

MRO

"We saved \$14m in six months. We're used to being promised these kinds of numbers - we're just not used to having them delivered."
 Wing Commander, Royal Australian Airforce (RAAF)

- | | | |
|--|---|--|
| ABB
The Australian Army
Australia Post
The Australian Navy
Bell Helicopter Textron
CPI
Cummins Engine | Defence Materiel Organisation
FirstEnergy
Honeywell
Honda Australia
Mitsubishi Motors
Nortel | QANTAS
RAAF
Raytheon
Repco
Toyota |
|--|---|--|

Distribution/Retail

"As anticipated, the GAINS solution has more than met our objectives and expectations."
 Michael Wood, General Manager, Parts Operations, Mitsubishi Engine

- | | | |
|---|---|---|
| Abbott Laboratories
Alcon
Amway
Atlas Specialty Metals
Bonlac Foods
Bonland Dairies
CPI
CUB
Ericsson
Honda Australia | Invacare
Marathon Tyre
McDonalds
Metalwest
Mitre 10
Mitsubishi Motors
Monsanto
Panduit
PPG
Repro | The Pampered Chef
Toyota
Sara Lee
Stanley Tools
Super Cheap Auto
Symbion Pharmacy Services
United Laboratories
Wesfarmers Industrial & Safety (Blackwoods) |
|---|---|---|

Manufacturing

"Now I do the purchasing each month for all 14,000 items in three days - that used to take six people two weeks."
 Michael Byrne, Group Stock Controller, CPI

- | | | |
|---|---|---|
| Abbott Laboratories
Alcon
Atlas Specialty Metals
Bonlac Foods
CPI Group
CUB
Ericsson | Invacare
ITT Industries
MonTnto
Nestlé
Panduit
Parchem
PPG | Sara Lee
Smorgon Steel
SnapFresh
Stanley
United Laboratories
Volvo Truck |
|---|---|---|

Actual Results

- RAAF:** ▼\$186m [25%] reduction in inventory.
 ▼67% reduction in understocks.
- United Labs:** ▼\$9m [36%] reduction in inventory.
 ▲17 percentage point service level improvement.
- CPI:** ▼\$14m [31%] reduction in inventory.
 ▲Increased service levels to 96% in 7 months.

