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Intelligent Inventory

How Sage X3 helps manufacturers and distributors manage inventory across the supply chain, ensuring unparalleled visibility and control.

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Introduction

Efficiently managing inventory is essential for the seamless operation of any manufacturing or distribution business and plays a pivotal role in streamlining its processes. However, numerous companies still face challenges when it comes to effectively planning and controlling inventory levels.

When discussing inventory, whether it be raw materials, work-in-progress stock, or finished goods, it's important to recognise that each item comes with a tangible cost that takes away funds that could be allocated elsewhere in the business. Additionally, there are other expenses to consider, such as transportation, storage space, containers and even insurance.

In the manufacturing industry, there is a well-known predicament. Insufficient inventory can lead to back orders and dissatisfied customers, while excess inventory to avoid this situation can significantly increase costs. For many manufacturers, the decision often comes down to two options: "just-in-time" or "just-in-case" inventory management.

Moreover, manufacturers are increasingly being called upon to support omni-channel and direct-to-customer shipments. It's no longer solely about having enough inventory but also about where and how it is provided.

Distributors similarly have challenges related to inventory; primarily to maintain customer satisfaction by fulfilling orders within an acceptable or even guaranteed timeframe. Balancing this with the increasingly precarious supply chain; due to regional conflicts and disputes, modern-day pirate activity and competition for the availability of goods is for many distributors a constant task to monitor and manage.

This guide is written to help manufacturers and distributors address the challenges of inventory management. It details how Sage X3, an Enterprise Resource Planning (ERP) system suited to manufacturing, enables intelligent inventory processes and ensures visibility across the supply chain.
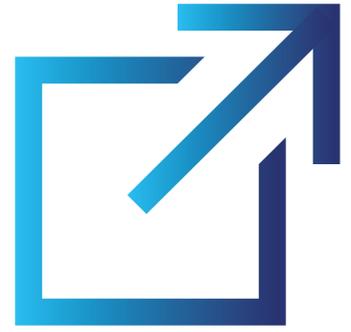
What are the inventory challenges facing manufacturers and distributors?

These businesses face unique challenges when it comes to managing their inventory. These challenges include:

1. Warehouse space costs – Having their own or renting warehouse space can be quite expensive, especially if the business needs to store inventory at multiple locations.

2. Transportation costs – Apart from storage expenses, businesses also need to consider the costs associated with transporting their inventory. These costs can quickly add up when factoring in drivers, vehicles and insurance.

3. Seasonal demand – Automation is essential for forward-thinking leadership. It enables systems to deliver Business Process Automation, eliminating non-automated workflows that result in repetitive manual processes that waste time and invite errors. By incorporating great ERP solutions, businesses gain access to vetted tracking capabilities that ensure compliance with industry, governmental, health, and accounting mandates; ultimately delivering improved efficiency and accuracy.

4. Inventory tracking – Without efficient inventory management software, businesses are left with manual counting and stock takes, which are prone to errors, time-consuming and only accurate at the time of counting.

5. Overstocking – Inaccurate demand forecasting can lead to overstocking, which can cause various problems such as obsolete or expired products. This may necessitate discounting or liquidation to mitigate losses.

6. Supply chain challenges – Managing the supply chain can be complex, especially when operating across borders. Businesses must adapt to different systems and regulations, and market demand can change rapidly, requiring swift adjustments.

Each manufacturer and distributor must address these pain points to optimise their inventory management and overall business operations.

How can manufacturers and distributors improve inventory management?

These businesses are under immense pressure to elevate service levels while also enhancing gross margins, which can be particularly daunting if margins are already extremely narrow, as is the case in the food and beverage industry.

The top performers in the industry are strategically focusing on three key areas:

1. Enhancing or even increasing gross profit margins by effectively reducing inventory costs.
2. Elevating service levels to meet and exceed customer expectations.
3. Streamlining order-to-delivery times for maximum efficiency and customer satisfaction.

Inventory optimisation is a strategic approach that businesses can employ to effectively balance the capital invested in inventory with their service objectives. However, this task can be challenging when done manually. To overcome this hurdle, manufacturing and distribution businesses should explore the adoption of technology solutions that can assist them in achieving their goals:

Manufacturers and distributors are constantly seeking innovative solutions to effectively manage their inventory and minimise associated expenses. It's imperative for them to find efficient ways to monitor stock levels while keeping costs at a minimum.

1. Segment and differentiate inventory using filters
By utilising segmentation, businesses can align their inventory based on demand and fulfilment patterns, rather than keeping undifferentiated stock-keeping units. This allows businesses to strategically stock inventory in a way that enhances service levels. They can segment inventory based on factors such as customer, location, or industry, enabling them to optimise their inventory management.

