



AIMS: Automated IMS Inventory Management Solutions from IMS, Inc.

AIMS, or Automated IMS inventory management programs work in the background of your production process to automatically replenish predetermined stock levels as material is consumed. AIMS programs increase your inventory turns, eliminate stock outs, reduce inventory carrying costs and many of the added costs associated with managing your supply line, improving your speed to market and increasing your bottom line. AIMS programs are tailored to meet your company's unique requirements, and are provided to you as a value added service by IMS at absolutely NO COST to your company. IMS... Innovative Material Solutions.

YOUR CURRENT INVENTORY MANAGEMENT PRACTICES:

Before we discuss how the AIMS programs can work for you, it is important to first understand the impact of your current inventory management practices on both your time and your bottom line.

Besides the cost of the product itself, how much time is spent and how much money does it cost your company's purchasing department to:

- Manually review MRP Reports to determine supply and demand requirements
- Contact suppliers for RFQ or inventory/delivery status inquiries
- Generate and send purchase orders to suppliers
- Expedite purchase orders
- Evaluate supplier performance
- Plan for future inventory needs
- Manage product obsolescence

Also consider how:

- Slow Inventory Turns
- Excessive Incoming Freight
- Multiple Purchase orders and Invoice Processing
- Too much on-hand inventory
- Multiple Receiving Inspections
- Inconsistent or incorrect product (RMA's)
- High Inventory Carrying Costs
- AND the paradigm of the 25-cent out of stock part delaying the \$1 Million shipment all combine to negatively impact your bottom line.

What is the cost of carrying inventory?

Experts in inventory management agree that these elements:

- Cost of Capital
- Warehousing & Storage
- Obsolescence & Shrinkage
- Insurance
- Material Handling
- And Taxes

Combine to make the cost of carrying inventory to be at least 20 percent and can get as high as 36 percent!

Now let's look at a real example to illustrate how the cost of carrying inventory negatively affects your bottom line:

The ABC Company currently purchases 50,000 feet of one particular hook-up wire per month, at a cost of \$0.10 per foot. Historically, the lead time for this wire has been three weeks, so ABC Company typically maintains at a minimum, a three week supply of this wire at their facility.

The three week supply of inventory is valued at \$3750.00. However, the monthly cost of carrying this amount of inventory creates additional costs ranging from at least \$62.63, up to \$112.50. Annualized, the cost to carry the three week supply of just this one wire costs ABC Company somewhere between \$751.56 to \$1,350.00 !!! That's the cost for just one part, above and beyond the purchase cost.

Implementing an AIMS auto-replenishment program to automatically manage inventory levels of just this one wire would save ABC Company at least this much money in one year. Image the savings AIMS could generate for ABC Company, and your company, when five parts are auto-replenished through AIMS. How about ten, fifty or 100 parts? AIMS programs are flexible enough to accommodate any number of part numbers, so the savings are limitless.

So...

How much time do you spend placing and chasing orders?

How much does your inventory actually cost when your time and soft costs are factored into the equation?

How many times have you had too much inventory?

How many times have you had not enough inventory, or worse yet, not been able to get inventory in time to meet production deadlines?

If your response to even one of these questions is "Too much" or "Too often", then NOW is the ideal time to consider how to transform your current inventory management into a World-Class, Best Practice Inventory Management Model. AIMS Systems are the solution to these problems.

THE AIMS ADVANTAGE:

IMS' AIMS program is the only Inventory Management Program featuring not one, but FOUR different models for maximized efficiency in Auto-Replenishment Inventory Management. Each AIMS model features the inherent flexibility to be customized to meet the unique requirements of YOUR company, not ours.

During the introduction, we mentioned that AIMS programs do not cost your company anything. No cost to implement, no cost to maintain and no hidden or "By the way..." costs. This is a very important component in building a world-class inventory management model. Here's why:

The basic pretense of a supplier based inventory management program such as AIMS is to save your company money by eliminating any non-value added costs, and the bottom line is this: Any change to your current method of inventory management requiring a capital expenditure on behalf of your company, either long or short term, could negate the very cost benefits it was designed to generate. Therefore, IMS offers four different, customizable AIMS auto-replenishment models to be of zero cost to you, enabling you to achieve your cost reduction and process efficiency goals, rather than incurring additional non-value added expenses.

