

THE CORIX GROUP OF COMPANIES

a customer case study for

DEMAND FORECASTING AND REPLENISHMENT





Absolute Value Delivers Double Value to The Corix Group of Companies

What do you do if your strategy is growth by acquisition and the economy begins to weaken? The Corix Group of Companies relies on Absolute Value to maximize efficiency in maintaining the right stocking levels and to provide the competitive edge they need to continue winning large contracts.

THE BACKGROUND

The Corix Group of Companies is made up of three entities. Corix Water Products is a large water and wastewater products distributor, growing in part by acquisition. Corix Water Systems fabricates water and wastewater treatment plants. Corix Utilities develops customized water, wastewater and sustainable energy systems and provides field metering services for gas, water and electrical utilities. Together these three divisions form a \$300 million company. Absolute Value gives them an edge, and they do use it!

Corix Water Products has more than 40 users who plan, purchase, and manage their inventory of 1.7 million SKUs across 33 branch locations, forecasting and fulfilling demand for thousands of customers.

THE CHALLENGE

1.7 million SKUs are a lot to keep up with, but Absolute Value manages each one separately. The system is delivered with 18 forecasting formulas, and uses the Best-Fit forecasting method of "re-forecasting" the past for each item, and using the most appropriate forecast formula going forward. This makes it easy for newly acquired Corix entities to begin using the system. They "just start", and the system improves their forecast accuracy as each month passes. As trends for a SKU change, the formula used automatically changes to provide the most accurate forecast.

Special plans can be entered, by customer or project, via Absolute Value's Collaborative Forecasting module. This is particularly helpful when working with building contractors or in the example of a municipality that will need many fire

hydrants for a project. Corix uses this aspect of Absolute Value to replace historical data for a specific customer or project with newer, more refined information.

As critical as forecasting is, it is only half of the process of managing inventory. The Absolute Value replenishment process compares the forecast to time phased expected inventory to identify an inventory need with laser-like accuracy. This information is then used along with safety stock and economic calculations to determine the quantity to purchase. The result is a suggested order for each vendor.

THE PROCESS

Each morning when buyers arrive, they start with the suggested orders that were generated overnight by Absolute Value. Corix employees love the visibility that this provides them. The user can drill down by line item and view the calculation that drove the suggested order. Everything they need to understand is right there. They often find that the inventory need can be satisfied by allowing the system to transfer excess inventory from another branch instead of purchasing it. If something unexpected happens that day, the user can override or adjust the system's calculations, all of which is tracked, by user, in case questions come up later.

"We can track how a recommendation was derived in a visual way, and apply human logic to ensure that it makes sense. Few if any other forecasting and replenishment solutions allow you to do this," said Bill Palmer, Corix Manager of Special Projects.

"With Absolute Value all the data is there, with that kind of visibility the purchasers don't need to go anywhere else."

Bill Palmer,
Manager of Special Projects
Corix Group of Companies



CORIX[®] Group of Companies

"We adhere to Absolute Value CEO, Dale Lanham's philosophy of 'Never take the brain out of the equation.' So Absolute Value enables people to verify automated recommendations, and adjust them as necessary. Most SKUs don't need daily attention, but when some do, the buyers have access to all of the data behind what they're looking at to quickly add clarity."

Denise Harraway, Corix Water Products Inventory Manager, describes a phenomenon that occurred as Absolute Value enabled them to reduce inventory. "Our sales managers saw the warehouse shelves less full, and began to worry. We had to show them our usage reports in order to have them feel comfortable about carrying less inventory."

"With lower inventory levels, we now have lower carrying costs," Denise continues, "and we have not harmed our customer service levels at all. In fact, we've done just the opposite; stock outs are almost nonexistent. We've increased turns from six to eight in the past year, and we have greatly reduced our SLOB (Slow and Obsolete) Inventory, or Dead Stock. Today our sales managers are in tune with what we are doing, and they and our customers are very pleased with the results."

"We have the visibility to consolidate orders and take advantage of volume buys, vendor targets, and freight limits."

Denise Harraway
Inventory Manager
Corix Water Products

THE BENEFIT

There is no doubt that Corix Water Products has improved their inventory position by using Absolute Value. To their surprise, it has also provided another huge benefit to their business to "double its value." Absolute Value

actually was identified as the differentiator that won a huge contract for Corix.

In his role working across the group of Corix companies, Bill Palmer describes a situation where, with today's economy, Corix is watching to be aware of project opportunities. He goes on to describe their need to have the right products at the right time, and to be more competitive in winning the projects that are out there. "Having the right products in inventory, and not overstocking can actually free up cash for distributors so they have less need to rely on their banks," comments Bill Palmer. "Further, we have recently used Absolute Value at Corix Utilities as a tool to win a multimillion dollar bid in Southern California. Differentiating ourselves from other competitors with our procurement process and track record, we demonstrated how Corix uses Absolute Value internally to manage our inventory, and how we could do the same for the utility company we would partner with to deliver electric meters. It helped win the deal for us!"

Managing customers that include municipalities, contractors and utilities with a wide range of infrastructure products and services, Corix is prepared for the future. "We're strong Absolute Value advocates and we see ourselves in this market for the long run with Absolute Value," states Palmer. "We are a big fan of Absolute Value, and at this point, I don't think we could work without it."



Absolute Value a partner who knows your business needs

Absolute Value has roots in the Distribution Software Industry that are extensive, with specific strength in Forecasting and Replenishment. Constructed of both end-user and software vendor experience, the Absolute Value team bridges a dual perspective on the complex needs of today's distributors.

Blending this depth of experience with knowledge of state-of-the-art technology and application solutions provides our clients a unique pathway to success. The Absolute Value team offers this key experience gained as an evolution of Lanham Associates, a Microsoft Gold-Certified partner.

Ever adapting with technology, we have now expanded the availability of a product with more than 180 successful implementations. It has been reformatted in the SaaS (Software as a Service) environment and offered with ERP independence, as Absolute Value.

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Corix Group of Companies

The Corix Group of Companies specializes in providing products and utility solutions for sustainable infrastructure in the water, wastewater and energy sectors delivered by a team of exceptionally talented and motivated professionals.

It has over 1,200 employees in 60 locations across North America. Corix is a private company whose primary owners are BC Investment Management Corporation and CAI Capital Management Inc., two large and stable members of the Canadian investment community who specialize in public pension funds.

"The more you use the tool, the better it gets. We received value from the day we started using it."

Carol Wozney
Director Infrastructure Services
Corix Group of Companies

