



Pacific Scientific Implements Kanban Time-Based Management with Datacraft Solutions and Remedy

Key Benefits

- Efficient, just-in-time inventory replenishment
- Increased inventory turns
- Enhanced communication with suppliers

Business Profile

Pacific Scientific Aerospace & Defense Group is an industry leader in the design, development, and production of aviation safety equipment for commercial, military, and general aviation industries. The company is dedicated to providing the highest-quality and most reliable aviation safety equipment and services in the world. Pacific Scientific Electro Kinetics Division is based in Carpinteria, California.

Industry

Aerospace

Geography

North America

Remedy Solutions

- Action Request System

Customer's Advice

- Take advantage of AR System's adaptability to tailor the application to the environment
- Carefully plan which inventory parts to load in the system and how to organize and group them

“Our inventory turns were running around eight when we implemented AR System-based Signum in June 2003. They're now running between nine and a half and ten.”

—Jim Malch, Director of Operations, Pacific Scientific, Electro Kinetics Division

Today's intensely competitive global marketplace has made cost reduction more crucial than ever to maintaining profitability. For manufacturing organizations, applying lean manufacturing methods and achieving just-in-time inventory levels is critical. In 2000, Pacific Scientific Electro Kinetics Division (PS/EKD) implemented Point of Use Kanban to increase inventory turns, maintain just-in-time inventory levels, and reduce costs. In June of 2003, the company dramatically increased its level of automation with the implementation of Signum, a software solution from Datacraft Solutions, Inc., a Remedy Independent Software Vendor (ISV) partner. Signum, built on Remedy's Action Request System® (AR System), is the only Kanban automation solution delivered securely over the Internet.

The Need to Enhance Communication

When PS/EKD initially implemented Kanban, the company relied on information from its manufacturing resources planning system to determine when inventories needed to be replenished. This was primarily a manual process that made it difficult to maintain optimum inventory levels. Sometimes inventories were too high, and at other times stock-outs interfered with production.

A FAX Release system implemented in 2001 improved efficiency by sending fax notifications to suppliers when parts were needed. “This system still didn't give us an effective means of communicating and coordinating with our suppliers,” recalls Jim Malch, director of operations at PS/EKD. “We didn't get confirmation that a fax was sent or that the supplier received it. Parts shortages and stock-outs were disrupting our operations.”

Achieving Collaborative Communication

PS/EKD found a powerful and affordable solution in Signum, Datacraft's Kanban automation solution

for streamlining inventory replenishment and enabling collaborative communication throughout the supply chain. Signum automatically issues replenishment signals to suppliers when inventories reach specified levels, ensuring that inventory levels are properly maintained. Datacraft hosts Signum and delivers it through a secure Internet gateway, eliminating the need for customers to install and maintain a complex IT infrastructure.

Datacraft developed Signum on Remedy's industry-leading Action Request System for a variety of reasons. AR System offers:

- A rapid application development environment for automating and maintaining business processes
- An adaptable application foundation with an intuitive drag-and-drop interface for adding fields and modifying workflows, so applications can be updated quickly
- Strong security, such as encryption and the ability to lock down specific ports
- A stable and scalable platform

“We also knew we were going into an environment in which signaling and notification would be a key focus,” recalls Matthew Marotta, CEO of Datacraft Solutions. “Rather than spending time developing those capabilities ourselves, we took advantage of the built-in notification and alert capabilities in AR System, enabling us to get to market faster.”

Smoother Communication and Coordination

PS/EKD realized benefits almost immediately upon implementing Signum. “Our inventory turns were running around eight when we implemented AR System-based Signum in June,” Malch says. “They're now running between nine and a half and ten. We've also reduced the transactional processes that were necessary in the previous system.”

About Remedy Solutions

Action Request System*

is the premiere application platform and development environment for Service Management applications, offering on-the-fly customization, intuitive integration, and rapid deployment.

