

## Yamaha Electronics Manufacturing and R Systems – Vendor Managed Inventory

### Yamaha Electronics Manufacturing (YEM)

Yamaha Electronics Manufacturing in Malaysia is a world leader in manufacturing and trading consumer audio, video products and video service parts, with its manufacturing plant set up in Perak, Malaysia.

### YEM Business Challenges

Maintaining over 20,000 number of raw materials, YEM needs to constantly ensure that warehouse inventory to maintain normal operations by preserving extra stock for safety measures. Due to that, these are the business challenges faced:

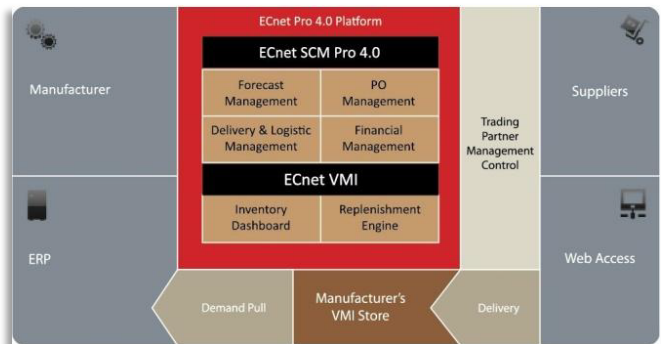
- ☞ Increased inventory holding costs
- ☞ Restricted cash flows to purchase safety stocks
- ☞ Difficulty of maintaining inventory visibility due to unorganized inventory allocation
- ☞ Frequent Purchase Orders (POs) revision and changes in Delivery Orders (DOs) issued by suppliers due to fluctuating demands

### R Systems and our solution - Vendor Managed Inventory (VMI)

To overcome the challenges above, R Systems was chosen as the partner to implement VMI to upgrade YEM inventory management system.

VMI carries the mean of optimizing supply chain performance in which the vendor has access to the customer’s inventory data and is responsible for maintaining the inventory level required by the customer. With VMI, an organization can:

- ☞ Release working capital that leads to improved cash-to-cash cycle
- ☞ Improve fill rates from the suppliers and to the end customers
- ☞ Respond instantly to changing needs and point of use availability
- ☞ Ensure 100% stock availability
- ☞ Reduce labor in all phases of the organization supply system
- ☞ Allow suppliers to be more focused on providing superior service



VMI Process Flow

### Results from VMI Implementation

After upgraded YEM inventory system with VMI, these were the significant results achieved:

- ☞ Inventory holding costs reduced by RM4 mil
- ☞ Suppliers fill rates improved 90% and above
- ☞ Production cycle lead time reduced from 7 weeks to 3 weeks
- ☞ Suppliers delivery lead time reduced from 6 weeks to 2 weeks
- ☞ Inventory holding time reduced from 3 weeks to 1 week
- ☞ Inventory days of supply reduced from 10 working days to 7 working days
- ☞ Suppliers reduced at least 50% of their delivery cost

### Testimonial from YEM to R Systems

With such an achievement, R Systems was honored to receive the following feedback from YEM:

*“R Systems was selected to implement VMI Systems as we trust R Systems’ expertise in planning, procurement and customized solutions, as well as its clear proposition of values achieving via VMI.”*

**Mr. Raja Azhar Bin Raja Abdul Aziz**  
Purchasing Manager  
Yamaha Electronics Manufacturing (M) Sdn Bhd