

Value Engineering

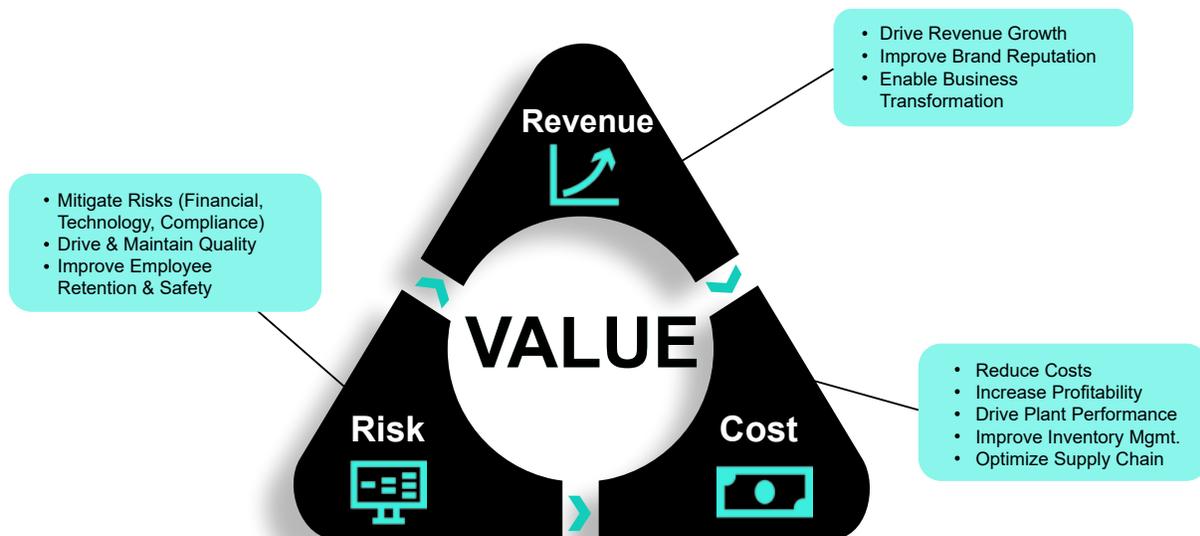
Enabling Smart Manufacturing Adoption

Manufacturers have tremendous opportunities in advancing their operations through adoption of Smart Manufacturing technologies. And in the ever-changing, manufacturing industry, it can be a daunting task for business leaders to decide where best to invest – given the explosive nature of technology advancements. The goal is to construct a successful, IT strategy that is feasible, high-value, minimizes risk, yet prescribes a roadmap in a stepwise, phased deployment manner - delivering financial returns along your Smart Manufacturing journey. The Plex Value Engineering team is your resource to help!

Plex has a structured Value Engineering approach that is consultative and predicated on solving real business problems through technology. As part of the engagement methodology, Plex helps firms define their current and future states, required capabilities, benefits, and return on investments from adopting the Plex Smart Manufacturing platform. Plex Value Engineering can provide roadmap guidance to manufacturers looking to modernize their business systems, whether it is a comprehensive ERP solution, a focused MES system, or independent technologies in Supply Chain Planning, Quality Management, or Predictive Maintenance.

Business Levers and Value Drivers

Business leaders within for-profit organizations are primarily concerned with three main levers in governing their operations. They are: 1) Revenue 2) Cost (Margin) and 3) Risk. They want to better understand the linkage between technology-driven, business transformation and the impacts to these levers. Plex has defined key Value Drivers from its portfolio of solutions. Below is a description of each, as they impact these critical business measures.



Defining and Measuring Value

Plex Value Engineering can drive customer value through several services offered as an investment in select projects. Plex has engaged expert resources with deep management consulting, business transformation, industry, finance, and manufacturing experience.

Industry Benchmarking - A KPI Scorecard can compare your key metrics to your peers and industry benchmarks, utilizing Plex experience and third party APQC Benchmarking data. This analysis provides insights to where manufacturers can focus and maximize their investments in adopting technologies along their Smart Manufacturing journey.

APQC Performance Scorecard						
Functional Area	KPIs	U/M	Less than \$100 million revenue			
			25th Percentile	50th Percentile	75th Percentile	Prospect's Data
	Total inventory turns	#	3.00	4.50	5.81	3.66
	Inventory obsolescence as a % of total Inventory	%	2.13%	0.68%	0.30%	4.2%
Quality	Scrap and rework costs as a % of revenue	%	2.90%	2.00%	1.00%	3.4%
	Defective parts per million	#	5,250	4,000	4,000	6,900
Delivery	On-time delivery	%	85.0%	93.0%	97.0%	80.0%
Finance	Premium freight charges as a % of total freight charges	%	27.5%	20.0%	13.5%	24.6%
	Days sales outstanding	#	60.0	45.0	33.8	57.7
	Days payable outstanding	#	30.0	30.0	50.0	55
	SG&A costs as a % of revenue	%	23.8%	19.2%	13.5%	9.4%
	Cost of Goods Sold	%	67.4%	54.2%	37.8%	89.0%

Value Discovery - Conducted early in the evaluation process, Plex Value Engineering works collaboratively with client teams, including an executive sponsor and key business owners. Key challenges will be identified, improvement opportunities will be prioritized, and an optimal solution will be designed. A business case will be developed, including financial savings, investment requirements, and return on investment.

