

SUCCESS STORY



Inventory Optimization



medi Relies on Intelligent Inventory Optimization Software from INFORM

medi relies on the intelligent inventory planning of the ADD*ONE solution suite to keep stocks of well over 100,000 medical aids as low as possible and to meet strict best-before dates.

Thanks to well-founded forecasts, the manufacturer of medical products has been able to significantly reduce its stock levels, automate its scheduling processes, and thus noticeably reduce the workload of its employees.



About medi

medi's goal is to enable users and patients to achieve maximum therapeutic success in the medical field (medi Medical) and also to create a unique body sensation in the sports and fashion segment (CEP and ITEM m6). medi Medical's range of services includes medical compression stockings, adaptive compression fittings, supports, orthoses, thrombosis prophylaxis stockings, compression garments, orthopedic insoles, and digital health solutions. In addition, many years of experience in the field of compression technology have also contributed to the development of sports and fashion products. The foundation stone for the internationally successful company was laid in Bayreuth in 1951. Today, medi supplies products to over 90 countries around the world through a network of distributors and its own subsidiaries.

www.medi.de/en/

Whether it's torn ligaments during sport, back pain, varicose veins, or chronic wounds – as one of the world's leading manufacturers of medical products, medi helps people to improve their quality of life. The product range in the medical field includes compression stockings, supports, orthoses, and orthopedic insoles, which can contribute to successful treatment for many illnesses and complaints. The products are available in many specialist medical stores and medical supply stores in Germany and internationally. As a global player, the company employs around 1,800 people at its Bayreuth site (approx. 3,000 worldwide) and has 25 international branches. Production takes place at the main site in Bayreuth, as well as other plants in Germany and the USA.

Special Challenges in the Healthcare Sector

Given the special requirements in the healthcare sector, it is no easy task to guarantee reliable and, above all, economical product availability. *"Our compression stockings and orthoses have strict best-before dates that must not be exceeded,"* explains Heidi Kätzel, Head of Production Management at medi.

"In total, we have well over 100,000 active products in stock. Our stock levels should, therefore, be as low as possible," says the head of the department. At the same time, the company must be able to deliver at all times. In order to meet these challenges, the medical device manufacturer has been optimizing the inventory planning of all departments, both in purchasing and production management, with the help of the ADD*ONE solution suite since 2016.



The intelligent business software was introduced at medi as part of the changeover from the old ERP system "SoftM" to the new ERP system "Infor LN." As ERP systems often still have individual weaknesses, particularly in the area of shelf-life management, and do not offer sufficient order optimization, the medical device manufacturer set out to find an add-on solution to improve its ordering and scheduling processes.

Challenges

- Strict minimum shelf lives in the healthcare sector
- Keep more than 100,000 items available at all times
- At the same time, as little stock as possible
- ERP weaknesses in ordering and scheduling processes



» After a thorough examination of various options, it quickly became clear to us that ADD*ONE from INFORM was the ideal addition to successfully close the gaps and achieve our long-term corporate goals.

Heidi Kätzel, Head of Production Management at medi

The seamless integration into the ERP system went smoothly, as INFORM had already provided a specialized interface. During the changeover to the new ERP system, ADD*ONE proved to be a constant calming influence in the ERP migration process, according to the department head.

Significant Reduction in Stock Levels

The optimization software was convincing because it selects a suitable combination of forecasting methods and parameters for each item and recognizes how an item is in demand. This is done using intelligent forecasting algorithms based on advanced mathematics from operations research and artificial intelligence. However, the software not only provides a suitable demand forecast but also a cost-optimized procurement strategy. As a result, medi was able to significantly reduce its stock levels just a few months after introducing ADD*ONE. Kätzel is delighted:

» With the help of the software, we were able to achieve savings in the millions, and this result has more than exceeded our targets.

Heidi Kätzel, Head of Production Management at medi

Of course, the implementation of the new system meant a change for the employees at the beginning, as its use entailed changes to the scheduling processes. *"At the beginning, we first had to build up trust in the software and understand all the functionalities in detail,"* recalls Kätzel. *"However, the noticeable improvements quickly ensured acceptance and trust within the team, so that after this initial phase, we were able to switch almost all processes to automatic operation."*

Management by Exception

The software takes over the processing of standard orders automatically and the dispatchers at medi now only concentrate on critical orders where there is a real need for action according to the "Management by Exception" principle. *"This has*

not only significantly reduced the workload for our employees but also saved us a full-time position that we no longer had to fill, which is a great advantage in times of a shortage of skilled workers. In addition, the working environment for our employees has become noticeably more relaxed," says Kätzel.

The selection function, in particular, has proven to be of great added value in day-to-day work. This function can be used to select specific criteria or characteristics in order to filter out and analyze relevant data or information. *"My employees are very creative when it comes to making selections. Not a day goes by without someone creating a new selection to meet the constantly changing requirements,"* jokes Kätzel. It is also helpful to be able to use simulations to find out how possible changes in the supply structure will affect inventory management.

» With ADD*ONE, I enter the simulation, click on it, and immediately see the result – a dream in terms of speed and efficiency.

Heidi Kätzel, Head of Production Management at medi



Improving Supply Chain Performance with the VMI Tool

Another project that medi and INFORM have successfully completed together is the development of a vendor management inventory (VMI) tool, which the company has been using since the summer of 2023. The collaboration arose from medi's desire for a customized scheduling landscape that requires fewer interfaces to the ERP system and reduces the susceptibility to errors. As INFORM already had the necessary expertise and tools, medi decided to develop the tool together with the software manufacturer. *"The VMI tool that emerged from the collaboration is an intuitive, web-based platform that enables suppliers to make on-time deliveries in accordance with predefined rules,"* explains Sujeela Frings, Project Manager in the Inventory & Supply Chain division at INFORM, who played a key role in helping medi introduce the software. *"The data is seamlessly extracted from ADD*ONE and presented to suppliers as clear delivery suggestions, which they can edit or confirm as required. Confirmed proposals are then automatically transferred back into the solution suite and taken into account for further calculations,"* says the project manager. With the help of the tool, medi was able to further simplify and optimize its ordering and handling processes as well as inventory management.



Sujeela Frings, INFORM and Heidi Kätzel, Head of Production Management, medi (from left)

In addition to the intelligent solution suite, medi also appreciates the trusting cooperation with the software manufacturer: *"The project managers at INFORM were always available and always had an open ear for our questions,"* recalls the head of the department. *"They immediately took the time to respond to every request and looked for solutions that had a direct positive effect on our processes. I would choose ADD*ONE again and again,"* summarizes Kätzel. Frings adds: *"The collaboration with medi was characterized by a spirit of partnership right from the start. We have built up a trusting relationship that has enabled us to tackle new challenges, such as the VMI tool, together and develop a solution. This not only promotes joint success but also the continuous further development of our solutions."*

Achievements

- Significantly reduced inventory leads to savings in the millions
- Automation of all standard orders means more time for critical orders
- Relieving the burden on employees and easing the problem of skilled workers
- More security thanks to simulations and reliable forecasts

If you would like to know more, we look forward to hearing from you:

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