



State of Aftermarket Inventory Management - Survey Report

A study comprising 50 interviews of large organizations with significant revenues from service replacement parts requiring significant inventories





We completed 50 phone interviews

with supply chain executives from a variety of companies that are required to manage large inventories of service replacement parts.

REPRESENTATIVE SAMPLE OF PARTICIPATING COMPANIES

AGFA

ATS Automation Tooling

Blue Bird Corporation

Bobcat

Briggs & Stratton

Brunswick Corporation



Camping World

Circor International

Enerpac Tool Group

Evoqua Water Technology

Graco

SMC

And many other global enterprises

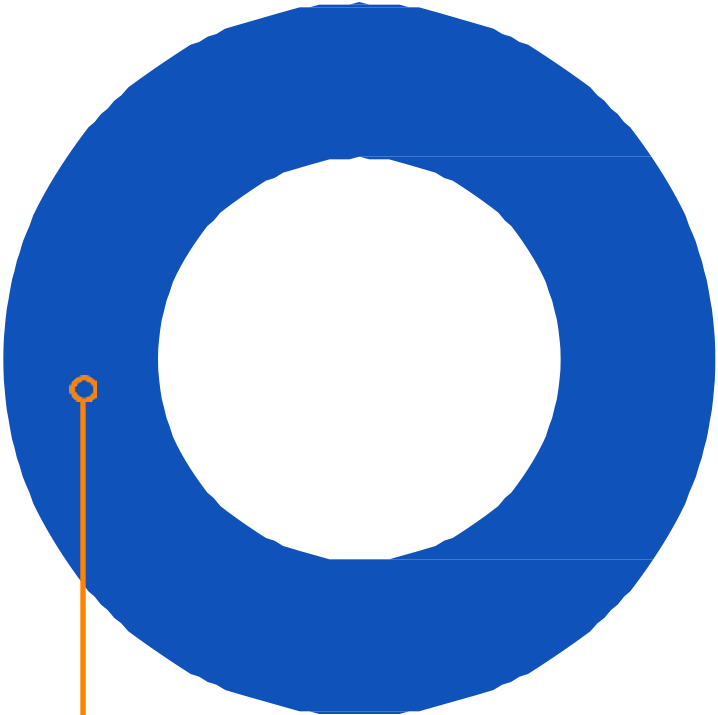
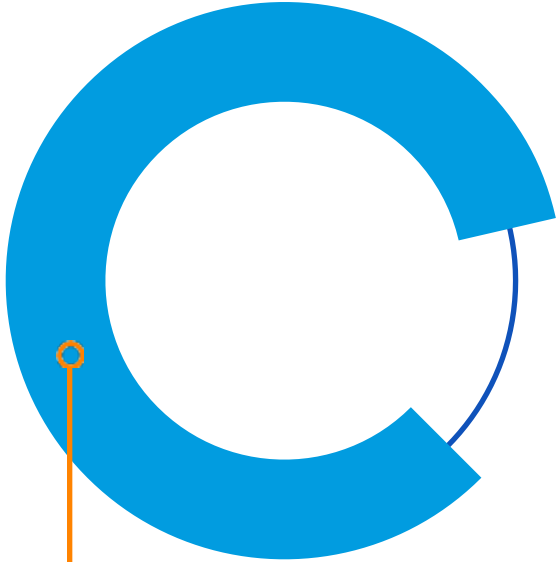


Managing aftermarket supply chains and inventory is inherently more difficult than standard manufactured products.