2. Determine appropriate stock targets for critical nodes in the supply chain
Businesses can optimise inventory levels by establishing safety stock at critical points in the supply chain, a concept known as multi-echelon planning. By strategically stocking inventory at these critical nodes and implementing postponement strategies, businesses can reap substantial benefits. Postponement strategies involve delaying inventory commitment until the last possible moment, enabling flexibility and better response to market dynamics.

3. Measure customer service levels during the execution phase
Businesses that possess a deep understanding of how service levels impact inventory management planning gain a competitive advantage. By being aware of how their decisions will influence execution, businesses can proactively adapt their strategies. This allows them to deliver superior customer service and enhance overall operational efficiency.

4. Determine suitable stock targets for inventory replenishment into distribution buffers based on customer demand
Businesses should prioritise technology solutions that facilitate close customer relationships and implement pull system capabilities. This ensures that orders are generated and shipped according to a predefined plan, rather than relying on buffer stock to compensate for uncertainties. Direct replenishment eliminates the need for buffer stock, which acts as a safeguard against unforeseen shortages or fluctuations in demand.

5. Access end-to-end inventory data for predicting, managing, and assessing demand
Leveraging historical data, manufacturing and distributing businesses s can accurately forecast future requirements, enabling them to effectively manage and assess demand levels. This data-driven approach empowers businesses to make informed inventory management decisions and optimise their supply chain operations.

By incorporating these strategies and embracing technology solutions, businesses can enhance their inventory management practices, improve service levels, and achieve greater efficiency in their supply chain operations.

Visibility across the supply chain

To effectively manage inventory, it's crucial to have complete visibility throughout the entire supply chain. Manufacturers and distributors must be able to trace parts, components, and products as they move across the supply chain until they reach their ultimate destination.

Data is the key to success in supply chain management. When all stakeholders, including customers, partners, and suppliers, have access to supply chain information and visibility, they can take the necessary actions to meet supply and demand requirements.

The advent of Industry 4.0, connectivity, and innovative data utilisation has revolutionised supply chain visibility, bringing businesses the ability to dynamically connect with their suppliers, partners and customers.

With intelligent inventory management, businesses can now easily communicate with suppliers and multi-warehouses to determine stock availability. In-transit visibility enables businesses to track shipments in real time, receiving immediate alerts in case of any delays.

By utilising predictive analytics, businesses can analyse historical sales patterns to determine when to increase or decrease inventory levels based on demand fluctuations and business dynamics. This empowers businesses to make informed commitments and allocations based on the availability of inventory.

This synergy between inventory management and transportation methods, for instance, optimises warehouse stocking strategies and enhances overall efficiency in the movement of goods.
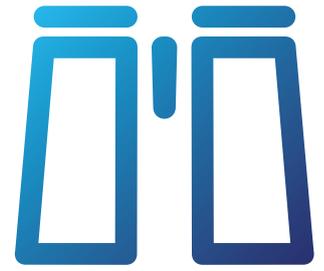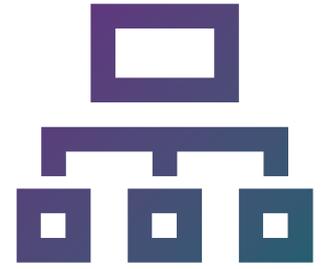
Why Sage X3 for inventory management?

Sage X3 is Sage's flagship ERP system. It's highly configurable and offers industry-specific functionality – from finance and distribution to manufacturing and supply chain. It can be deployed on-premises or in the cloud. Some of the key benefits of Sage X3 are:

✓ **Fully scalable** – a flexible system that will grow with your company

✓ **An accurate view of business data** – by using one solution for all your data you minimise the room for error and save time by eliminating duplication of workload

✓ **Real-time control** – complete control, visibility and interaction across the whole business and its processes

✓ **Multi-everything** – multi-currency, multi-company, multi-ledger, multi-site, multi-legislation, allowing you to easily manage everything

✓ **Highly configurable to your unique processes** – a flexible solution unique and tailored to your organisation

✓ **Integration with other business-critical systems** – Sage X3 can be integrated with other business-critical systems, extending the functionality and still giving you a single version of the truth

✓ **Access anywhere, anytime from any device** – having access to real-time data wherever you are on any mobile device or tablet
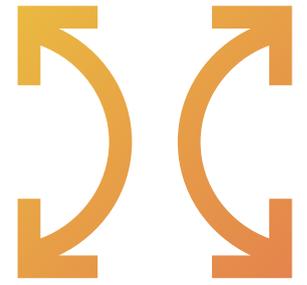
Sage X3 benefits and functionality

Sage X3 is particularly suited to companies in the manufacturing, distribution and services sectors, helping organisations in these sectors to deliver value to their customers. Specific functionality in Sage X3 includes:

Inventory management

Manage your entire inventory and supply chain process seamlessly in Sage X3. Keep up with demand and ensure optimal efficiency through real-time monitoring of inventory status. Inventory control is configurable by site with the application of multi-site, multi-warehouse and multi-location management. Incorporate powerful quality control functions including total traceability of inventory quantities and lot and serial numbers in real-time.

