamping: Optimizing Scheduling"