

# Optimizing your asset parts inventory

Balance your organization's spare parts inventory versus cost and risk tolerance



## Highlights

Reduce unplanned downtime related to lack of parts

Reduce part inventory costs

Reduce maintenance budget

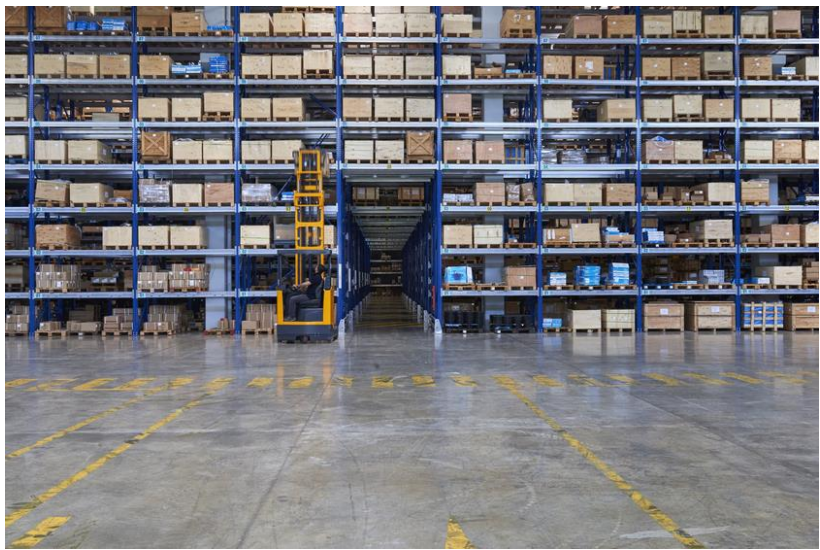
Increase service levels

How well is your organization managing your spare parts inventory levels? Too much, so that you're continuously having to write off inventory for pennies on the dollar? Too little, so that you're constantly hurting due to poor service levels with your maintenance and reliability organization? Either way the cost of running the operation is higher than what it should be. And that erodes your competitive edge.

*"50% of annual unscheduled asset downtime can be attributed to the lack of spare parts and stock outs" Aberdeen Group*

Structural problems within the underlying inventory management system, inaccurate manual processes and lack of best practices can have very real consequences. Are you paying too much? Are your assets under-performing? Mitigating risk, meeting service levels, maintaining high safety levels and managing costs should not be competing goals—but can you truly find a balance that works.

The answer is yes, you can. It's called optimization. By optimizing spare parts inventories, organizations can dramatically improve their asset management outcomes. But doing it right requires appropriate technology. With a decision-support system incorporating a best practice methodology, inventory managers can have a consistent and powerful tool for managing their responsibilities, allowing them to be significantly more effective.



An optimized parts inventory builds a level of credibility that's tangible and sustainable over time, honing an organization's competitive edge. Improving management of spare parts and consumables inventories with optimization technologies and best practices consistently produces measurable benefits.

Beyond simply getting the right parts and materials to the right place at the right time, optimizing your spare parts inventory management helps you reap substantial cost savings and drive greater operational efficiencies. Better inventory performance means you can meet or exceed reliability, safety and production targets.

“MRO is really about getting the maintenance, inventory, and supply chain groups to work better together to make sure spare part service levels are maximized while balancing cost and risk.”

Frost Sullivan – Sankara Narayanan, Senior Analyst

### **IBM Maximo Inventory Optimization**

IBM Maximo Inventory Optimization is part of the award-winning Maximo Application Suite solution, a cloud- based software platform specifically designed for the distinct challenges of MRO (Maintenance, Repair and Operations) asset-intensive environments. Maximo Inventory Optimization helps to empower users with an accurate, detailed picture of their spare parts inventory performance; and powerful capabilities to enable informed decisions that help improve margins, increase service levels and minimize unplanned downtime.

Asset-intensive organizations around the world-including the world's leading Oil & Gas, Mining, Transportation, Utilities and Process Manufacturing companies-rely upon the IBM Maximo Inventory Optimization offering to help them achieve significant results in months, not years.

