

Press Release

Collaborative purchasing **free**s up **time** and **people**



Wireless technology company Telemetry Research is experiencing the sort of growth that many others can only aspire to. Last year Deloitte ranked Telemetry Research 34th in its Fast50 index of New Zealand's fastest growing companies, and it looks to have earned a place again in 2010.

The high-tech company, founded in 2004 and spun out of the University of Auckland, designs and manufactures wireless systems for monitoring physiological signals. Today its products are in use in over 30 countries around the globe.

Unsurprisingly given its rapid growth, Telemetry Research has had to consider ways of streamlining its internal processes to cope with heightened demand. Purchasing and inventory control is one aspect of the business that was under particular pressure. Fero, an existing components supplier to Telemetry Research, offered a solution: collaborative purchasing.

TradeTech and Wire Solutions recently joined forces to create the new brand, Fero. The company is strong on building partnerships with customers, which is why it developed the collaborative purchasing concept.

Fero's open book collaborative procurement model offers customers an extended purchasing team with broad knowledge and supply chain management skills. For customers it removes many of the hassles associated with numerous suppliers, limited consolidation, different time zones, multiple currencies, and language and cultural barriers.

"We're very pleased that Fero knocked on our door," says Wayne Pallas, production

manager for Telemetry Research. "Collaborative purchasing has liberated our most valuable asset – our people. Now we can get on with our real jobs."

Just a year ago, Wayne was spending 40% of his time on purchasing, and office administrator Penny Soo 70%. It had clearly become a full time job and Telemetry Research was considering hiring someone to take on the role. The challenge would be to find someone with a strong skill set to manage day-to-day handling of the products and components, and also for sourcing, negotiating and purchasing.

But along came Fero with an alternative.

Fero took over the sourcing, pricing, purchasing, reporting, warehousing and picking of Telemetry Research's stock which, in the past two years, has grown from 400 to over 900 items.

Importantly, a series of cumbersome spreadsheets was replaced with a secure and tailored inventory management system, including accurate MRP (material requirements planning) software to help manage stock levels and plan the purchasing process. It has introduced a high degree of certainty into the forward planning process.

Adding to the success of the collaborative purchasing practice is the extensive day-to-day communication between Fero and Telemetry Research, covering everything from production planning and procurement to warehousing.

"Telemetry Research was a prime candidate for collaborative procurement because two of their key people were mired in the purchasing and stock handling process," says Roger

Fulton, managing director of Fero.

Today, Wayne and Penny's input into the purchasing process has reduced dramatically to about 10% and 30% respectively. Wayne is now free to oversee scheduling, production and sub-contractors, and Penny can concentrate her efforts on sales order processing and support, as well as accounts and admin.

"To their credit, Telemetry Research was willing to try something new," says Roger. "At the time Fero's collaborative purchasing model promised to introduce real efficiencies into their business, but it was a theory, yet to be tested."

Fero and Telemetry Research together embarked on the collaborative purchasing journey in February 2010. The first few months was a period of integration. The first step was for Fero to familiarise itself with Telemetry Research's operations.

"Fero invested time getting to know our people and understanding how our business operates," says Wayne. "Building relationships has been key to the success of this project."

The next step was to transfer static data to Fero's inventory tracking system and all stock was physically moved to Fero's warehouse – a substantial undertaking.

Clearly, it was important for Telemetry Research to take a long-term view. And, now that the hard yards have been done, Telemetry Research is enjoying the many benefits of the collaborative purchasing model.

What's more, the efficiencies that collaborative purchasing have introduced are expected to produce cost savings, although it's too early to put a figure on it. Telemetry Research anticipates faster production times now that staff are free to focus on their jobs, and freight savings now that it no longer orders small quantities, which were often on an urgent basis.

Now that the system is up and running with Telemetry Research's existing suppliers and components, the next consideration will be looking to further optimise the supply chain.

"Fero's collaborative purchasing model would suit many New Zealand manufacturers," says Roger. "And the more customers who take advantage of this partnership approach, the more economies of scale we can achieve."