



CUSTOMER CASE STUDY



INVENTORY II



Fortune Fashions Industries

Real-Time Inventory Management Solution Helps Apparel Manufacturer Improve Accuracy of Inventory and Product Costing

Fortune Fashions Industries

Founded in 1991, Fortune Fashions Industries is a global leader in the manufacturing and distribution of branded, licensed, and private label apparel and accessories.

Phone: (800) 788-6550
www.fortunefashions.com

Advanced Systems Integration

ASi delivers comprehensive, enterprise-class business solutions that improve customer relations, enhance partner collaboration, and create efficiencies across supply chains and business operations. ASi is a Microsoft Dynamics AX Gold Certified Partner.

Phone: (949) 597-2170
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FSB Development

The developer of Inventory II, FSB Development has more than a decade of experience working with Microsoft Dynamics AX. FSB Development is a certified Microsoft Independent Software Vendor.

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For more information about Inventory II, please visit:
http://www.advancedsystemsintegration.com/innerCategory.aspx?menu_id=24&id=420

A Global Leader in Fashion

Fortune Fashions Industries (FFI) is a global leader in the branded and private-label apparel industry. The company provides custom screen-printing of T-shirts and other apparel, receiving “blank” garments from suppliers, adding designs, and then shipping the printed apparel to retailers.

As the largest domestic screen-printer, FFI’s manufacturing facilities in the United States and Mexico ship up to 100,000 packages per day—more than 35 million garments per year—to clients that include some of the biggest retailers in the country.

FFI operates on the cutting edge of an industry known for high velocity and razor-thin margins. Its retail customers demand an extremely fast turnaround as well as a constant supply of fresh products. In the ever-changing world of fashion, reorder rates are low and a typical product lifespan is less than 90 days, so inventory is turning over constantly.

In addition to fast production cycles, FFI must manage a complicated supply chain: The company typically

relies on 6 to 12 domestic suppliers for a single product and must maintain inventory of several million blank garments at any time. FFI warehouses store a mix of stock on hand and “locker stock”—vendor-managed inventory, which must be administered and accounted for separately.

ERP Challenges

In 2007, FFI deployed Microsoft Dynamics AX (formerly Microsoft Business Solutions – Axapta) to provide core ERP and cost accounting functionality.

Specifically, the company needed a solution that could manage their complex inventory and warehousing operations; enable capacity planning and manufacturing planning; and provide detailed analysis and reporting on costs by product line, individual product, supplier, and customer in near real time.

Soon after the initial deployment, FFI encountered the limitations of the new system. A typical off-the-shelf inventory management solution tracks every movement of an item before and after manufacturing.

For FFI, which is constantly moving a high volume of inventory, including taking in stock and moving between shops and within the warehouse, this can result in hundreds of thousands of transactions per month. This meant that batch routines for inventory settlement and product costing took days or weeks to run, if they were completed at all. Even simple queries against the inventory table or inventory transaction file took days—and slowed down processing of other operations by consuming inordinate computing resources.

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Paul Arlin, CIO, FFI

Without an accurate picture of inventory, reserving stock for incoming production orders became a very approximate process. For a company that receives raw materials from dozens of suppliers and whose clients demand fast turnaround on orders, the resulting delays could spell disaster.

Likewise, the time required to complete reconciliations led to potentially costly inaccuracies in product costing. Because production costs for a specific product can vary widely, depending on which source is used for raw garments, timely and accurate product costing is critical to the business. As FFI CIO Paul Arlin explains, “We run our business by the numbers. If we can’t complete the reconciliation, we don’t know what our margins are.”

With closing cycles running months behind, FFI turned to Advanced Systems Integration (ASi) for an enhanced solution that would deliver accurate data in near real time.

A Trusted Partner

ASi had been working with FFI for more than a year, tuning their Microsoft Dynamics AX implementation and coding customizations to better reflect the specific demands of the apparel industry and the unique business processes in place at FFI. A Microsoft Gold Certified Partner, ASi has been supporting enterprise deployments of AX since the earliest version of the product, and has a proven track record on solutions with extremely high transaction volume.