Manufacturing management

Sage X3 includes a full suite of manufacturing functionality allowing you to manage all your manufacturing processes from one single system. The system supports planning, scheduling and production control activities for both process and discrete manufacturing. It is also flexible enough to adapt to unique or mixed manufacturing modes.

Financial management

Sage X3 has fully integrated financial functions; including cost and budget accounting, commitments and fixed assets. As it's "multi-everything" it easily handles transfers from one country to another, between sites, subsidiaries and your headquarters.

The flexible accounting structure (multi-ledger and multi-chart of accounts) promotes a real-time global vision while accommodating local operational requirements.

Customer service

Deliver to customer expectations. Full integration with sales, inventory, purchasing, finance and manufacturing provides a 360-degree understanding of customer activity.

Reporting and business analytics

Make faster strategic decisions by having real-time data at your disposal enabling you to respond quickly to changing business conditions.

Why partner with Inixion for your ERP project?

We help our customers with every aspect of Sage X3, from selection through to implementation, and for the lifetime of their system. We ensure that you start with the right solution for your unique requirements and assist you to ensure that Sage X3 stays fit for purpose whilst your organisation expands and evolves.

Reasons to choose inixion

Laser-like focus on Sage X3

Sage X3 is the only solution Inixion works with. This laser-like focus ensures that we know the intricacies of Sage X3 inside and out and how it can be applied to various industries, with the ability to think 'outside the box' to help solve more complex business challenges.

Partnership and quality approach

Our focus is on building partnerships with customers and acting as an extension of their team and in-house capabilities. This approach has served us very well - we boast an impressive 'zero-failed' projects to date accolade.

Unrivalled product knowledge

We have a combined experience of over 250+ collective years and many of our Inixion employees were previous end-users of Sage X3, giving us the advantage of unrivalled product knowledge. Additionally, many from the Inixion team have worked in the industry and have a real-world insight into the complex processes faced by businesses.

"

Inixion thought very carefully and deeply about our unique and specific needs. They have a huge level of expertise and are really focussed on the project in hand.

John Bradley
Group Financial Director

SIL
Holdings
Textile Excellence

About Inixion

At Inixion, we don't just implement ERP systems, we deliver success.

Founded in 2006, Inixion is a trusted Sage ERP partner with a 100% implementation success rate and a reputation for delivering long-term value. We specialise in Sage X3 for manufacturers and distributors across the UK and USA, and Sage Intacct for professional and business services companies in the UK.

What sets us apart? Many of our consultants have worked in the industries we serve. That means we bring real-world understanding to every project, combining deep product expertise with genuine business insight.

Above all, we believe in building mutual value. Our approach is collaborative, transparent, and outcomes-driven. Whether you're scaling, streamlining, or modernising, we're with you every step of the way.

Zero failed projects. Proven results. Trusted by industry.

Speak to our team today: enquiries@inixion.com

Alternatively, view our case studies to see for yourself, how we have helped numerous manufacturers and distributors transform their operations with Sage X3.
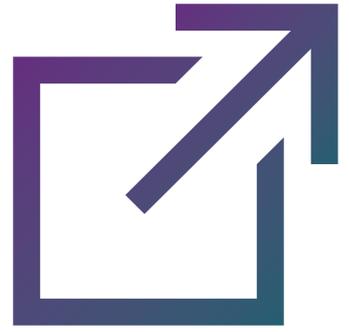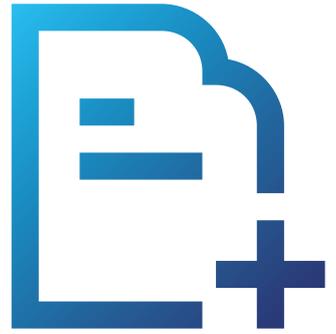
Support resources

Sage X3 demo and briefing

Our free 2-hour demo and briefing will highlight the key functionality available in Sage X3 and demonstrate the areas relevant to your organisation.

Book your demo here.

ERP selection checklist

Our comprehensive ERP selection checklist highlights three critical categories and has been created to help guide you in selecting the right ERP system with the right functionality to give you a head start during your due diligence.

Access your checklist here.

Solving supply chain woes

This guide takes you through the future of supply chains and the role of ERP in supply chain management, including the ways an industry-specific supply chain ERP, such as Sage X3, works to build resilience into operations and revolutionise supply chain processes.

Download the guide here.

Signs it's time to upgrade or replace your ERP system

Discover the pain points our customers experienced that signalled it was time to upgrade or replace their ERP system. Includes video case studies.

Download the guide here.

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