sage

Sage Inventory Advisor
A key tool driving revenue growth at Savoury Systems

It would be accurate to say that Savoury Systems International, Inc. has great taste. The company manufactures flavor blends and enhancers utilized by some of the biggest names in the food industry. Recognized as one of *Inc. Magazine's* fastest-growing private companies, Savoury Systems is experiencing 20 percent year-over-year growth increases. To support a growth trajectory, Savoury Systems realized that strong systems were needed to keep the right inventory in stock to meet customer demand. It required a strategy for optimizing inventory assets that puts every dollar to work. Sage Inventory Advisor soon became the company's strategic solution to keep up with growth.

Inventory balancing act

Food manufacturers like Savoury Systems constantly strive to balance stock levels to meet demand without overstocking, which leads to waste and ties up working capital. Dave Adams, president of Savoury Systems, recalls some of the company's challenges: "We didn't have good visibility into demand. To ensure we would avoid stock out situations, we often overstocked. That ties up our working capital, and since our products have a shelf life, we sometimes were left with product we couldn't sell."

A game changer

Sage Inventory Advisor, a cloud-based inventory diagnostic, forecasting, and management tool that tightly integrates with the company's enterprise resource planning solution, Sage ERP X3, provides the answer.

"Sage Inventory Advisor has been a game changer for us. We reduced the working capital we had tied up in inventory by nearly two million dollars, freeing that cash for reinvesting in the company," says Adams. "Our fill rates have improved as well—stock outs, surplus orders, and excess stock are at all-time lows. Since implementing Sage Inventory Advisor, our revenues have grown by 15 percent, while we've simultaneously trimmed our stock-on-hand investment by one-third. That frees funds that we can use to continue to grow the company."

Customer
Savoury Systems International, Inc.

Industry
Food manufacturing and distribution

Headquarters
Branchburg, New Jersey

Systems
Sage ERP X3
Sage Inventory Advisor

Challenges

Savoury Systems was experiencing rapid growth but lacked accurate inventory management and forecasting tools. To protect against stock outs, the company often overstocked, which proved costly and wasteful.

Solution

Sage Inventory Advisor provides the insight and metrics that enable Savoury Systems to optimize its inventory holdings.

Results

Working capital tied up in inventory was reduced by nearly two million dollars. Fill rates have greatly improved. Stock outs are at an all-time low. Revenue is up by 15%, while inventory investment is down by one-third. A full return on investment was realized within one year.

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David Adams, president
Savoury Systems International, Inc.

Improve fill rates

A top priority for Savoury Systems was to improve its fill rates. "We needed to master this, given our concurrent issues with both overstock and stock outs, often with no correlation to sales value and velocity ranking classifications," says Adams.

Sage Inventory Advisor provided precisely the sound, mathematical approach to managing safety stock that was needed, Adams says. "Sage Inventory Advisor immediately exposed SKUs with low value/velocity and 100 percent fill rates, and those with high value/velocity with fill rates below 90 percent. This enabled us to optimize the balance between cost of working capital and customer service levels. Prior to Sage Inventory Advisor, we simply had no way to rank, rationalize, and enforce our inventory target fill rate policies."

Knock out stock outs

The opportunity costs associated with stock outs are real, but prior to implementing Sage Inventory Advisor, they weren't measurable by Savoury Systems. "We weren't able to accurately determine how much we were losing due to stock out situations," explains Adams. "Now, we are able to see potential stock outs, the value associated with that outage, and take proactive action to prevent them. As a result, we know that we have reduced stock outs by an order of magnitude—they are at an all-time low."

The recipe for accurate forecasts

When the company was smaller, Excel® proved adequate as an inventory forecasting and planning tool, but as the company grew, it became too time and labor intensive to perform the maintenance and analysis on the various spreadsheets in order to glean meaningful data. Sage Inventory Advisor performs the heavy lifting involved in forecasting tasks, providing Savoury Systems with actionable data including item velocity, quantity sold or used, and value of sales. As data accumulates, the software will even calculate the top over- and under-forecasted items, enabling the company to hone its forecasts, keeping them relevant and accurate.

Quick to implement, cost effective to use

Savoury Systems does not have an IT department. The company partners with service providers to deliver the technology services it needs, freeing staff resources to focus on the company's core mission. Sage Inventory Advisor fits into this model perfectly.

The solution runs in the cloud, requiring no local installation and zero IT resources. It is quick to implement and highly cost-effective to use. Adams appreciates the fair, up-front pricing of the solution, "Sage Inventory Advisor is intelligently priced according to our inventory net book value," he says.

The catalyst for improvement

As a busy executive, Adams appreciates the powerful dashboard feature in Sage Inventory Advisor that provides snapshot views of the key performance indicators (KPIs) he cares about most. "I have access to surplus orders, potential stock outs, stock holding, fill rates, and sales velocity," he says. "The data is presented graphically and intuitively and is a great way to stay on top of what's happening with our inventory."

Sage Inventory Advisor has been the catalyst for additional changes and efficiency gains at Savoury Systems. "We have a high degree of confidence in our ability to meet customers' demands while still minimizing the amount of inventory we carry," says Adams. "That confidence allows us to focus on continual growth and improvement throughout the organization."

Full return on investment in less than one year

Adams says the company performs a return on investment analysis on every investment it makes, and that the return on Sage Inventory Advisor was rapid and significant. "By freeing working capital and optimizing our inventory holdings, Sage Inventory Advisor delivered a full return on investment in less than one year. Collectively, the savings and efficiencies Sage Inventory Advisor delivers means that the product will continue to pay for itself many times over—well into the future."

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David Adams, president
Savoury Systems International, Inc.

About Sage

Sage energizes the success of businesses and their communities around the world through the use of smart technology and the imagination of our people. Sage has reimagined business and brings energy, experience, and technology to inspire our customers to fulfill their dreams. We work with a thriving community of entrepreneurs, business owners, tradespeople, accountants, partners, and developers who drive the global economy. Sage is a FTSE 100 company with 14,000 employees in 24 countries.
For more information, visit www.sage.com.