Challenged to resolve FFI’s issues with inventory close and cost reporting, ASi recommended Inventory II, a third-party solution that extends the core ERP capabilities of Microsoft Dynamics AX to improve the performance and simplicity of inventory management functions in environments that require real-time management, large scale, or both.

Arlin explains that the decision to deploy Inventory II was influenced not just by the product functionality but also by the professionalism of ASi and his confidence in their recommendation. “ASi is just fantastic,” says Arlin.

“I view them as an extension of my organization. We had worked with them on the core AX deployment for 12 to 15 months before we talked

about Inventory II. They introduced us to [Inventory II creator] FSB, and shared the information they had about the solution so that we could make an informed decision together.”

Created by FSB Development, whose team includes some of the original developers of Microsoft Dynamics AX, Inventory II extends the standard Inventory module in Microsoft Dynamics AX to provide inventory analytics, accurate costing, and intelligent reservation controls. The module’s innovative database “watermarking” technology allows it to scale to very high transaction levels and enables companies to run analytics, reporting, and master-scheduling routines during daily operation, with no degradation in performance even on very large databases.

“Inventory management is the most complex, resource-intensive function of an ERP system,” explains Maurice Cohen of Advanced Systems Integration. “With Inventory II, you need only perform a full ‘close’ calculation once. From that point on, the system updates the carrying balance and the units with every transaction, so inventory is recalculated instantly. As a result, you have access to real-time inventory, real-time cost-of-sales, real-time purchases, real-time financials.... You never have to stop at the end of the month to do a routine close.”

Faster Close

Arlin agrees that the ability to close inventory is a major win. “We no longer have this huge obstacle to

work through at the end of the month when we had been trying to settle all the transactions. That is the biggest benefit for us. With Inventory II, the reconciliation process runs on a continuous basis; our costing is updated almost immediately, and we've come as close to an instantaneous closing as you could ever get."

More Accurate Costing

Because the Inventory II costing engine runs continuously, FFI's analysts have access to accurate, up-to-date reporting in near real time, providing a much better picture of costs for an individual job or an individual customer. Real-time costing also increases the velocity of identifying deviations, so cost accountants and analysts have the ability to identify—and correct—deviations much faster and easier.

"Because we run on very tight margins and price points, accuracy of information is critical. Mistakes can impact whether we accept an order or what price we offer a customer," says Arlin. "Now that we know what our costs are, we can better compare costs from different suppliers, better manage our mix of inventory, and assign the right product to a sales order based on cost as well as specifications. Inventory II has brought stability, accuracy, and confidence to our cost numbers."

Improved Reservation Management

Maintaining accurate, up-to-date inventory data is also critical to meeting the tight production schedules imposed by the large retail customers of FFI. With numerous

clients and suppliers, and millions of raw garments in inventory, FFI planners must be able to reserve stock when they create production orders. And, the ability to reserve stock depends on an accurate inventory.

Inventory II provides a flexible reservation management system, enabling FFI production planners to time-fence and reserve stock at the inventory dimension and at the warehouse dimension. With millions of garments on hand at any given time, this allows them to more effectively manage the warehouse, moving items among palettes, rows, or bins as needed in advance of an order, without creating unnecessary transactions in the ERP system.

"Before we deployed Inventory II, there was a lot of float in the inventory numbers," explains Arlin. "Now, we have better visibility into key metrics about any item. We can very quickly obtain a snapshot of how much is on hand, how much is already reserved, how much is expected and when."

Improved Performance

Inventory II has dramatically increased the performance of FFI's ERP system, delivering faster reporting and queries while reducing the demands on hardware and software. With production planners querying the "on-hand" inventory tables many times each day to

allocate or reserve merchandise to upcoming productions, even incremental improvements in performance can add up.

"Given the number of inquiries that hit our systems, being able to get that information in front of the user quickly

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and accurately is extremely important," Arlin observes. "Inventory II makes our system much more efficient and consistently shaves seconds of every transaction, day after day. We now spend less time waiting and more time working."