You may be asking yourself how and why IMS can offer an AIMS program at no cost to your company ... surely the costs IMS incurs by managing our inventory will ultimately be passed on to us.

The answer is this: IMS can offer this service to you at no cost, and **without increasing your costs for material** because as a distributor, the success of IMS is directly linked to your company's success. In other words, as your company grows, so does ours.

Therefore, by working TOGETHER AS PARTNERS to reduce costs and gain productivity, we will gain a competitive edge over our respective competition and continue to experience mutual growth. This is the putting the concept of shared risk equaling shared reward into practice.

Our corporate decision several years ago to reinvest earnings back into the company by means of continuous improvement, particularly enhancing our IT systems, have allowed IMS to become not only the most experienced, but also **the most technologically advanced distributor** of interconnect products in our market, rivaling national distributors many times our size.

Because IMS is ONE of the most experienced and automated distributor of wire, cable, tubing and interconnect products in our industry, we have already overcome the learning curve required to successfully implement an AIMS model of inventory management. This means that we are not learning the ropes when it comes to implementing a supplier based inventory management model...we took the ropes, wove them together and made hammock, so that you can rest easy knowing IMS has the knowledge and experience to implement AIMS without interruption to your business.

Finally, the gained efficiencies the AIMS model can yield to our own company will allow IMS to quickly obtain a return on its investment, thus we can offer value added services such as AIMS at no cost to you because any expenses in development and implementation will be covered by IMS through these efficiencies as well as the increase in business levels once the program has established its effectiveness.

PART III: FINDING THE RIGHT AIMS SOLUTION FOR YOUR COMPANY:

AIMS systems are analogous to automobiles. We don't drive to work in a horse drawn wagon, because the advent of the combustible engine and Henry Ford's idea of a production line made travel by automobile a better alternative. Eighty years ago, if you purchased an automobile from the Ford Motor Company, you could buy a Model A, in Henry Ford's own words, "...in any color you want...as long as it's black." Any properly working automobile will get you to work, but with countless makes, models and options now available, you can drive to work in anything from a sports car to a large four wheel drive SUV, and they are available in any color you want.

Like automobiles, AIMS programs have become a better alternative to current inventory management methods. Rather than offering one Model A in black however, IMS has developed FOUR basic AIMS Auto-Replenishment Inventory Management Solutions, all with an infinite number of customizable options able to meet these requirements specific to your company. If your company requires a customized AIMS program equivalent to a white minivan with a black and tan interior, a CD player, power windows, manual transmission, luggage rack and a TV in the back for the kids, IMS can develop and implement it. And the kids are optional.

PART IV: SETTING THE STAGE FOR SUCCESS:

During the planning stages of implementing any AIMS program, the IMS AIMS team assists you in determining the parts and quantities to be included in the AIMS program, based upon your past, existing or future inventory needs.

IMS creates a historical trend analysis of each part you purchase using our internal, proprietary inventory transaction reports. Combining these reports with a sophisticated forecasting program...the same program used by Andersen Consulting, JC Penney, IBM and Disney...transforms the most complex inventory planning tasks into an accurate, easy to use format. Comparing our analysis to your internal ERP/MRP reports ensures a seamless transition to an AIMS system of auto-replenishment. This analysis is repeated on a quarterly basis and reviewed by you and the AIMS team, providing you further piece of mind that the usage or non-usage of inventory is regularly analyzed and addressed.

Once the planning is completed, the initial setup of an AIMS program and any required equipment can be completed within 24 hours. If required, the IMS AIMS Team gladly provides free in-house training, so you can begin to enjoy the savings and time benefits the AIMS systems provide immediately.

The four basic AIMS protocols are:

- **PC to PC Interface (EDI)**
- **Bar Code Scanner to PC Interface**
- **Bread Man Program to PC Interface**
- **PC to PC Interface (XML)**

PC to PC AIMS Interface:

The first of the four basic AIMS protocols is the PC-to-PC Interface via EDI, or Electronic Data Interchange. This interface involves little to no human participation and is ideal where bar code scanning is impractical, where a large breadth of part numbers are subject to a large amount of transactions, or where a completely automatic replenishment system is desired. The PC-to-PC interface is capable of efficiently handling an unlimited amount of part numbers and daily transactions, and consolidates product usage on a daily weekly or monthly schedule.

