

# eTurns

## SENSOR-BASED INVENTORY MANAGEMENT

that expands the reach of your salesforce



by Julie Watson

When the article appeared in the last issue of American Fastener Journal about how eTurns eVMI sensor-managed inventory provides the benefits of a vending solution at 15 percent of the cost, we received many calls from people wanting eVMI. However, what was interesting to us was that half the people who called were not looking for an alternative to vending. Rather, what struck them about eTurns eVMI was that they could use it to expand the reach of their salesforce and generate new revenue without incurring additional employee or travel expense. The response was so positive that we were asked to write another article about how this breakthrough technology can help distributors compete for new business outside the confines of how far your sales rep can drive.

Let's start with some background: eTurns is cloud-based inventory management software that provides organizations with real-time visibility into remote storeroom inventories and then automates replenishment. Most of eTurns' customers are distributors who co-brand eTurns and offer it to their customers to help them manage and replenish inventory. Then both the distributor and customer have real-time visibility into their usage of items and are able to optimize the inventory and improve their cash-to-cash cycles. Other customers include OEMs who use eTurns to optimize consumable inventories and maintenance parts for MRO processes. eTurns has four solutions with increasing degrees of automation, all of which reduce the cost of the traditional techniques of servicing customers' inventories. The solutions include: iPhone replenishment, inventory management using scanners, inventory management with RFID tags, and eVMI—sensor managed inventory.

eVMI is one of eTurns' most automated Inventory Management Solutions. One of our fastener distributor customers, Gexpro Services, is using eTurns eVMI at Rolls Royce Energy Systems to manage fasteners used in the creation of jet engine power generation systems.

"Our company just implemented a 700 scale eVMI sensor-managed inventory solution at a large powergen manufacturer in Ohio," said Robert Connors, CEO, Gexpro Services. "The customer was very impressed by the nearly \$1M stock reduction and access to real-time on-hand inventory data."

The way eVMI works is this: eTurns puts Mettler-Toledo scales under bins of parts on a mobile cart or stationary rack. The scales measure the weight of the parts (a part can weigh between .012 ounces and 3,200 pounds) at user-defined intervals. When the weight falls below a minimum, a replenishment order up to the maximum is sent through the eTurns eVMI cloud-based application to the distributor's ERP system. The distributor fulfills the order, the parts are shipped to the facility, and the vendor or customer restocks the bins. In a standard 7-by-4-foot rack with six shelves, up to 48 eVMI bins can fit on the rack.

Automating inventory management with eVMI is a great way to compete for additional business. The traditional technique of counting, replenishing and managing storeroom inventory with clipboard, pencil and fax machine is costly and inefficient. It often results in stock outs or too much cash being spent on idle inventory, and it is not the best use of personnel. A company that offers to manage their customers' inventory in a more automated way with iPhones, scanners

or scales can promise real-time visibility into the customers' stockrooms, optimized inventory with no stock outs, better service levels, powerful analytics to drive increasing levels of efficiency, and reduced cash in inventory.

Assembly Fasteners, a Florida-based fastener distributor, is in the planning stages of implementing eVMI at a customer they would not have been able to service efficiently without eVMI.

"eTurns eVMI will help me service a new customer I have in Dallas," said Hugh Watson, CEO of Assembly Fasteners. "Rather than sending a rep with a clipboard 60 miles away, I can place eTurns eVMI sensors under our fastener products there and ship them the inventory when needed. eTurns is going to help me lower my sales costs and deliver excellent customer service."

eVMI can also help distributors compete for more business from existing customers. For example, if a distributor has a manufacturing customer with facilities in other states where the distributor doesn't have sales reps, racks of eVMI bins and sensors can remotely monitor consumption in real-time and do complete physical inventory counts on demand. Inventory is shipped and replenished. eTurns can even do trending of actual usage so that min-maxes are right on target, giving the distributor high marks for customer service, all without any additional employee or travel expense.

eVMI is one of the most automated solutions eTurns offers, but if the cost of the sensors isn't a good fit for a particular imple-

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mentation, eTurns also offers their iPhone- and scanner-based Inventory Management Solutions. With eTurns iPhone Replenishment Solution, VMI or CMI is performed using an iPhone/iPad/iTouch camera to capture the bar code of items in a stockroom that need replenishment. The rep or customer taps "Send PO" on the iPhone, which sends the order through the eTurns iPhone Replenishment Solution. This solution replaces writing by hand, keying-in, transcribing, correcting or faxing replenishment orders, all of which can cause errors. With CMI, the customer completely controls what, when and how much they order—eliminating complaints of bin stuffing.