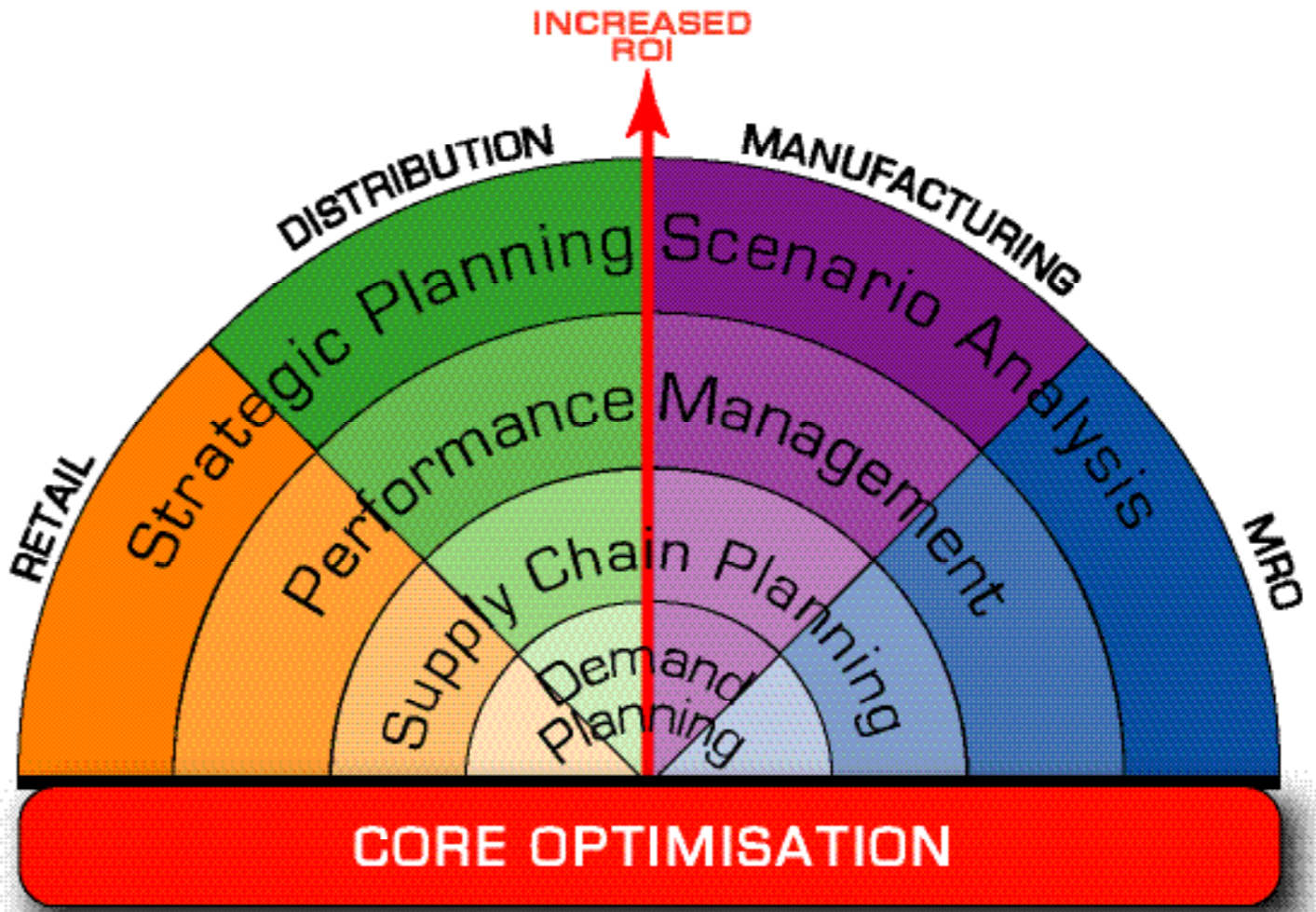
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GAINS

Demand, Inventory & Supply Chain Optimisation

AMR Research often refers to GAINS as "the best kept secret in the industry". This is a secret that highly successful, blue-chip companies have discovered. For example, the **Australian Defence Forces**, **Super Cheap Auto** and **Symbion Pharmacy Services** have all realised substantial, quantifiable and sustainable benefits through their use of GAINS.



GAINS overview

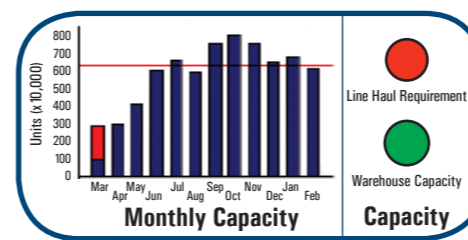
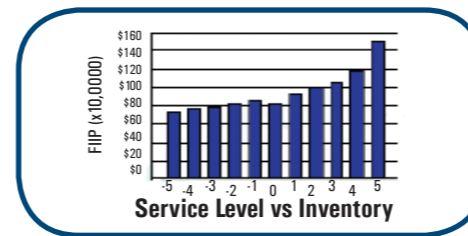
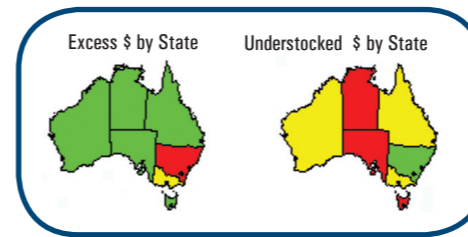
GAINS is a “best-of-breed” demand, inventory & supply chain planning and optimisation system. For the last 30 years, GAINS has worked with over 500 companies across a range of industries managing in excess of \$50 billion worth of inventory across 25 million items. GAINS has delivered inventory reductions in excess of \$15 billion whilst simultaneously and sustainably increasing service level performance.

It is important to note that many systems claim to ‘optimise’, but this is a largely misunderstood term. GAINS is a true optimisation system – it delivers a set of proven management controls that consistently deliver optimal results.