Once the initial planning is completed for the parts to be included in the AIMS program, the IMS AIMS team works with your internal IT department to develop a simple report that extracts usage data from your existing ERP/MRP report. This report compares the difference between a predetermined minimum acceptable inventory value and the daily quantity actually consumed. This value is captured and electronically sent to IMS in an electronic format for order fulfillment within 24 hours.

IMS pays for any internal or external programming costs, there is no inventory to count, nothing to scan, no data to enter, and no training required. It's that easy.

Bar Code Scanner to PC AIMS Interface:

The Bar Code Scanner to PC Interface involves the use of bar code scanning equipment to capture inventory usage as it enters into your production process. This protocol is ideal in conditions where like inventory is consolidated into the same general storage location or where an existing kanban system is in place. No additional labeling of material is required, as IMS began bar coding 100% of its products over ten years ago for quality traceability purposes. Today, bar coding technology is extensively used at IMS, serving several inventory management purposes.

Installing bar-code scanning equipment into your facility can be done in a few hours, and employee training can be completed in minutes. The scanners can be stationary fixtures placed in a centralized location, and portable hand held scanning devices can be supplied for fast paced environments. A Kanban card system can be easily adapted and integrated into a scanning format by simply affixing a bar code label to the card and scanning it as the card is pulled.

Bread Man to PC AIMS Interface:

The AIMS Bread Man to PC protocol entails having an IMS AIMS Team member visit your facility on a scheduled basis to determine demand driven inventory usage. This interface is ideal for companies having a limited amount of human resources dedicated to the management of inventory.

Bread Man programs originated over 50 years ago within the retail grocery industry, quickly becoming the first supplier managed inventory program to be widely accepted. Rather than simply delivering baked goods, bread suppliers began to come to the store to restock empty bread shelves. Imagine the impact this had on the small grocer of yesteryear, who no longer had to spend his valuable time ordering his baked goods, stocking shelves, while hoping the goods sold before they became stale. Many chain supermarkets today that began as small stores can attribute their success to the benefits of supplier managed inventory programs, as suppliers of other commodities soon followed the bread industry.

The IMS Bread Man program is based upon this same pioneering principle, but includes the added benefits of accurate bar code scanning technology and proprietary inventory usage and forecasting reporting. Storing replenishment requirements from the IMS bar code labels into a scanning device, the information is electronically transmitted to the IMS system, where the stock replenishment stock is either shipped the next day directly to your facility, or delivered by the IMS "Bread Man" during on the next scheduled visit.

PC-to-PC AIMS Interface with e-Commerce:

The PC-to-PC AIMS interface via e-commerce utilizes the IMS e-commerce portal to generate auto-replenishment requirements. This protocol is well suited for companies using inventory associated with highly variable usage requirements. This system can be designed to make quantity releases from an existing blanket purchase order as easy as clicking a mouse.

Once the initial process is completed to determine the parts and quantities to be included on the AIMS program, the IMS AIMS Team generates a unique Auto-Replenishment web page on our secure Internet e-commerce portal. As material is drawn from inventory, you simply enter the quantities required to replenish your stock next to the corresponding part numbers on the web page. One click of the mouse sends the information to the IMS system on a real-time basis, and the replenishment order is shipped the next day to your facility.

The IMS e-commerce portal can be used with any AIMS program to track the status of your orders at IMS, or to obtain shipping and delivery information.