## **eTurns BREAKTHROUGH TECHNOLOGY CAN HELP DISTRIBUTORS COMPETE FOR NEW BUSINESS OUTSIDE THE CONFINES OF HOW FAR YOUR SALES REP CAN DRIVE.**

One step up from the iPhone Replenishment Solution is the eTurns Inventory Management Solution, which allows a customer to do more automated and sophisticated inventory management with a barcode-scanning PDA. The additional capabilities include setting critical/min/max parameters, allocating parts to a project or phase of a project, making a kit, staging/allocating inventory, automating cycle counts, tracking serial numbers and lot numbers or date codes, managing asset maintenance and tool cribs, limiting spending by project or item, and many other sophisticated, yet easy-to-use, modules.

"Since we've starting using eTurns with our customers four years ago, we've grown revenues over 20 percent with these customers due to just how simple they make it to track consigned inventory," said Steve Vecchiarelli, VP of supply chain at Digi-Key Corp. "Equally important, eTurns' support is one of the best I have experienced."

If a distributor is faced with a competitive sales situation where the customer is demanding consigned inventory, eTurns is the answer. eTurns can provide consignment in a risk-mitigated way where the distributor can monitor and control the inventory and then accurately bill the customer upon con-

sumption. When the customer uses the scanner to record inventory consumption, inventory levels decrease, and the distributor can then invoice for that transaction. eTurns RFID Solution can also automatically track consumption of tagged items as the items leave a connex or other controlled storeroom. The distributor can also decide if they want to replenish those items. At month-end or quarter-end reconciliation time, both customer and distributor are using one set of books. In the consigned model, when the distributor is billed on usage, the transaction of pulling the inventory is an order. eTurns reduces financial risk associated with consigned inventory by capturing all consumption transactions, providing a consumption transaction on which the distributor can invoice, and providing one set of books for reconciliation.

"eTurns helped us create an amazing consigned RFID Solution for our customer Vestas," said Autrie Bacon, Gexpro Services' global supply chain solution manager. "As wind turbine parts are driven by forklift through the portal, eTurns automatically records consumption and lets us invoice immediately, while replenishing as needed. The solution has provided tremendous cost savings, replacing the need to employ three people to support the customer need for 24-hour support."

Distributors who have moved to automated VMI have seen increased revenues from existing customers. Modern Distribution Management wrote an article on December, 10, 2012, about Grainger's Keep-Stock™, a proprietary inventory management service that automates VMI in a similar way to the way eTurns does it. In this article, MDM says: "...customers using Keep-stock™ inventory management services are growing 15 percent faster than Grainger's overall business and accounted for more than \$300 million in incremental 2012 revenue." Not all companies can afford an in-house inventory management service like Grainger's, and for them, eTurns offers a way to compete for business with larger distributors by offering a similar inventory management service that optimizes inventory and maximizes service levels.

eTurns can work with or without an ERP or warehouse management system. It is not a replacement for either of these; its sweet spot is managing c-class or MRO parts at the point-of-use (where material is actually consumed) in a more flexible and inexpensive way than would an ERP system, yet in a more accurate and efficient way than doing it with paper and pencil. eTurns subscription pricing starts at \$68/month per stockroom

for unlimited users, iPhones, items and transactions.

In summary, eTurns can help distributors capture new revenue, without incurring additional personnel or travel costs, in these three ways:

- 1 Our eVMI Sensor-Managed Inventory enables you to automate replenishment of inventory in remote locations and therefore compete for new business at existing customers who might have facilities in other locations where you don't have sales reps;
- 2 eTurns eVMI also allows you to compete for new business at new customers who are located outside the normal reach of your sales reps; and
- 3 All our solutions make it much easier to order inventory than with traditional methods, so distributors have found they increase revenues with existing customers by over 20 percent.

### **Customer Successes**

- eTurns helped Gexpro Services stock \$1 million less inventory;
- eTurns helped TTI decrease shrinkage to zero through consigned inventory replenishment; and
- eTurns optimized Source One Technologies' inventory, creating an ROI of 900 percent the first year.

### **Benefits of eTurns eVMI and Inventory Management Solutions (uses sensors or scanners):**

- Gain real-time inventory visibility into your customers' stockrooms;
- Optimize inventory and track usage across multiple remote stocking locations;
- Compete for business outside your current sales rep coverage area by automating replenishment with our eVMI sensors;
- Provide better storeroom inventory usage accuracy and therefore better service levels;
- Eliminate stockouts as well as purchase order paperwork/calls/faxes;
- Gain anytime, anywhere access with zero IT footprint;
- Integrate seamlessly with other enterprise solutions through standard interfaces;
- Use our powerful analytics to drive increasing levels of efficiency; and
- Reduce cash in your customers' inventories. ■