IBM Maximo Inventory Optimization provides comprehensive parts inventory management as characterized by these key features:

Key features	Description
Service level analysis	Ensure right parts are available at the right time
Inventory optimization	Automated, analytics-based approach aligning safety stock
Criticality analysis	Segment inventory by criticality and business impact of spares
Lead time analysis	Determine more accurate lead time
Baseline analysis	Analyze inventory value based on average price, inherited items, and other criteria
Demand forecasting	Minimize risk of overstocking consumables or stocking out of critical spares
What if analysis	Test different scenarios to find optimal inventory levels
Smart Review	Leverage AI to develop deeper understanding of recommended changes
Item Change Request	Allow business owners to request changes to inventory levels
Draft items	Understand cost to business of new inventory before investing
Projected demand	Determine how changes to business will impact inventory levels
Advanced demand forecasting analytics	Improve forecasting intermittent and variable demand using advanced algorithms to improve forecasting, stocking level recommendations, service levels, and reduce costs
Work queues	Monitor review progress and remaining workloads
Custom layouts	Customize screens and work queues to align with business processes
Advanced algorithms and analytics	Intelligently balance costs and risks across material activities
Easy host system integration	Integrate with industry leading ERP, EAM, or data warehouses
Big data	Leverage column-oriented databases, elastic search and aggregation / summarization engines
Item scoring	Combine urgency, value and risk-based factors to assign objective scores to tasks helping align best practices
Analytics	Build and generate custom reports / dashboards
Interactive visualizations / actionable insights	Visualizations and “what if” scenarios making complex data patterns, trends, and opportunities easier to recognize
Scalability	Can grow from small, single install to large global enterprise

# Why Maximo Inventory Optimization

## Optimizing parts inventory

Provides advanced algorithms and analytics for optimizing spare parts inventory.

- Manage the balance between urgency, value, costs, and risks.
- Reduce space usage, duplicate inventory, inventory tracking, and poor ordering processes.

## Reduce costs

Lower the costs of spare parts inventory.

- Avoid express shipping expenses, shrinkage, damaged inventory, and obsolete inventory.
- Improve asset lifespan with timely maintenance and repair avoiding unplanned replacement / retirement.

## Improving decisions

Leverage the benefit of a comprehensive parts inventory management system.

- Leverage “what-if” scenario planning, demand forecasting, better lead time analysis, and improved service level analysis.
- Leverage advanced and customizable dashboards, reports, and visualizations to improve collaboration and decision making.

“It eliminates the need for system experts as it has a host of user-friendly functionalities such as what-if analysis, multi-dimensional inventory forecasting algorithms, dynamic inventory segmentation, intuitive visualizations, and drag and drop. Furthermore, it has leading-edge reporting and interactive dashboards that not only enrich user experience, but also provide the visibility required to effectively manage inventory.”

Frost Sullivan - Sankara  
Narayanan, Senior Analyst

# Why IBM

## Outstanding solution for managing spare parts inventory

Full featured solution for managing your spare parts inventory in dynamic and evolving business environments. Manage complex relationships between urgency, value, cost, and risk for the optimal parts inventory levels which meet your business strategy.

## Trusted partner

The IBM name is synonymous with expertise, customer first, and client value. IBM is a market leader in asset management. Combining our technical sales and support with our lab services IBM provides complete acquisition and enablement services.

## Future-proof

IBM Maximo Inventory Optimization not only provides an outstanding parts inventory management solution, the Maximo Application Suite offers a broader asset management solution to help your organization optimize your operations. The IBM offering integrates with leading ERP, EAM, and data warehouses.

IBM Maximo Inventory Optimization offers comprehensive spare parts inventory management capabilities, including advanced analytics, host system integrations, “what if” analysis, scenario planning, as well as a wealth of additional inventory management capabilities.

**For more information**

To learn more about Maximo Inventory Optimization, contact your IBM representative or [book a live demo online](#).

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