The Drawbacks of Vendor Managed Inventory Programs:

Industry studies show that most inventory management programs that do fail did so before they even began. Why? Because the participants failed to recognize the possible drawbacks that can occur with any Vendor Managed Inventory program, and therefore did not address these issues before the program was implemented. While many companies offering vendor managed inventory programs are reluctant to even bring up the subject of drawbacks, we at IMS believe the first step to achieving success is to openly discuss these potential pitfalls. Perhaps not so coincidentally, it is this very idea of openness that separates AIMS from the competition, establishing a trust from the onset between your company and ours. Typical drawbacks of Vendor Managed Inventory programs, when not implemented properly, include:

- A lack of trust between supply chain partners
- Computer related problems
- Employee acceptance
- Losing control of critical inventory levels

Let's discuss these drawbacks and how the IMS AIMS system can avoid their negative impact on your company:

One: A lack of trust between supply chain partners

The AIMS Solution:

The foundation of trust begins by establishing a written agreement between our companies, spelling out exactly what the expectations of the program are to each party involved. This written agreement also ensures confidential information stays confidential, eliminating any reservations among team members regarding the sharing of critical information. Another important factor in establishing trust is the reliability and competence of both the supplier and its inventory management system. IMS' has an eighteen-year track record of service excellence, financial stability and continuous growth and the AIMS system is a proven element of our success in inventory management services.

Two: Computer related problems

The AIMS Solution:

IMS believes the best way to eliminate any challenges in computer integrated AIMS solutions is to ensure the AIMS system is easy to understand and use, with a minimal amount of computer "downtime." How is this achieved?

IMS AIMS team members perform a comprehensive test on any AIMS hardware and software prior to beginning any AIMS program to identify potential problems before they surface, and continuously monitor the system after installation to detect any data inconsistencies. AIMS systems are not hampered by different language or system standards many other auto-replenishment systems encounter.

While the different types of AIMS systems have varying degrees of user interface, even the most complex system involves little more than clicking a mouse button or using a bar code scanner. AIMS team members provide full training in the use of any required equipment at no charge, to any number of people and as frequently as required.

Finally, IMS has no company shutdowns and computer downtime interruptions are almost non-existent. Our e-commerce portal operates on a 365/24/7 basis, and has experienced only a few hours of downtime since it's installation almost two years ago. IMS computer system upgrades are performed on weekends or holidays, with backup systems operating continuously to avoid interruptions in service.

Three: Employee acceptance

The AIMS Solution:

A common misconception among employees working at a company where a vendor managed inventory program is being introduced is the fear that the system will eliminate or lessen the importance of their jobs. This resistance can emanate from any employee and can be a difficult obstacle to overcome if not identified and remedied immediately. AIMS systems eliminate some specific and otherwise mundane job *duties*, but not the employee's job altogether. In addition, explaining to employees that today's progressive companies are more efficient and focused on the demands of their end user customers, rather than their own internal processes, and will prosper in the coming years, providing added job security. AIMS team members repeatedly reinforce this concept during on site training to everyone involved in the transition to AIMS.

Four: Losing control of critical inventory levels

The AIMS Solution:

The feeling that you are losing control of inventory can also be a major concern to a company, large or small. Companies considering or involved in bread-man type inventory management programs frequently list this as their top concern. Common themes are: What if my bread-man is stocking shelves that don't need stocking? What if my bread-man is still stocking an obsolete, discontinued, or a recently slowed item? How do I deal with a stock out emergency under a vendor managed inventory program?

We just talked about the concepts of trust, communication and reliability. The absence of any of these elements will only enhance these feelings of loss of control, which is why we at IMS put so much focus upon them. In addition to these factors, IMS provides detailed Quarterly Service Reporting as well as emergency stock levels for all items contained in an AIMS program, giving you piece of mind that your inventory is managed safely and honestly.

PUTTING IT ALL TOGETHER:

Getting AIMS to work for you is fast and easy. Working with the IMS AIMS Team, you can select the program best meeting your demands, and we do the rest. You are free to start the AIMS program at your own pace by selecting just a few items to begin the program. We are confident that the AIMS program will begin to prove its value to your company with the first auto-replenishment shipment. AIMS systems are offered as a free service to you and are maintenance free. Any upgrades to the AIMS systems are also provided to you at no charge and you are under no obligation to continue using any AIMS program that does not meet your performance expectations. To begin enjoying the benefits of AIMS, contact an IMS Account Manger or AIMS Team member **today** to set up a free AIMS evaluation for your company. AIMS Inventory Replenishment is just one of the many value added services and INNOVATIVE MATERIAL SOLUTIONS than IMS can provide to your company.