

Beckman Coulter Case Study

Achieved 17% Year End Inventory Reduction in Less than 5 Months



Company Profile:

- Sector: Technology
- Industry: Analytical and Clinical Instruments
- Revenue: \$2.6 Billion
- Company type: Public (NYSE: BEC)

Business Problem

A recent ERP implementation rolled out in North America, a conversion of the field services force to a handheld PDA for primary information exchange and a global service restructuring resulted in:

- Lost reporting and connections to legacy systems
- Loss of customer order visibility
- Spare part supply breakdowns
- Multiple repair visits, excessive shipping and over-target stock levels by over 15%.

Results

- Achieved Over 17% Year End Inventory Reduction in Less than 5 Months without compromising CSL's
- Savings from:
 - Elimination of Excessive Inbound Orders
 - Identification of Data Clean Up Issues
 - Improved Internal Levels of Collaboration
 - Global Movement to Eliminate Orders
- Sharing of data within the organization at all levels
- Eight-week implementation and immediate adoption

“ The results were actually better than we ever imagined and the 8 weeks from initial data submittal to go-live was like light speed.”

Craig Cole,
Beckman Coulter, Global Strategic Operations
Director

Background and Situation

Headquartered in Fullerton, California, Beckman Coulter is a \$2.6 billion global medical device company with more than 78% of its revenue generated by recurring revenue from test kits, supplies and services. With direct presence in 130 countries and dealer/distributor relationships in virtually all the rest, Beckman Coulter's equipment tends to reside in the back room and basements of major medical centers and medical research centers. Keeping equipment operational 24 x 7 to provide clinical test results is the challenge for Beckman Coulter's global service team. Since Beckman Coulter is committed to their customers, their goal is to be able to next day air ship any ordered part 97-98% of the time. With so many parts in so many locations supplied in so many ways, this was a tremendous challenge, but Beckman Coulter had historically performed near this world class level.

After a major ERP implementation, Beckman Coulter experienced a loss of critical reporting and broken connections to their legacy systems. At the same time Beckman Coulter was converting their field service force from a laptop oriented system to a handheld PDA as the primary information exchange mechanism within the enterprise. The restructuring of the global service organization added to the complexity challenge. Any one of these issues would have been enough to cause problems, but with all three happening at one time it was a triple threat to Beckman Coulter's customer service levels (CSLs) and particularly to their service part supply chain.

As time went on Beckman Coulter found themselves short of parts as some connections into legacy manufacturing and supply systems were damaged or broken. CSL deterioration brought a tremendous amount of attention and the directive was "fix it". In response Beckman Coulter ordered parts, lots of parts. They ordered early and often which led to significant inefficiencies and costs as they were shipping parts all over the place and their engineers weren't able to facilitate the first call fix rates they had been performing historically. Inventory volumes were up 15-20%. At that point, Craig Cole, Global Strategic Operations Director for Beckman Coulter, reached out to Oco to implement a business intelligence solution to quickly address these issues.

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Solution

Once Cole made the decision to move forward with the Oco solution, the Oco team met with Beckman Coulter and conducted a structured profiling session to understand what the management team expected for reporting and how they could optimize the user experience. Beckman Coulter needed better visibility into their numbers down to the item level to produce any real actions. They were operating under a short time line and they needed a solution to go-live in 8 weeks. Beckman Coulter also wanted a single access view and minimal IT burden. In the end, we found the best solution to be a Complementary – to the existing on-premise corporate business intelligence approach – OnDemand Business Intelligence approach that could be quickly implemented without overburdening their IT department.

Oco was able to implement a reporting solution that gave Beckman Coulter a mini data warehouse to effectively report and produce KPIs (Key Performance Indicators) within a dashboard. At a glance, business leaders and planners from across the company could analyze how they were performing in various areas. Essentially, Beckman Coulter could now view unified data (from a global ERP system and a legacy demand planning system), which was now consolidated into the single Oco data warehouse. The on-demand solution was easy to use and was implemented within a matter of weeks which was pertinent given the business urgency that Beckman Coulter faced.” For us the 8 week initial data send to go-live with no sanctioned IT project is light speed. I know I have been involved in other projects, as many of you probably have been, where it takes 8 weeks to get IT to the table to even talk about a project like this.” said Craig Cole.

Benefit

Using the Oco solution to identify what benefits would be coming Beckman Coulter’s way, Cole’s team found they were able to address a number of key issues; for example, identifying and eliminating obsolete parts, cancelling excessive inbound orders, and identifying all in-transit parts. Oco allows Beckman Coulter to look at inventory on-hand down to the item level to determine where there is excess supply and cut supply as necessary without impacting CSLs. “The visibility to inventory metrics and actionable details provided by the Oco solution allowed us to reduce our multi-million dollar global spare parts inventory by over 17% in less than 5 months with minimal impact on customer service levels” said Craig Cole.

The Oco solution created a lot of benefits in a short period of time for Beckman Coulter. From a scorecard perspective, Beckman Coulter now has the capability to analyze inventory performance at the item level as well as at the global level. They also discovered global process breakdowns that were leading to excess order placement and ineffective reverse logistics programs. The discovery of the breakdowns allowed Beckman Coulter to optimize and relocate approximately \$900,000 of inventory and eliminate supply orders within the first weeks after solution deployment.

Also, a report specifically designed to track and monitor critical out-of-stock parts helped drive better delivery performance while simultaneously keeping inventory at bay. Each out-of-stock part with corresponding customer demand was identified. The report highlighted what was on order, expected days to for supply fulfillment (if on-order) and most importantly, alternate locations where this same part may have availability. Deployment of the solution saved internal business users and part planners hours per week previously spent creating and analyzing reports. This included the elimination of multiple joins of various spreadsheets to provide some base-level of reporting. Before this new solution, Beckman Coulter’s reporting was static and often one-dimensional. As Cole put it, “The Oco solution we now have is very easy to use with no real training burden and provides multiple drill options across many different dimensions right down to item level detail.”

About Oco, Inc.

Oco is a leading provider of Software-as-a-Service (SaaS)-based business analytics solutions. The company provides complete BI solutions to customers such as Casual Male, Dunkin’ Brands, and Welch’s. Oco’s unique business-centric approach to BI helps companies solve targeted business issues, achieve payback within 90 days and triple their return on investment. Leveraging a library of best-practice analytics, pre-built data models, and patented technology, Oco’s SaaS-based solutions are delivered in a fraction of the time, at a fraction of the cost of traditional solutions, with fewer IT resource requirements than traditional approaches. In addition to its own product portfolio, Oco also offers an on-demand BI solution through its partnership with SAP BusinessObjects. Oco was founded in 1999 and its headquarters are in Waltham, Mass. More information about Oco can be found at www.oco-inc.com.



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