

Combination of Small MRP System and Large Supply Chain Software Spells Success for Shanghai APEX Electronics

The unlikely combination of **E-Z-MRP** - an integrated manufacturing system for small manufacturers from Beach Access Software in Del Mar California, **Nocturne** - a supply chain management application from Delaware-based **Healex Systems**, and **SAP Enterprise** – a suite of enterprise software applications used as a company standard by **Philips Medical Systems** of Andover Massachusetts, has resulted in a sophisticated manufacturing and supply chain management system for Shanghai APEX Electronics – a small manufacturing company which designs, develops, and produces ultrasonic transducers for Philips.

E-Z-MRP is the outgrowth of an idea pioneered by Beach Access Software that had the objective of making sophisticated MRP capabilities available to even the smallest manufacturer. Originally released more than 20 years ago, this ground-breaking **E-Z-MRP** system is currently available in both Traditional and Simplified Chinese on a Windows-based platform.

Any company operating a manufacturing system that is not well integrated with supply chain management support operates at a distinct disadvantage, incurring greater levels of inventory and greater lead times than its more agile competitors.

“Actually, the smaller the company is, the greater its need for material planning and supply chain management systems,” says Rocky Smolin, president of Beach Access Software. “They don’t have the advantage of their larger competitors’ economies of scale. So minimizing inventories and preserving working capital is critical to both their competitiveness and their profitability.”

With its reputation for high quality products and excellent service, APEX was selected as a supplier to **Philips Medical Systems**, a division of Philips Electronics - a worldwide producer of wide range of healthcare, lifestyle, and technology products, with a presence in more than 100 countries.

In response to the increased pace of technological change and intensified competition, Philips has made a paradigm shift from Purchasing to Supply Chain Management. This effort is supported by the implementation of programs and tools, aligned and standardized on a company-wide basis. Philips has adopted SAP’s ERP system company-wide to manage all aspects of its

manufacturing, and also uses Healex's **Nocturne** to communicate its raw material requirements from their SAP system to their suppliers, including APEX.

When Philips selected APEX to supply it with product, Philips urged APEX to implement an MRP system so Philips would have the confidence that APEX would be able to meet its on-time commitment to Philips. After evaluating the current offerings, Philips selected E-Z-MRP as ideal for APEX's operation. APEX acquired the system through Unity World Class Corp's Taiwan branch. Philips also required APEX to implement Nocturne from Healex Systems, both to accept Philips requirements for product from APEX as a supplier, and to communicate APEX's raw material requirements to its own suppliers.

A simple enhancement to the E-Z-MRP system was created by Beach Access Software to export the information required by Nocturne to inform APEX's suppliers of APEX's requirements for raw materials. The program runs automatically each night and creates text files in Nocturne's format to communicate supplier information, part descriptions, inventory transactions, and a weekly bucketed demand forecast for each part.

This information is all the data Nocturne needs to inform each of APEX's suppliers of what they should be shipping to APEX and when, so that APEX will have the raw materials on hand to meet its commitments to deliver finished product to Philips.

Both systems were implemented in a matter of weeks and are currently providing Shanghai Apex Electronics with integrated manufacturing and supply chain management systems unusual for a company its size. The supply chain flows from Philips SAP system through **Nocturne** to APEX's E-Z-MRP system, and from E-Z-MRP through **Nocturne** to APEX's suppliers. APEX's experience proves that it isn't necessary to be a large manufacturer in order to take advantage of the increased competitiveness and profitability that sophisticated supply chain techniques provide.