

March 20, 2006 || it.manufacturing at Valco Instruments Company:

Opening the Services Revenue Channel

In today's economy cost containment is a key component of profitability. Companies want to get the most out of their capital equipment investments, so longevity counts. They don't just go out and buy, buy, buy more, more, more. For this reason, services that can help them maintain equipment are in great demand. With its new mySAP All-in-One solution Valco Instruments Company, Inc. (VICI) is opening the way to differentiate itself in its marketplace by providing more value added services to its customers.

Houston, TX-based Valco Instruments Company, Inc. (VICI) supplies scientific instrument components and systems. For over 37 years, VICI has been the leading designer and manufacturer of standard and custom valves and fittings for precision analytical, biomedical, and biocompatible instrumentation. Its product line also includes a wide range of related products, such as pneumatic and electric actuators, tubing and sampling loops, heated enclosures, valve sequence and temperature controllers, gas purifiers, GC detectors, and digital interfaces. Its primary markets are the US, Canada, Latin America, Australia, Europe, the Middle East, and Asia.

Wanting to better integrate disparate systems in their operation, VICI chose SAP's All-in-One solution from itelligence it.manufacturing. With SAP VICI bridges the communications gap between the engineering, production, and sales departments. In the integrated environment of SAP, a change made on the shop floor is visible throughout the enterprise. This translates into several key advantages: a single view into all processes, improved product traceability, and the opportunity to provide more and better customer service.

First things first

Forward-looking VICI executives selected SAP-based first on its ability to increase organizational efficiency through proven best business practices, and improve organizational communications by providing clearer supply chain visibility with partners, vendors and customers.

itelligence's it.manufacturing preconfigured template, based on industry best practices, met 85-90 percent of VICI's requirements and paved the way for implementation at its Houston headquarters in just weeks.

"SAP will enable VICI's vendors to query our inventory and determine product delivery dates," says Don Guillot, VICI's IT director. "Not only will this decrease communication bottlenecks and speed up business, it will also allow our customer service representatives to focus on higher priorities."

itelligence began implementing it.manufacturing at VICI's Houston, TX headquarters, and will be rolling out implementations at VICI's other offices in Washington, Louisiana, Canada, and Switzerland. First phase focus is on SAP's ERP modules, including financials, sales and distribution management, materials management, and management and production planning.

Now, the power of world-class SAP information technology, delivered in the preconfigured it.manufacturing solution, enables VICI to operate on well integrated, rationalized business processes, complete with reports that help make improvements in every area of the organization.

"itelligence helped to deliver the benefits of SAP, and allowed us to realize that practices from other manufacturing companies could be applied to our own business," says Stan Stearns, VICI's President and CEO. "Furthermore, we valued that it.manufacturing could expand as our business needs evolve because it is backed by the stability and credibility of SAP."

Next, broadening the services base – for profit

A standard, old school approach to doing business is to sell, sell, sell, and then wait for customers to call for more. Now, smart manufacturers like VICI want to be much more pro-active in serving the needs of their customers. VICI's new it.manufacturing solution makes it easier to stay closely aligned with and connected to customers. With this level of connection sales and services representatives can identify areas for cross-sell and up-sell opportunities.

As VICI incorporates more key SAP modules, including mySAP Customer Relationship Management (mySAP CRM), they can seize the opportunity to distinguish themselves even further as a services provider.

It's a shift in thinking, and an expansion of their vision.

VICI can capitalize on the desire of many customers who want to streamline operations and are trending toward outsourcing or sub-contracting much of their service and support. Putting their greatest emphasis on their core competencies, these customers are willing to buy services from expert providers like VICI.

In fact, substantiating this trend, a metrology market survey conducted by Quality Digest magazine, revealed that "more than half of the respondents (54 percent) indicated that they outsource their equipment calibration and service..." "Asked their reasons for outsourcing, most respondents said it is easier, more cost-effective, and more timely."

Until now, VICI has provided services and tracked them manually. With its new SAP solution, the company can expand its customer support offerings. The single view of each customer opens the door to more intelligent management of service level agreements, tracking SLAs and associated scheduled maintenance service contracts, equipment performance monitoring, calibration, and regulatory compliance.

VICI services representatives will take on the role of trusted advisors, partnering with their customers to help them manage life-cycle costs of assets and optimize their availability effectiveness, and longevity. From a profitability standpoint, this capability enables VICI to expand beyond a fundamental manufacturing reality – huge overhead. Services and support offerings represent low overhead, low expense, and high potential revenue.

It's a strategy that can pay off handsomely for VICI.

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