



# Smart Inventory Management

Case Study: SA Power Networks

As the state's electricity distributor, SA Power Networks' role is to build, maintain and upgrade the poles, wires and substations that deliver power to around 1.7 million customers.

## Case Scenario

The SA Power Networks' central warehouse holds around 8,000 unique parts, ranging from bolts in their thousands, poles in their hundreds to individual transformers. These materials are essential for the ongoing maintenance and expansion of the electricity infrastructure and are requested by regional depots on an ongoing basis to carry out the required work.

SA Power Networks is subject to strict regulated requirements for high levels of service, reliability, safety, and efficiency. The challenge is to ensure stock availability KPI's are met while minimising stock on hand. To that end, re-order points and order quantities are reviewed manually each month. This is a time consuming process that limits what can be reviewed. The inventory management module in the existing tier 1 ERP system does not provide the functionality to automate this process.

## The Solution

Daitum is a cloud-based software solution that has been configured to capture all relevant business rules, objectives and constraints that allows for the generation of an optimal procurement plan.

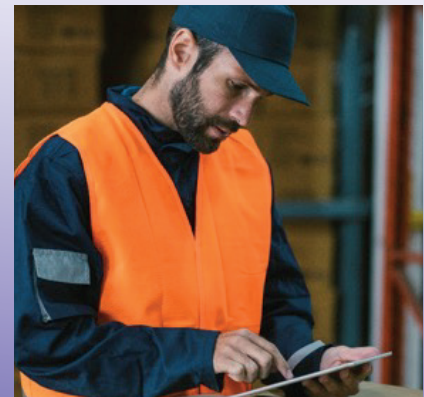
Historic demand and up-to-date supplier lead times are imported and automatically analysed to predict future stock movements. The current stock holdings are imported from the ERP and a set of optimal re-order points and minimum order quantities are automatically generated. The result is subsequently exported back to the ERP for processing.

Daitum allows users to easily select which materials to review, the service level targets to be met as well as limiting the maximum re-order frequencies and number of deliveries per month.

## The Results

The Daitum-assisted inventory review process is ten times faster than the previously manual process and can cover the whole inventory holding, not just a small selection. This facilitates better outcomes and frees up resources to concentrate on other value-add activities such as performing "what if" analysis to future-proof the inventory process.

The inventory held has successfully been reduced while maintaining the availability KPI's, freeing up \$2.6million in otherwise constrained capital for other value creation activities.



## Benefits

- ↑ 10x Review process
- ↑ 24x Historical data
- ↓ \$2.6million Constrained capital
- ↑ Consistent decision making

**“Daitum's inventory optimisation showed us how reviewing the entire stock holding reveals just how much you can reduce stock levels without compromising availability KPI's.”**

Andrew Dilena  
Logistics & Operations  
Manager

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**24x**

Historical  
data

**\$2.6**

Constrained  
capital

**x10**

Review  
process

## Why Daitum

At Daitum, we understand that making good operational decisions is hard. And none are harder than rostering.

With Daitum Rostering you will spend less time rostering plus deliver a roster that better meets your organisation's needs.



**Accessible**  
No specialist  
skills required



**Familiar**  
Simple, easy to  
use interface



**Universal**  
Any problem  
Any industry



**Scalable**  
Cloud based  
Elastic computing



**Optimal**  
Algorithms learn  
from experience



**Efficient**  
ROI measured in  
weeks not years

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