PARAMETER	MANUFACTURING SUPPLY CHAIN	SUPPLY CHAIN
Nature of demand	Predictable, can be forecast	Always unpredictable, sporadic
Required response	Standard, can be scheduled	ASAP (same day or next day)
Number of SKUs	Limited	15 to 10 times more
Product Portfolio	Largely homogeneous	Always heterogeneous
Delivery network	Depends on nature of product; multiple networks necessary	Single network, capable of delivering different service products
Inventory management aim	Maximize velocity of resources	Pre-position resources
Reverse logistics	Doesn't handle	Handles return, repair, and disposal of failed components
Performance metric	Fill rate	Product availability (uptime)
Inventory turns (the more the better)	6 to 50 per year	1 to 4 per year

Respondents cite **three complications**

in managing aftermarket inventory due to changing economic conditions



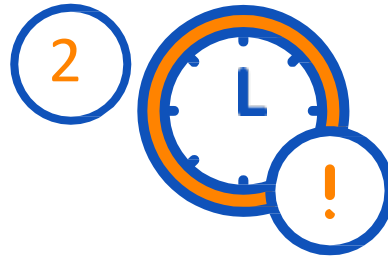


TOP THREE

Logistics Cost Drivers
reported by respondents



1
Cost of labor and
labor shortages



2
Costs and penalties
incurred due to delays

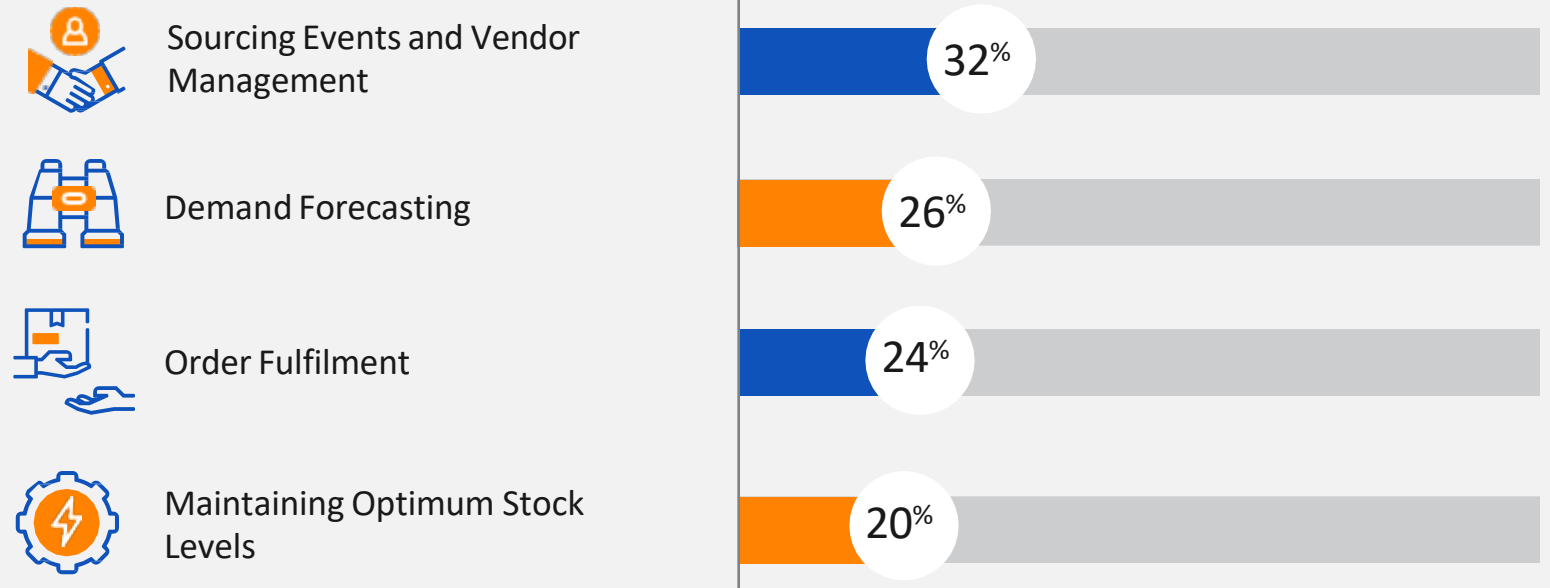


3
Costs incurred stemming
from transportation

86% of respondents state that their current inventory management provides no measurable ROI despite manufacturer claims of cost savings.

