



EXTEND YOUR USE OF MAXIMO WITH INVENTORY CONTROL

By Tony Turner, Projects Director



I have been working with Maximo for the past 20 years and spent 12 of those years implementing Maximo in the Middle East. During that period, we carried out some of the largest and most successful Maximo implementations anywhere in the world.

All of these major projects used Maximo for Inventory Control and around 95% of them used Maximo for Purchasing and Contracts. Imagine my surprise when I returned to the UK in 2011 to discover that many of the larger Maximo implementations (and most of the smaller implementations) do not even include Inventory Control, let alone Purchasing!

When I asked the clients why they don't use Maximo for Inventory Control I got a number of reasons, including "too difficult to implement", "the consultants don't understand how to manage stock", "material costs are not significant to our business", "cannot reconcile inventory costs with the Finance System", etc.

I find these responses extremely unusual as, when I look back at ME business cases and case studies, I find that the earliest benefits achieved by clients come from the Supply Chain enhancements.

Some of these case studies include:

1. An electricity company, which reduced its Inventory stock value by £20m within 18 months of going live. This was achieved by eliminating duplicated items, setting stock levels to optimum values, removing obsolete stock and shortening the procurement lead time.
2. A large refinery company, which reduced its stock value by 10% in the first year and shortened its Purchase Order processing time from 220 days to 15 days on average, whilst still retaining the 23 stage PO approval process!
3. An onshore Oil Production company, which reduced its Inventory value by £30m over a two year period by optimising stock levels and improving the purchasing cycle.
4. The United Arab Emirates Oil Industry, which set up a Maximo based inventory data sharing system allowing companies to loan spare parts to each other. This scheme saved tens of millions of pounds in lost production within the first year.

All of these companies achieved additional benefits in labour efficiency and equipment availability by having the right spares available to perform the work at the right time.

Why Use Maximo for Inventory Control?

There are a number of compelling drivers to use Maximo for Inventory Control. These include:

1. Understanding the true cost of maintenance for an asset.
2. Reducing Inventory stock levels – a saving of £1m in Inventory stock balance will generate a saving to the business of approximately £100,000 per year, for example.
3. Improving Asset Availability by ensuring that critical spares are held at the correct level.

4. Improving Labour Efficiency by ensuring that the correct spare parts are available when dispatching a team to address a defective asset.
5. Tracking of rotatable items and warranty repairs.
6. Improving the work planning process by knowing what are the correct spare parts for an asset and where they are.
7. Simplifying the year-end accounting process. The ME Refinery Company, for example, is able to close its year-end accounts within two days of the end of the year due to the improved reconciliation between Maximo and the Finance System.

What is involved in Implementing Maximo Inventory Control?

Surprisingly, the implementation of Maximo for Inventory Control is a relatively painless process and does not represent a huge investment in product licenses or implementation. The Maximo base product already includes the Inventory, Purchasing and Contracts elements.

Legacy data can be migrated easily into Maximo and our consultants have the expertise in setting up the business processes and integrations to your financial system. Some effort from the client side is usually required to cleanse the legacy data and to introduce best practises.

If you would like to learn more about implementing Maximo Inventory Control, please contact our sales team on 08434 610061, or e-mail sales@vetasi.com.