Inventory Optimization for an Established Autoparts Distributor

How Streamline reduced 5-10% of stockholding costs and optimized the replenishment process for a wholesale distributor in automotive.

Case Study

Industry:	Business model:	Region:
Automotive	Wholesale Distribution	Australia

Solution: Warehouse optimization, Demand forecasting, custom ERP integration.

The expert in auto parts

Transgold is a wholesale distributor of automotive parts in Australia with over 40 years of experience. They source products from the best manufacturers worldwide, which involves extensive research and ongoing vetting.

Transgold's product portfolio includes more than 20 categories, including engine mounts, transmission kits, rubber suspension, radiator caps, and many more.

The company's primary focus is to help its resellers provide better customer service. Transgold strives to ensure its product range covers all mainstream vehicles sold in the last 30 years and is constantly increasing its capacity.

Also, the vast network of Transgold resellers provides quick and accurate delivery on the following day around Australia and a twice-daily same-day service in Sydney.

Challenge

Having a vast number of products and a wide network of resellers, Transgold was facing an issue with untimely and inaccurate inventory management. The company has 3 warehouses around Australia, and they needed prompt command for all of them. Preparing purchase orders for three locations required a lot of time and effort, so they started looking for an automated solution.

The challenges Transgold faced two years ago were:

01	Lack of upfront costs and contracts. It was impossible to forecast the order of raw materials and predict the manufacturing of finished goods without a clear understanding of orders quantity and customer demand.
02	Too much time spent working in Excel. *"We were like firefighters, not supply chain managers."*
03	Absence of full-time tech support. Supply chain planners looked for a solution that easily connects to their ERP system, so they can test and set up everything smoothly.
04	Expertise in supply chain optimization.

Project

MRP function and good price & quality balance

The main criteria affecting the decision process were that Streamline software has the material requirement planning function and the price and quality balance that Transgold found very attractive. Project implementation took around 6 weeks and was divided into the following steps:

- Building a one-way connector between Streamline and Micronet (Transgold's ERP system).
- Defining KPIs that should be improved (decreasing stockouts and overstocks).
- Connecting company's data.
- Onboarding Transgold's team.

Outcomes

In the latter case improving any metric by an extra percent is incredibly challenging

You'll have a completely different outcome of inventory optimization in a 4-year old company versus a 40-year old company in terms of the magnitude of changes. In the latter case improving any metric by an extra percent is incredibly challenging.
That makes Streamline especially valuable to stakeholders:

50%
Work time saved
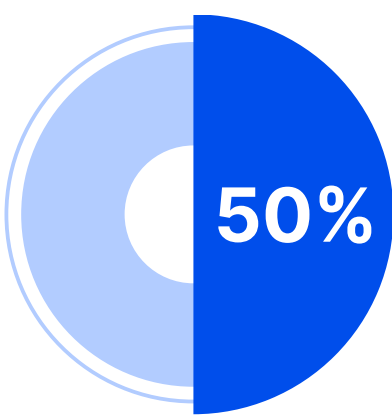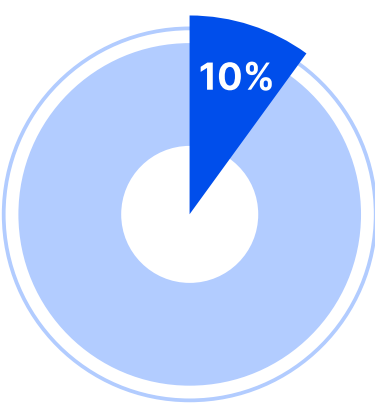
10%
Reduction in stockholding

> Streamline has been very helpful in reducing the time and effort required to calculate our purchasing requirements and place our purchase orders. Previously we used complex spreadsheets, which were quite cumbersome, but Streamline has made the process at least 100% faster.
>
> Using it for more than one year has also resulted in a 10% reduction in stockholding with minimal impact on the fill rate. Support from the team is excellent and timely, and there is continual work on the product with features and updates.

Keith Yong
CEO of Transgold