

CUSTOMER SUCCESS STORY

Invacare



Reducing inventory investments and maintaining strong market share despite dynamic market conditions.

COMPANY OVERVIEW

Invacare is a leading manufacturer and distributor of medical equipment used in non-acute care settings. They design, manufacture and distribute medical devices to help people with a wide range of challenges, to move, breathe, rest and perform essential hygiene.



- ◆ Headquartered in Elyria, Ohio
- ◆ Markets products in more than 100 countries
- ◆ Most comprehensive homecare product range in Europe

CHALLENGES

Ensuring a high level of service and product availability is more than just an issue of customer satisfaction. People rely on Invacare's medical products to enjoy a more comfortable, safe and active lifestyle. In an effort to prevent out of stock issues, Invacare continually increased inventory resulting in reduced cash flow, increased storage costs and higher product obsolescence.

INDUSTRY

Healthcare Manufacturer and Distributor

SOLUTION

GAINS supply chain performance optimization platform

RESULTS

- ◆ **55%** reduction in inventory investment
- ◆ **97%** customer service levels, up from **60%**
- ◆ **8%** increase in overall profit margin

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TRANSFORMATION OBJECTIVES

Invacare executive wanted to gain insights into the tradeoffs of various inventory investment strategies to determine the best approach for raising service levels without increasing inventory costs. With GAINS they were able to quickly improve operational effectiveness.

GAINS Demand and Inventory Planning solution was used to provide:

- ◇ Dynamic forecast model selection automatically testing for pattern plausibility and accuracy providing an objective demand plan baseline.
- ◇ Synchronized supply and demand for every SKU by location across the enterprise to determine optimal service levels at minimal cost and maximum profit.
- ◇ Multi-Echelon Inventory Optimization (MEIO) increasing precision through advanced algorithms designed to determine which items are to be stocked and at what service levels. As well as to

devise inventory & postponement strategies while meeting customer delivery expectations at minimal cost.

- ◇ Reduced storage costs by accelerating inventory turns.
- ◇ Dynamic Production Optimization with Master Production Schedules automatically generated to sequence material-feasible work order requirements by SKU, considering changeover, carrying costs and on-time delivery.
- ◇ Leading indicator, extrinsic variable, and viability analysis for proactive forecasts using syndicated and macroeconomic data.

RESULTS & BENEFITS

- ◇ Inventory investment reduced by over **55%**
- ◇ **37%** increase in customer service levels
- ◇ **15%** reduction in receiving/handling costs
- ◇ Near **ZERO** expediting costs

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"We needed to focus on improving our operational effectiveness and service levels to keep our leadership position. Our ERP solution and traditional forecasting approach was not up to the task of building world class customer service levels. GAINS stepped in to fill that bill."
— Director of Inventory Management