Memory Manufacturer Identifies Inventory, Recovers $400,000 with Business Software

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>
> Roger Shinmoto, Vice President of Operations, Patriot Memory

Business Needs

Patriot Memory, formerly PDP Systems, has been a distributor of PC memory since 1985. Based in Fremont, California, the company once limited operations to distribution, but now designs and manufactures a range of brand-named memory module and flash memory products. The company's customers include retailers, e-tailers, and systems integrators that build high-performance PCs.

With success comes growth, and Patriot Memory quickly outgrew its Macola warehouse management system. When it came to warehouse management, internal processes were often manual and time consuming. Explains Roger Shinmoto, Vice President of Operations at Patriot Memory, "For warehouse picks, an employee had to print out duplicate warehouse pick lists—one for record keeping and one for the customer—and all documents had to be initialed manually by material handlers." In addition, an employee often performed multiple job roles—from shipping and receiving to order processing. This made it difficult for employees to excel at any particular task.

The company's inventory also lacked integration with a barcode tracking system. Consequently, stock often went unaccounted for and the company faced inventory accuracies of only 75–80 percent.

To ship a product, employees had to manually enter shipping information into the system. Customers did not receive shipment notification and could not track their orders. And because Patriot Memory lacked an efficient return merchandise authorization (RMA) system, requests for returns or exchanges often involved tedious work.

For accounting, visibility into companywide operations was fogged by limited reporting capabilities. "The reporting capabilities of our old Macola solution for warehouse management and logistics were very inflexible," explains Shinmoto. "We were running three separate databases for tracking inventory, and we weren't doing this very accurately. Our systems were not integrated, and we had to use a separate tool to write reports. It was a very difficult environment in which to grow a business."

Sidebar

Customer: Patriot Memory
Web Site: www.patriotmemory.com
Customer Size: 150 employees worldwide
Country or Region: United States
Industry: High tech manufacturing
Partner: SCS

Customer Profile

Patriot Memory designs, manufactures, and distributes PC memory modules worldwide. The company's customers include retailers, e-tailers, and systems integrators that make high-performance PCs.

Software and Services

- Microsoft Dynamics™
  - Microsoft Dynamics NAV 4.0
- Microsoft® Office System
- Microsoft Servers
  - Microsoft Exchange Server 2003
  - Microsoft SQL Server™ 2000
  - Windows Server® 2003

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Solution

Patriot Memory understood that, with the right enterprise resource planning (ERP) solution in place, it could solve internal warehouse management inefficiencies while gaining an infrastructure that supported future growth. After considering numerous ERP solutions, including a newer version of Macola, the company chose Microsoft Dynamics™ NAV business software and teamed with Microsoft® Gold Certified Partner SCS to implement the solution.

"We needed something that was going to be scalable, flexible, and fit within our budget. After speaking to SCS and seeing a demo of the product, we were confident that Microsoft Dynamics NAV met our criteria," says Shinmoto.

Manufacturing and Warehouse Management

At the same time that the SCS team implemented Microsoft Dynamics NAV for Patriot Memory, they also developed a fully integrated barcode tracking system by using the application programming interface (API) for Microsoft Dynamics NAV. "The API enabled us to easily create an interface for Microsoft Dynamics NAV that would run on a ruggedized Pocket PC for barcode tracking," says Darren Atkins, Senior Account Executive at SCS. "The Pocket PCs interfaced with Microsoft Dynamics NAV and provided functionality for pick, pack, put away, ship, and receive. The barcode tracking system also helped track workflow status from manufacturing and incoming shipments to orders out the door."

Integrated Shipping and Global Operations

Once warehouse management was streamlined, Patriot Memory took advantage of the extensibility of Microsoft Dynamics NAV and engaged with SCS to implement eShip, a Web-based solution that connects Microsoft Dynamics NAV with shipping packages, such as FedEx, UPS, and truck carriers.

To promote its presence in Asia, Patriot Memory has established an office in Taiwan. The company invested in a replicated server and a third-party language and localization pack to extend the capabilities of Microsoft Dynamics NAV to these offices. This has provided the company with greater visibility into operations, helping it meet the value-added tax and government uniform invoice reporting requirements of Taiwan.

Benefits

Patriot Memory now has the infrastructure to support future growth. Business processes have been streamlined and the adoption of Microsoft Dynamics NAV has been trouble-free for employees.

Consolidate Business Processes

As a fully integrated warehouse management solution, Microsoft Dynamics NAV has enabled Patriot Memory to control all business processes through one application. This has eliminated redundant processes and dramatically reduced the company's paper trail.

"Now we have only one hard copy of a pick list that goes through for record keeping," says Shinmoto. "All other copies are soft copies that are stored in the system. For invoicing, we've been able to reduce the amount of postage that we use and mail that we send out. Overall, we've probably eliminated 90 percent of our paper usage—we've saved a small forest somewhere."

Identify Inventory

Through its customized barcode tracking system, Patriot Memory catalogued its entire inventory. "We identified that we had roughly half-a-million dollars in dead capital—since then, we have been able to get $400,000 of that back in the company," says Shinmoto. "Now we can keep our inventory tailored to sales."

The company has also been able to reduce its inventory by an impressive 27 percent—for an estimated yearly savings of U.S.$100,000. Savings are expected to increase to U.S.$150,000 the following year. Since the implementation of Microsoft Dynamics NAV, inventory turn has increased by 38 percent and both shipping and inventory accuracies are above 99 percent.

Create Roles, Improve Corporate Structure

All employees at Patriot Memory have their own personalized view of Microsoft Dynamics NAV that correlates to their role in the company. For instance, someone in shipping will see only the information that is relevant to their job while a manager may have complete visibility into operations. "Microsoft Dynamics NAV has enabled us to solidify our corporate structure," Shinmoto enthuses. "It's so process driven—it has helped us identify roles and responsibilities and assign accountability throughout the organization."

With well-defined roles, customer service agents focus more on selling, the planning team helps control inventory, and system service representatives can now issue RMAs from their desks. Says Shinmoto, "In the past, one person may have been filling many roles. Now we have individual roles set up for people in receiving, material handling, shipping, and more."

By using Microsoft Dynamics NAV, the company has also been able to develop nearly 50 custom reports that have helped reduce the time taken for month-end closing.

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