

ACHIEVING PEAK PERFORMANCE IN INVENTORY MANAGEMENT

CASE STUDY



Texas Electric Cooperatives

Your Touchstone Energy® Partner 

EXECUTIVE OVERVIEW

Texas Electric Cooperatives, or TEC, is an organization that provides overall management and coordination of the products and services offered to electric utility consumers throughout the state of Texas. Not only does TEC provide electric utility service, they also offer many other services including maintaining a large inventory of electrical equipment for distribution.

By implementing RockySoft's Demand Manager, Requirements Planner, Economic Order Manager, and Exception Signals solutions in 2004, and following with Supply Base Manager and Enterprise Metrics in 2007, TEC has been able to consistently and efficiently deliver electrical equipment to their customers. The RockySoft solution has helped TEC to grow this part of their business to a projected \$115 million in 2007.

SITUATION ANALYSIS

In 2000, TEC established a new division, Utility Supply and Service (US&S), for distribution of electrical utility products. By 2004, they were enjoying very rapid growth. Sales essentially doubled. They were quick to notice that the technology they were using was not enough to allow them to continue to grow at that rate with effectiveness. Problems such as inconsistency in forecasting their inventory needs, not having enough of the right products on hand, and long delivery times were increasing. These problems delayed some customer orders, and the amount of time and effort necessary to work on orders and procurement needs was becoming a burden.

"RockySoft's implementation and support teams were extremely knowledgeable about their products as well as industry-standard and non-standard procurement processes. Their knowledge heavily influenced the design of our new procurement processes."

*- Elizabeth Montoya
Chief Financial Officer*

TEC WAS ABLE TO DECREASE EXCESS INVENTORY BY 11%, EQUAL TO ABOUT \$1 MILLION, WITHIN TWO MONTHS AFTER IMPLEMENTATION OF ROCKYSOFT'S SOLUTIONS.



THE SOLUTION

The staff at TEC acted quickly and explored many options in inventory management. RockySoft's solution stood out from the others in many ways:

RockySoft's solution has several applications or modules that meet specific needs in inventory management. When designing a solution, RockySoft evaluates the organization's unique operating processes and structure, and assembles a set of modules, from the RockySoft "Inventory Management Suite"™, that will work seamlessly together to improve the organization's inventory management capabilities. This was particularly important with the US&S Division at TEC. Their business model is very unique and doesn't compare well to other business models. They needed to thoroughly understand how RockySoft's inventory management could be integrated within their existing systems. RockySoft's engineers were able to show TEC how the different modules could be applied to solve problems they were experiencing.



"The charts and graphs available in the core RockySoft modules make it easy to understand our company's current and future procurement needs."

By implementing the initial solution, RockySoft's "Core Distribution Applications", TEC quickly alleviated the most critical problems in their operations. RockySoft's "Core Distribution Applications" include: Demand Manager, Requirements Planner, Economic Order Manager, and Exception Signals. Forecasting was one of these critical areas, and the entire process immediately became easier. Using the combined functions of Demand Manager and Requirements Planner, information about all past orders and deliveries was compiled to form a complete history for TEC, and allowed these applications to develop a consistent and accurate prediction of future needs. Now, TEC's US&S Division has a complete forecast for the next two years that can be analyzed in various ways, such as by item or location. They have been able to maintain more appropriate amounts of products on hand, and have significantly reduced delivery times.

They have also been able to reduce delivery costs. RockySoft's solution provides automated suggestions to notify staff when combining deliveries will be more cost effective without impacting their customer expectations. This and other types of automated alerts provided through the Exception Signals and Requirements Planner applications help to increase overall efficiency, and prevent potential problems before they occur.

RockySoft's solution is easy to use, too. Data can be viewed in many different ways—by location, by item, or by customer. It can also be viewed in spreadsheet format, but more importantly, it can be viewed graphically. RockySoft's visual interface is a powerful tool, and makes it easy to quickly identify areas that need immediate attention.