Automation via AI or ML is widely seen as the answer for spiraling costs

Top 4 Areas Targeted for Automation According to Respondents

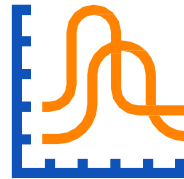


How should progress be measured?

There is little consensus on the most important KPI for aftermarket inventory management.

70 %

of respondents are still using suboptimal employee-built systems, spreadsheets, or nothing at all



Materials Cost Variance



Transportation Cost Variance



Budget Variance



Inventory Mgmt. Cost



Number of Delayed Deliveries



Labor Cost Variance



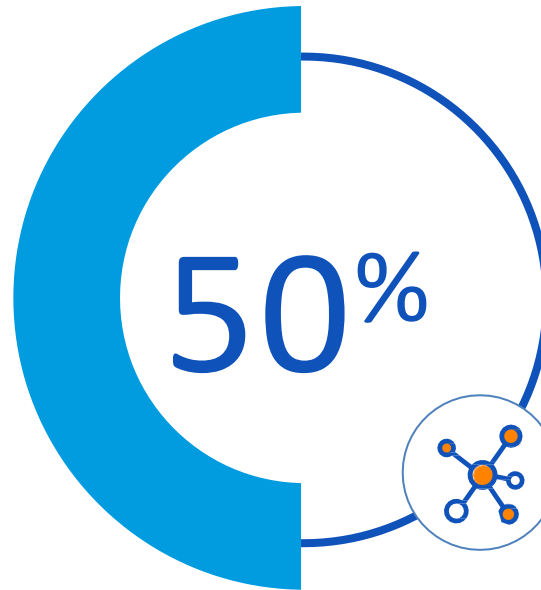
Delivery Costs

Aftermarket Inventory Management Faces a Difficult Environment

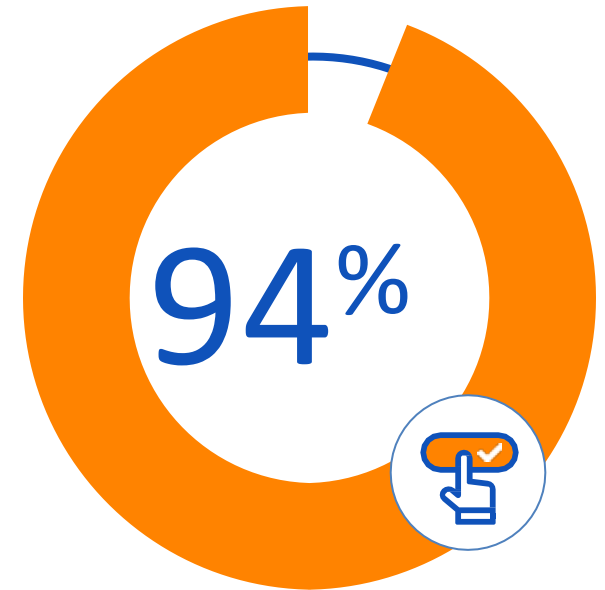
Complicating Factors



Believe supply chains will be disrupted for the foreseeable future due to a decline in globalization, volatile energy markets, and political instability.



Are still using multiple aftermarket inventory management systems



Stated that the functionality of the backend inventory directly impacts customer satisfaction

TOP 4 CRITERIA

reported by logistics executives adopting an inventory management system



1. Ease of Use



2. Cloud-Based Functionality



3. Cost to Support



4. Improved Demand Forecasting





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Dynamically optimize aftermarket inventory management

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- ✓ Aftermarket Revenue Optimize Profit Margins
- ✓ Improve Market Response Time Eliminate
- ✓ Manual Errors
- ✓ Automate Process and Improve Productivity



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Guided Case Study
Review



Evaluation and Road
Map to Better
Alternatives



Personalized
Demonstration



Q&A Session to
Satisfy Your Curiosity

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