

Press release

IHI Construction Machinery begins operation of cloud-based, inventory management software from Synchron

STOCKHOLM, Sweden – 28 May 2014 – Today, Synchron International, an aftermarket inventory optimization company, announced today that IHI Construction Machinery Limited (IHI CM), a Japanese manufacturer of excavators and heavy equipment, is now using its cloud-based global inventory management software.

The Synchron solution used by IHI CM enables forecasting and inventory planning of spare parts. The application runs out of the Synchron data center, which is located in Stockholm, Sweden. IHI CM accesses the Software-as-a-Service (SaaS) product through the internet.

The IHI CM data, including orders and stock levels, is sent from the company's Enterprise Resource Planning system (BPCS) to Synchron daily via secure File Transfer Protocol (FTP). Order and stock level information is needed to perform forecasting and replenishment calculations. After the calculations are complete, the application sends back the results to the ERP system, which generates purchase orders to their supplies. In addition to reducing stock and improving service levels, the integrated spare parts planning system will automate the business processes at IHI CM, which was highly dependent on manual computation.

By using inventory management from Synchron, IHI Construction Machinery expects to achieve three important goals – immediately achieving one hundred percent availability on maintenance parts; resolve parts shortages as soon as possible; and bring unwanted stock to zero as soon as possible.

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Synchron is the global leader in cloud-based aftermarket service optimization. Synchron provides global inventory management, global price management, order management and master data management software to manufacturing and distribution companies around the world. Headquartered in Stockholm, Sweden with U.S. offices in Atlanta and Chicago, Synchron combines a passion for innovation, business process expertise, and a global collaborative workforce to deliver immediate and measurable improvements for its clients.

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IHI CM has completed a feasibility study with Synchron to evaluate the functionality. Prior to purchasing the system, IHI Construction Machinery provided actual data to Synchron. The data was used to build a simulation of service level and inventory reduction. Synchron was selected based on the results of this simulation, and because of the availability of a cloud solution, which does not require a large initial financial investment and is significantly faster to implement. Fees for accessing the software are paid on a monthly basis, which was also important to the software selection process.

“Improving the customer satisfaction by reducing the machine downtime is a common goal for the manufacturers in the industry. We have been trying to improve our service by monitoring the service level and available-to-promise. However, these indicators are often difficult to forecast even when there is enough data available. While there is always uncertainty in market, over stocking is also a concern,” said Hiroaki Masuda, Director of IHI Construction Machinery Parts Support. “We needed to have a more reliable forecast and recovery strategy, which Synchron Global Inventory Management can provide. We are expecting to improve the service level and stock reduction based on the results of the simulation. Synchron is already suggesting replenishment orders based on the inventory policy. We will make a progress together with Synchron to improve customer satisfaction.”

“We are very proud of being selected by IHI CM as a business partner to support their inventory management process. The implementation project was done on-time, on-budget and will be supporting the operation by closely monitoring the KPIs,” said Hitoshi Tachinaba, management director, Synchron Japan. “We expect that IHI CM will see a clear effect at central warehouse and

eventually expand the usage to other warehouses. The application is running on cloud, which reduced the initial investment and limited the use of the company's IT resources. There is a trend toward using SaaS in Japan. As a result, we will continue to promote our global inventory management and price management solution delivered in the cloud."

About Synchron

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