About DataCraft Solutions

Datacraft Solutions, Inc., a Remedy ISV partner, focuses on empowering small and mid-size companies with the competitive advantages of technology-driven, cost-effective process automation solutions. The company delivers revolutionary process automation solutions to lean manufacturers through a secure Internet gateway, eliminating the need to install and maintain a complex IT infrastructure.

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Signum enables PS/EKD to effectively interact with suppliers to ensure materials arrive on time. The system uses AR System notification and tracking capabilities to ensure smooth communication and coordination with suppliers. "We now have an electronic record when a signal is sent to the supplier," Malch explains, "and we receive a confirmation that tells us when to expect delivery."

Additionally, Signum has a built-in trigger point, based on part usage rate, that informs suppliers when the customer site has only two days of inventory remaining, alerting them that they either need to ship the part immediately or ship it overnight.

Suppliers access information relevant to them in the Remedy database through a Web portal. Datacraft created this portal using Cold Fusion, and integrated it with AR System. Through this Web-based interface, suppliers can view and confirm orders, as well as anticipate and prepare for upcoming spikes in demand. They can also notify PS/EKD of any modifications—for example, indicating that the shipment quantity will be lower than requested, or altering the delivery date. This information enables PS/EKD to adjust build schedules or notify their own customers of delays.

Signum has built-in capabilities that track usage and automatically adjust the timing of signals to suppliers based on need instead of on static production schedules. For example, if the schedule calls for using 50 units of a particular part each week, but only 40 are used in a particular week, the replenishment signal is delayed until additional parts are truly needed—helping to reduce inventory costs. Likewise, if customer demand increases in a given week, and parts are used at a faster rate, the system sends out the signal sooner to prevent a stock-out.

Ease of Use Enables Rapid Adoption

"Ease of use is one of the biggest benefits of the AR System-based Signum solution—from our perspective and from our suppliers'," states Malch. "Initially, we were doing on-site visits with suppliers to show them how the system works. After we visited two suppliers, we realized it was so easy to use that we could explain it over the phone. We can have a new supplier up and running in a day."

Information for Better Decision-Making and Supplier Evaluation

Signum leverages AR System reporting capabilities to provide detailed information that helps with plan-

ning and decision-making. PS/EKD managers can check the status of inventories, viewing such information as when a bin was emptied, when a signal was sent and the confirmation was received, and when parts are scheduled to arrive. Managers can also create reports showing projected inventory turns on a part, based on current and estimated usage.

"Ease of use is one of the biggest benefits of the AR System-based Signum solution."

-Jim Malch

The ability to report on and evaluate supplier performance is a significant benefit of the Signum solution. "We can immediately see which suppliers are meeting delivery schedules. If they are late, we know how many days late," says Malch. Suppliers can also view their own performance reports.

Future Plans

According to Malch, PS/EKD is just beginning to tap the potential of Signum and the underlying AR System platform. The company is still adding part numbers and suppliers to the system, and looking at ways to use more of the Signum features. One example is the ability to lock-link multiple parts so that a change in the replenishment quantity for one part automatically flows down to the others. In addition, the success of Signum at EKD has captured the attention of other Pacific Scientific divisions, which are now considering taking advantage Internet-enabled Kanban automation. EKD is also looking into using Signum for Min/Max programs where there is no fixed demand and they need a signal sent to a buyer/planner when a certain minimum level is reached. The notification is sent internally for an action if necessary rather than directly to a supplier. This will be a great benefit to their spare and repair department.

About Remedy, a BMC Software company

Remedy delivers Service Management software solutions that enable organizations to automate and manage internal and external service and support processes. With more than 7,000 customers worldwide and over 10 years of product development and investment, Remedy, a BMC Software company, delivers out-of-the-box, best-practice applications that help our customers align service and support with business objectives, improve service levels, manage assets, and lower costs. All Remedy applications, including Help Desk, Asset Management, Change Management, Service Level Agreements, and Customer Support, are built on the highly flexible Action Request System*, empowering customers to easily adapt their Service Management solution to unique and changing requirements. Remedy. Your Business, Your Way™