

***Remote stock monitoring
for free!!***



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HYCONTROL

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The concept of Remote Managed Inventory Systems or RMIS is certainly not new. However, despite a number of organisations promoting centralised web-based inventory management, a wide range of companies have not yet taken advantage of the extensive benefits offered by such systems. Leading level measuring specialists Hycontrol claim there are a number of reasons for this, including cost and scepticism. Primarily systems have been ‘sold’ by IT or Logistics based companies and costs can be unattractively high.

Hycontrol have recognised that the bulk solids and liquids market is prime territory for RMIS, but have



found there are two main factors limiting its uptake. Firstly there appears to be a lack of understanding of the real benefits for both supplier and consumer, and secondly there is an absence of cost-effective remote contents measuring systems to provide the universal data management for ‘running’ such systems. The latter, Hycontrol claim, is crucial to the successful implementation of any inventory managed system.

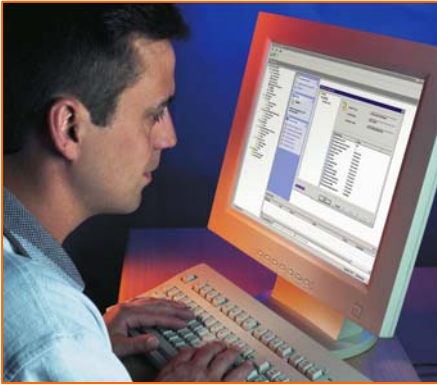
Using their extensive background in level measurement and control, the company has developed an effective web-based contents data management system which can form the heart of an Inventory Management System. The system makes silo, tank and vessel contents information available in real time with a direct link or via a dedicated and secure e-server. From this base they are now working with suppliers and users of bulk materials in

setting up cost-effective inventory management systems.

Hycontrol’s Sales Director Nigel Allen is very enthusiastic about the project and as he explains: *“Even though there is huge pressure for companies to reduce costs and carbon emissions, they still don’t realise the significant benefits of RMI. The savings can be remarkable, especially given the ever-rising cost of transportation and in some applications we believe we can identify cost savings of up to 20%. In many cases, the vessels to be monitored are currently fitted with either level measuring or weighing systems so local data is already available. All parties involved can benefit through improvements in efficiency and cost. However to be successful it needs buy in from all concerned and open dialogue to determine and achieve joint goals.”*



Another important factor highlighted by Hycontrol is that companies don't always realise that remote inventory management systems do not have to be integrated with existing management systems. As a result they can be relatively straightforward to implement and cause minimum disruption to plant operation.



In any inventory management system, there are typically two parties involved, namely the supplier, and their customer, the user. Clearly each party in the supply chain has their own set of goals that they want to achieve through the implementation of the system.

For the supplier and their logistics company, the key issues are related to optimising production, minimising stockholding, reducing transportation costs and improving transport planning. Their main goals are to:

- Reduce or eliminate part load deliveries
- Reduce partial load product returns
- Increase average delivery loads
- Reduce costly waiting time (demurrage) on site prior to unloading
- Avoid panic deliveries
- Avoid panic production
- Match their own production with demand to avoid overstocking or product shortages
- Reduce unnecessary overtime costs
- Reduce costs associated with third party vehicle hire

On the customer side, the focus is on smooth production and therefore they want to:

- Avoid running short of raw materials
- Avoid production downtime
- Reduce unnecessary stock holding and maintain optimum stock levels
- Ensure competitive raw material supply through efficient logistics

As already stated, without doubt, the key to success for any RIMS is the availability of accurate data relating to the contents of the storage vessels. Applications may range from a single site with two or three vessels up to multiple nationwide sites with hundreds of vessels. One important advantage is that if appropriate, systems can be built up over a period of time thereby spreading cost. Typically companies can start with monitoring on vessels containing critical materials. It is also important to recognise that some of the major pro-rata savings can be made with lower cost materials where proportionally the transport costs are considerably higher per unit load.

The Hycontrol system provides a wealth of on screen data from vessels in an easy to view format and operators can clearly see the actual contents at any time, together with usage trends by week, month



and year. This means that unusually high usage trends for particular products can be identified which is particularly useful for materials that have higher usage at certain times of the year. The system can be programmed with alarms, for instance, warning of low or high level situations and associated messages can be sent as emails or text to designated mobile phones.

This high visibility of raw material stocks makes delivery planning very straightforward and as Nigel Allen continues: *“We have identified two distinct opportunities for remote inventory management. In addition to the recognised Vendor*

Managed Inventory System, there is also a Customer Managed Inventory System or CMIS. In the latter case, the user implements the remote monitoring system so that they can manage their ordering and deliveries from a central location. This is particularly useful for multi-site applications where accurate stock control can be difficult to manage. Once such a system is operational, the user can then offer their suppliers direct access to the site data via the site measuring system or the enterprise server facility if more than one site is involved. The scenario of supplier and customer working in partnership should lead to mutual cost savings, allowing suppliers to then better manage deliveries, hopefully, in turn, passing on some of the cost saving benefits to the user.”

In conclusion, it is clear there are important cost savings to be gained from implementing a remote managed inventory system for both the supplier and customer. The key to success is the availability of real time accurate vessel contents data, which allows suppliers to plan their delivery schedules and optimise production. This in turn optimises transportation efficiency and ensures users maintain the optimum stocks of crucial raw materials they need for hassle free production without the fear of product run-out. Hycontrol’s solution offers a new and fresh approach to managed inventory, based around their extensive 30 years’ experience in providing accurate and reliable level



measurement. It addresses issues which have previously limited the up-take of this technology and provides a win-win situation for all parties concerned, without a large investment in time and money. In fact, given the potential savings, ‘remote stock monitoring for free’ is not ‘pie in the sky’.



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