These features represent the best of what an inventory management system can do, and RockySoft does it very well: their applications automate and simplify regular and often repeated tasks, so the staff is free to put their time and energy into more complex and revenue-enhancing work. This allows resources to be used to their full potential.

BENEFITS

- Decreased excess inventory by \$1 million, or 11%, within two months
- Decreased stock outages of the highest demand items
- Improved vendor managements allows TEC to choose vendors that can provide the best quality products most quickly and consistently
- Inventory that moves too slowly is being sold off, and RockySoft is able to prevent re-ordering
- Service levels continually improve as sales, inventory, and purchasing data history grows more and more accurate

“RockySoft’s ability to transform our core data into daily exception signals is most beneficial to us. These signals save us time and money by consolidating an overwhelming amount of company data into specific messages.”

-Elizabeth Montoya

SUMMARY

RockySoft’s solutions and partnership have heightened TEC’s ability to meet customer demands, build revenue, and strengthen their overall ability to effectively manage and distribute inventory. Elizabeth Montoya, Chief

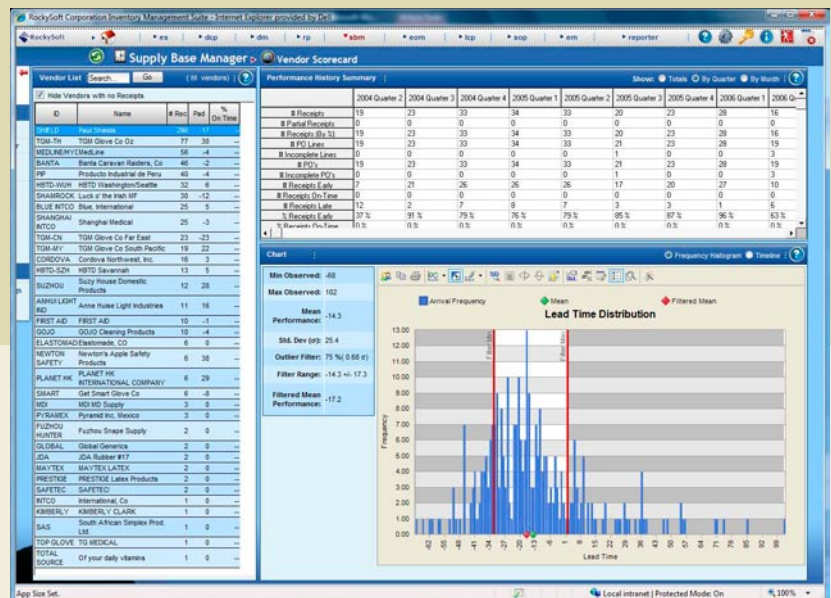
Financial Officer, can cite many ways that RockySoft has been a strong contributor to TEC’s success. She says, “Many of our customers have noticed an improvement in our service levels since implementing RockySoft. RockySoft has become a core ingredient in our sales pitch to customers.”

ABOUT TEXAS ELECTRIC COOPERATIVES (TEC)

Texas Electric Cooperatives (TEC) is a statewide organization dedicated to representing the interests of cooperative electric utilities in Texas and the member-consumers they serve. Established in 1941 and based in Austin, TEC today represents 65 electric distribution cooperatives and the state’s 9 generation and transmission cooperatives. TEC is a Microsoft Dynamics GP Partner. TEC’s president and Chief Executive Officer is Mike Williams. For more information, see TEC’s website at <http://www.texas-ec.org>.

ABOUT ROCKYSOFT

RockySoft is a privately held company located in Fort Collins, Colorado. Its mission is to help distributors and manufacturers reach new heights by implementing inventory management systems and processes in ways which positively impact the bottom line. By delivering on this promise, RockySoft helps reduce inventory costs, improve customer service and increase profitability. For further information, please contact: Jeffrey Porter, Vice President of Business Development, RockySoft Corporation, Tel: 1.877.277.0868, x105, jporter@rockysoft.com, <http://www.rockysoft.com>.



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