

NETSTOCK helps SSEM Medical to navigate supply chain disruptions



COMPANY	INDUSTRY	LOCATION	ERP
SSEM Mthembu Medical	Medical Supplies	South Africa	Sage 300



SSEM Mthembu Medical is the leading distributor of electro-medical devices and medical consumables throughout South Africa. Their mission is to provide exceptional service, quality, and innovative technology in the healthcare industry.

CHALLENGE	SOLUTION	RESULT
Imbalanced inventory investment	NETSTOCK integrated to Sage 300	Optimized inventory planning
		

SSEM's divisions have seen enormous volatility over the COVID-19 pandemic, with some having a positive and negative impact on sales. Their patient monitoring, ventilator and respiratory divisions supplying private and state sectors with ICU monitors, ventilators, and oxygen flourished. However, their imaging and neurology divisions hit a slump as people weren't visiting doctors that often. Elective and non-critical surgeries were put on hold, so sales in the consumables division plummeted.

Like many other NETSTOCK customers, SSEM Mthembu were exporting their sales history data into Excel and would look at their usage over a 30, 60 or 90-day period. Based on the number and the potential sales in the pipeline, they would calculate their forecasts. "When you are trying to do this with over 16,000 SKU's, it becomes messy," says Mahenderen Pillay, National Product Executive at SSEM Mthembu. Not only is this method time consuming, but the propensity for human error is large, and the data you are using is not sufficient enough to provide accurate forecasts."

SSEM imports its products from international suppliers in Europe, the USA, and Asia and experienced many costly disruptions due to extended lead times. The stock they imported was not the regular products they usually planned and forecasted for - it was all the emergency orders. "To give you an idea, before COVID-19, there were about 6,000 ventilators in the country, within state and private hospitals. This figure is now estimated to be around 15-20,000 units. Our challenge was to get the equipment quickly and at a reasonable price. Airfreight charges before COVID-19 were roughly \$2.50 per kg, and during the peak of the pandemic, when there were not many flights, it went up tenfold to \$22.50 per kg. Sea freight, too, brought about challenges with the Suez Canal disaster in March 2021. The delays from blockage extended up to six months. Whatever was en route got delayed. When it arrived, there were further delays, and getting the containers back involved more delays - this created a ripple effect worldwide. Factories in India and China were not working at full capacity, so containers were not getting filled on time and were leaving late," explained Mahenderen.



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**Mahenderen Pillay,
National Product Executive**

"We implemented NETSTOCK a few months before the COVID-19 pandemic started, and at that time, we had a significant imbalance in our inventory. Too much stock on some items and not enough on others. Our goal was to balance our inventory investment and bring our stock to a realistic value. We are currently around 10% higher than where our consultants ideally positioned our stock value, which is good considering all the challenges we had to endure. Even though this is slightly high, our board is happy with the current value, and they are satisfied with what is in our warehouse. We now have the correct amount of stock of the right products and not an abundance of incorrect items collecting dust and taking up space in the warehouse.



Another area that NETSTOCK helped us with was our packaging. We get our packaging from a small manufacturer in South Africa. By using the bill of materials (BOM) functionality in NETSTOCK, we can break it down for them. Let's say we need 100 packs; we can extrapolate the raw materials in the BOM and estimate what raw materials they will need to bring in to manufacture our goods.

NETSTOCK gives me a clear view of our inventory. I look at our inventory on the system to check that we are spending our money on the items we are selling. Our product managers use NETSTOCK for their forecast, order recommendations, and planning. They have insights on trends and know which items are becoming discontinued or if the regulation in the country is changing where medical aids won't pay for specific products anymore. The team can apply these human insights to adapt the order recommendations accordingly.

The onboarding process at NETSTOCK was excellent and went very smoothly. In the training portal, there is an abundance of online materials and videos that helped us to get proficient with the App quickly and efficiently. The hardest part was to ensure that our minimum order quantities and lead time information were correctly captured in our Sage 300 ERP system. We had to do batch downloads, correct the information, then upload this into our ERP system. Since NETSTOCK uses that data in its algorithms, it will throw everything out if the data isn't clean in the ERP.

I can confidently say that in the short time we have been using NETSTOCK, it has made a world of difference to our business. We look forward to seeing even more optimization in our inventory planning," concluded Mahenderen.