With its origin as an operations research consulting tool in the early 1970s, GAINS has had over 30 years of focused effort invested in its development. Development input has come from recognised international and domestic experts in fields such as academia, operations research, advanced mathematics and industry best practice. Importantly, the effectiveness of GAINS has been rigorously time-tested and proven over these 30 years. The amount of specialist, proven knowledge that GAINS embodies is unparalleled in the industry. The benefit to our clients is a sophisticated, easy to use tool that consistently and rapidly delivers benefit.

THE GAINS TOOL PROVIDES:

- 30+ years' experience in demand planning, inventory optimisation and supply chain management,
- rapid and proven results,
- quick and easy implementation,
- straight-forward integration and scalability,
- guaranteed outcomes and ROI, and
- a unique approach to culture change.



The screenshot displays the GAINS software interface with several key components:

- Forecast Review and Management Condensed:** A table showing historical and forecast data for various months from 2000-2001 to 2003-2004. Columns include Prd, 2000-2001, 2001-2002, 2002-2003, Raw, and Adj.
- By SKUL Item: 11050018:** A line graph showing demand over time with 'Adj Hist' (Adjusted History) and 'Raw Fat' (Raw Forecast) lines.
- Cross-SKUL Order Builder:** A complex interface for building orders, including fields for Level Load, SKUL Summary, Set Target Qty, and a detailed table of items with columns for Item, Ship Loc, Rec Loc, AC Rep, Cal S, I, Calc Qty, Adj Qty, Recv Date, A S Tr, Cubage, Weight, Pre-Ord, and Wks.

typical benefits

within 6-12 months

- results guaranteed with success-based implementation
- rapid, sustainable cash generation
- average 20:1 return in first 12 months
- 20-40% inventory reduction
- sustainable, controllable service level improvements
- enhanced return on equity (ROE)
- improved return on assets (ROA)
- significant working capital improvement
- improved operating efficiencies
- improved relationships with suppliers and customers
- integration of business goals and operational practices

capabilities

GAINS is a dynamic planning system that automatically re-optimises inventories as the environment changes

GAINS has a proven, road-tested battery of forecasting algorithms that cater for the vast range of demand patterns that different businesses experience. From fast movers to cyclical/trending to the slow movers in the ‘tail’, GAINS’ dynamic, adaptable and rigorous demand planning process automatically selects the best forecast model for every item in every location – every time.

ability to forecast by item, location, customer, channel, category, unit of measure, colour, size, style, type etc.

facility to add and assess market intelligence at various levels

enables supplier and customer collaboration

delivers an exception-based process – highlights and prioritises recommend actions

enables process automation and provides workflow tools

proactively manages service level targets

detects life cycle and trend changes

ability to profit-maximise the inventory mix

embodies product substitution and supersession management functionality

optimises inventories based on risk, costs, constraints and customer service level targets

has comprehensive distribution requirements planning (DRP) capabilities

proactively prioritises and allocates stock based by item by location

incorporates and plans for stock presentation requirements

has powerful promotions planning and “what if” simulation functionality

proactive lot management and stock ageing capabilities

synchronises demand and supply

provides forward vendor schedules and supply plans

proactively balances and repositions inventory to demand across the distribution network

can take demand directly from point of sale (POS) data

enables vendor managed inventory (VMI)

provides inventory margin analysis

measures and proactively manages supply variability risk

provides an interactive performance measurement dashboard

advanced collaborative planning tools enabled with the latest web-based technologies

graphical adjustment capabilities

powerful cost optimisation routines

possesses the unique ability to calculate the most profitable service level policy for each item

production and capacity optimisation

service part and repair pipeline optimisation

an integrated, graphical and customisable Sales & Operation Planning (SOP) suite that enables “slice and dice” investigation and supports “what if” scenario planning

new item management and supersession capabilities

bill of material (BOM) & kit planning

strategic simulation capabilities

plus much more...

“GAINS is unique in the functionality provided to support Inventory Management (IM). In addition to functionality typically supported by IM specialists... GAINS approaches the IM problem in a precise, sophisticated fashion that focuses on profit optimisation.”

AMR Research, Inc. – Alert on Supply Chain Management and Enterprise Applications



In regards to planning inventories based on maximising corporate profits; “To date, only GAINSystems’ inventory management application takes this approach in a systematic way.”

AMR Research, Inc. – Report on Supply Chain Management