

GLOBAL INTERCONNECT MANAGING GLOBAL SUPPLY CHAIN WITH REALTIME CONNECTIVITY

Case Study



Overview:

Global Interconnect (GII) is a worldwide provider of custom engineered cable assemblies, connectors and components. Used for medical applications, such as electrosurgical tools and critical patient monitoring devices, their products have zero failure requirements.

Under pressure to deliver fail safe products while managing a complex global supply chain, their antiquated MRP system had finally reached its limits.

CHALLENGES

Complex Global Supply Chain Demands a Modern ERP Solution

While outsourcing lowers their manufacturing costs, it adds complexity and presents the need for tight oversight and controls in their day to day operations. Due to the limitations of their old MRP system, much of their work still had to be done manually which became increasingly more difficult to manage as business continued to grow and their supplier base expanded.

For example, to prevent counterfeit items from entering the supply chain, GII bought a significant number of parts domestically and consigned them to their factories in China. Such a practice required the need to perform a manual calculation of needed components based on finished assembly usage and inventory levels at the factory. In addition, GII team members had to calculate the necessary excess to purchase based on historic scrap levels.

Furthermore, communicating with their Hong Kong and China operations required them to share and access data around the clock which proved challenging given the time differences.

About their numerous challenges, COO, Todd Squire said "Once we received in the finished good, we literally had people performing intensive manual calculations that were not only time consuming, but prone to errors. In addition, we were operating in two completely separate software systems to run our business – one for accounting and one to manage our inventory, purchase orders and sales orders. Individuals were forced to navigate in and out of both systems to be able to see the complete picture of our operations and business."

In addition, GII had to account for inventory with a manual backflush process. Not only did this take someone upwards of three hours at the end of each month, it had to be crosschecked by several other people. To further complicate matters, their accounting application didn't interface with purchasing, so invoices ready to be paid would require manual approval as well.

Incoming receipt of materials with their old system also proved to be burdensome. First, they'd bring in the packing slip, match it with the purchase order, approve it and give it to accounting. But such a practice required someone to manually enter the invoice into their accounting system, run it, and then perform their check run.

Troy Mauk, Director of Global Procurement for GII was one of the users of their old system. As their business continued to grow, he recalled the moment he realized they needed a better system. "There was one day that I

Return on Investment

- Grew sales grew by 50% within 4 years
- Increased total productivity by 25%
- Reduced time spent on Accounting and Receiving by 50%
- Achieved anywhere, anytime visibility
- Able to grow without adding headcount
- Improved employee morale
- Better handling of medical compliance
- Reduced inventory carrying costs
- Automatic generation of shipping docs

put my pencil down and went into my boss and said - We can't continue to operate this way if we want to continue to grow."

SOLUTIONS

Accounting, Purchasing, Sales Orders and Inventory Now Under One Roof with Multi-Currency Capability

When they first decided to replace their outdated system, the GII management team set out to find their best three options. DELMIAworks (formerly IQMS) came out the clear winner.

Among the reasons he was first attracted to DELMIAworks, Squire said, "It was the intuitive nature of it, and the user-friendliness of the system overall." Further, from a training perspective, Todd felt the simple navigation would make it easier to get the whole organization on board during the transition. And another attraction was the standard reporting capabilities, which gave them powerful new reports.

Squire summed up their solution by saying, "The biggest benefit was bringing everything together under one roof, the accounting, purchasing, and sales orders in conjunction with inventory. And rolling this all up into a set of financials while managing multicurrency." Having everything in one system and under one roof not only introduced tremendous efficiencies to their

"There was one day that I put my pencil down and went into my boss and said - We can't continue to operate this way if we want to continue to grow."

– Troy MAULK, Director of Global Procurement

operations, but it ultimately benefited their expansive and growing customer base as well. Now that there is complete integration and critical data being shared across functional areas of their business, users can now get a complete and comprehensive financial picture of the company. Inventory interfaces with accounting, bill of materials can be created that drive demand of consigned material that is based on inventory levels across their four factories in China. In addition, their new Quality Module is helping them through DHR compliance, with capabilities like traceability and lot coding features.

RESULTS

Return-on-investment within Year One and 50% Sales Growth by Year Four

While Squire believes a 3 to 4-year return-on-investment is typical for ERP purchases, he says “We achieved tremendous returns within the first quarter of implementation and to this day, we are still continuing to add further efficiencies and return on investment with the roll out of new features, reports and other modules.”

Outsourcing is now a seamless operation for GII with DELMIAworks. They can effortlessly consign material, send it out, have something of value added to it, and then bring it back into their system at a standard rolled up cost that shows them their true cost.

Having real-time information lets GII run a much leaner global operation too. For example, their carrying costs are lower because they can now bring inventory in on a just-in-time basis. At any point in time they know exactly what’s “in WIP” (industry term indicating there’s a part that in the process of being formed) and completed in the way of finished assemblies at their four factories in China.

GII’s automated back flushing process now takes seconds instead of hours. This frees up a quarter of a day for the people who once did it manually, adding a half-day of capacity to the resources they already had in place. And with far more capacity for those individuals, they’ve been able to grow while maintaining the same headcount. This has resulted in a 25% increase in productivity.

Mauk, says “I used to spend 80% of my time buying. Now, this is down to 25%. And time spent on accounting and receiving has been reduced by at least 50%.” And for Mauk, there are personal benefits too.

When selecting their new ERP system “my personal goal was to sit on a beach in Greece and do my job,” said Mauk. And now this dream has come true. For the past six years he’s able to take a month off for his annual vacation to Greece where he manages DELMIAworks from his vacation spot on the beach. Meanwhile it’s business as usual 4,600 miles away at GII’s head office.

Summarizing what they’ve gained with DELMIAworks, Squire says, “through the power of IQ we’re able to maintain and keep a smooth and seamless running operation between all of our global locations. It has allowed us to dramatically improve our operations and efficiencies and give our Team powerful and accurate data under one roof that ultimately benefits our customers .”

When asked about bottom line results, Squire says “in the past five years we’ve been able to grow close to 50% from a sales perspective.”

For more information, please visit www.3ds.com/delmiaworks or call 1.866.367.3772

Our 3DEXPERIENCE® platform powers our brand applications, serving 11 industries, and provides a rich portfolio of industry solution experiences.

Dassault Systèmes, the 3DEXPERIENCE Company, is a catalyst for human progress. We provide business and people with collaborative virtual environments to imagine sustainable innovations. By creating ‘virtual experience twins’ of the real world with our 3DEXPERIENCE platform and applications, our customers push the boundaries of innovation, learning and production.

Dassault Systèmes’ 20,000 employees are bringing value to more than 270,000 customers of all sizes, in all industries, in more than 140 countries. For more information, visit www.3ds.com.



3DEXPERIENCE®