



TEAC

“We are very pleased that the ECnet VMI solution yielded tangible savings such as the reduction of inventory carrying costs by 59% for TEAC. All these result in a substantial decrease of our total supply chain costs. Our suppliers have also enjoyed greater efficiency and inventory visibility.”

Tsuyoshi Nonoshita
IT Senior Manager
TEAC Electronics Indonesia

TEAC streamlines inventory management processes with significant results

Solution

ECnet Pro - VMI Module

Value Proposition

- Reduce overall inventory to achieve better cash-to-cash cycles
- Provide inventory visibility and speed of information to both TEAC and their trading partners
- Minimise lead time of trading partners to TEAC's orders
- Increase information accuracy and to automate purchasing processes

Results

- Reduced inventory carrying costs by 59%
- Improved inventory accuracy by 52%
- Reduced inventory days by 79%
- Improved inventory turns by 1.5X
- Purchasing productivity improved by 43%
- Purchasing costs reduced by 54%

With more intense competition and the need to streamline business processes, manufacturers are looking at ways to further enhance their efficiency and increase productivity. To accomplish that, one increasingly popular way to achieve high inventory availability and low inventory carrying costs, is Vendor Managed Inventory (VMI).

As opposed to a traditional purchasing model, the VMI model, enables a trading partner to receive electronic data on the manufacturer's inventory status, replenishment requirements and consumption patterns. That allows the

trading partner to gain tighter control of the order and inventory levels, resulting in an overall reduction in supply chain costs.

TEAC is the worldwide leader in the development and manufacture of information recording and data storage technology as well as audio and environment equipment. Founded in 1953, it has now established a strong global presence in 16 countries across both Asia and Europe, with its headquarters in Japan.

Since 2001, TEAC has been using ECnet's solutions and services to manage the materials process between its suppliers and sub-contractors at TEAC Electronics in Indonesia (TEI) and Malaysia (TEM). The deployment has been successful with proven benefits.

Recognising the potential benefits that ECnet's latest solution can offer, TEAC decided to further streamline its supply chain processes by upgrading to ECnet 3.0 Pro Solution - VMI Module at TEI and TEM. With the solution, it offers TEAC the opportunity to scale to a complete set of Collaborative eSCM solutions as future business requirement changes.

Why choose ECnet?

“As one of the leading pioneers in providing eSCM solutions, ECnet has a wealth of experience in working with global manufacturers and successfully deploying many projects. Having experienced real benefits in the earlier ECnet version, we were confident that they would deliver exceptional results and they did,” said Mr. Nobuo Wada, Head, Corporate Information Planning Department, TEAC Electronics, who was a key player in the first project implementation.

"With the earlier successful deployment, they were able to quickly grasp the additional business requirements, and propose an ideal solution that suits us," added Mr. Tsuyoshi Nonoshita, IT Senior Manager, TEAC Electronics Indonesia, the current project manager.

The solution

With TEAC's business requirements, ECnet proposed the VMI module from the ECnet Pro Solution series. It is a tightly integrated solution that allows businesses to minimise total supply chain cost, while ensuring that optimum goods are available. The solution will allow TEAC to efficiently streamline its inventory level for better cash-to-cash cycles and enhance communication with its trading partners.

The results

Improved inventory management

Since the ECnet VMI implementation, TEAC has reaped significant results. With more clarity and visibility into its inventory system, TEAC has effectively **reduced its inventory carrying costs by 59%**, and improved its cash-to-cash cycles. Greater accuracy in forecast and inventory management has also increased their **inventory accuracy by 52%**.

"We are very pleased that the **number of inventory days of supply has been reduced by 79%** and **our inventory turns have also improved by 1.5X**. All these result in significant savings to our total supply chain costs," said Mr. Nonoshita.

About ECnet

Founded in 1995, ECnet's domain expertise in collaborative supply chain solutions as well as providing consulting, managed and IT services spans six countries in the Asian market and US. Our customers come from various industries like high-tech manufacturing, logistics, distribution, FMCG and retail. ECnet is headquartered in Singapore, with presence in US, China, Japan, India, Malaysia and Thailand. ECnet is a subsidiary of R Systems International Ltd.

Improved purchasing management

Manual based processes used previously were time consuming. Since the implementation, TEAC has enjoyed a **substantial saving in its purchasing costs by 54%** and also **improved its productivity in purchasing by 43%**. In addition, there is a higher level of data accuracy and information visibility with its trading partners.

Benefits to trading partners

"With ECnet's Internet-based eSCM solution, there was no need for our trading partners to invest in any costly software or hardware. It was easy for them to join in," said Mr. Nonoshita.

There was a greater efficiency with the lead time for responses minimised, as they could now communicate via the web. Also, TEAC's trading partners had more visibility into the inventory data, through an organised central information resource. Its trading partners could now focus on more value added activities by cutting down on manual-based processes such as faxing and calling to confirm the orders.

Our Partner for Supply Chain management

"Overall, we have witnessed substantial results from our implementation with ECnet 3.0 Pro and the ECnet VMI module. ECnet delivered what it had promised, on time, with real and tangible results that exceeded our expectations. We look forward to embarking on other possible enhanced eSCM solution initiatives with ECnet in the near future," Mr. Nonoshita affirmed.



Corporate Headquarters
ECnet Limited
 17 Changi Business Park Central 1
 #05-01
 Singapore 486073
Tel: 65 6785 5266
Fax: 65 6785 0525
info-sg@ecnet.com

www.ecnet.com