

Amitive Centralizes Community Supply Chain Management for High Transaction, High Volume Steel Component Business for Mitsui USA



Some of the most simple steel components – bearing components in this case – become surprisingly complicated when introduced into the “virtual manufacturing” supply chain, one in which manufacturing is outsourced by the brand owner.

One Ohio-based steel component supplier makes the world turn by providing manufacturers with bearings for a wide variety of things that roll. With components supplied for thousands of applications around the globe, this is an extraordinarily high volume, high transaction business.

And it gets more complicated. The brand owner may buy the raw materials one way (e.g. kits), but break the units apart to sell to customers, who need a specific size bearing for this industry, or a high-grade part for that industry – which creates a complexity associated with the number and variety of permutations specific to each customer. The complexity behind all this the need for inventory balancing as parts are distributed.

This complex trading network depends on demand-driven, lean manufacturing and inventory management to drive efficiency for profitability. To enable this Just in Time (JIT) environment focused on having the precise amount of inventory for production. Amitive has automated community-based supply chain management on a single platform to deliver improved communication, efficiency and visibility.

The Challenge:

Align Customer Demand with Owner Efficiency

Virtual manufacturers are faced with the challenge of managing a diverse community of trading partners in order to maximize product velocity. Within this new reality of community-driven supply chain management, the Ohio steel components business faced several challenges, including:

- Disparate business processes managed with older MRP and rigid ERP systems, which needed to be integrated with the external supplier and customer systems.
- “Management-by-spreadsheet” and manual communication that were error-prone and information latent.
- Disconnect between product movement of supplier raw materials (steel with different grades, sizes and finishes, as well as different end-customer applications) and customer demand in a multi-national, lean supply chain.
- Lack of collaboration for responding to demand forecasting, lead times for distant manufacturing and logistics, and inevitable exceptions for changes in both supply and demand.
- Lack of visibility into inventory management at the batch level (dictated by MRP and ERP systems) and the multi-tiered, unique part controls levels, comprised of lots, pack units and revisions,

“Manual, disconnected spreadsheets are totally ineffective when it comes to inventory control. By delivering visibility into the supply chain network and fast, confident answers, the Amitive system allows us to work backwards and trace product to the original source in order to manage defective steel or processing.”

– Procurement Manager, Mitsui USA

all of which need to be tracked and controlled as the components move through the system.

- Inability to track specific customer demand, such as one preferred customer who was contractually obligated to take delivery of goods (which were procured due to stated demand) after a certain amount of time.

The current supply chain management (SCM) software could not address these issues. The company needed an automated solution to facilitate efficient order management and better track what demand triggered what supply to be procured.

The Solution:

Single Platform for Community SCM

The steel components company consolidated on the Amitive system to facilitate management of the supply chain and provide real-time visibility into the overall state of the trading community.

Amitive enabled the company to:

- Aggregate total sales demand across all industries and customers, and decide what to buy in total in order to meet that demand;
- Integrate directly with customers’ order management systems, such as SAP, to manage communication with customer systems;
- Communicate on a single, software as a service (SaaS) platform;
- Replace data fragmentation with greater automation of business processes;
- Access real-time information about the state of the flow of components across the supply community and the impact on meeting customer demand.

Integration, Communication Characteristics:

FTP Based files communicating

- Transactional integration messages- Outbound (Sending)
 - PO Shipment (ASN)
 - Receipts
 - Inventory Adjustment
 - SO Shipment
 - SO Create
- Transactional integration messages- Inbound (Receiving)
 - SO Shipment Notice
 - PO Create
 - PO Shipment Create
- Daily Scheduled data files
 - PO report
 - Inventory report

“Everything that we’re procuring has a finite use, so it’s critical that we get it right the first time and eliminate the possibilities of leftovers that won’t sell. We are focused on JIT sourcing and need to keep in inventory only what our customers need.”

– Procurement Manager, Mitsui USA

Results with Amitive

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