



Project & Objectives

Covidien needed an inventory optimisation solution that would support a comprehensive upgrade of its inventory modeling processes. The solution had to address the following goals:

- Better manage customer demand
- Improve service levels
- Reduce global inventory levels

In addition, Covidien's existing regional distribution system needed significant improvement: containers were transported from one distribution center to the next before reaching their final destination, resulting in increased cost and significant product damage. This suggested the need for a simpler distribution model, with certain products shipped directly from the plant to the customer.

... Day to Day

ToolsGroup's supply chain optimisation consulting partner, Chainalytics, provided the supply chain expertise for Covidien, identifying the problem areas in its operations and recommending a new inventory deployment strategy tailored to suit the specific requirements of Covidien's distribution network. ToolsGroup's SO99+ suite was chosen as the solution for its versatility and rapid implementation.

The company uses SO99+ for both strategic analysis and operations. Managers at Covidien can now optimise the global inventory mix right across the supply chain, while planning customer service policies with near perfect service levels.

Results & Benefits

The SO99+ implementation has enabled Covidien to reduce its overall network inventory and cut shipping costs without compromising its high customer service levels. With improved inventory operations, Covidien has the ability to ship larger orders directly to customers; reducing the amount of damaged goods and improving order fill rates. The efficiency of Covidien's distribution process has been improved by a 50% reduction in the number of distribution centers.



positive results for life

Covidien manufactures and distributes its products (disposable supplies, monitoring equipment, medical instruments and bulk analgesic pharmaceuticals) in 158 countries. The company has 40,000 employees.

"The ToolsGroup Service Optimizer 99+ solution has allowed Covidien to continue our commitment to excellence in customer service for our medical customers."

- Jim Caruso, Director of Planning, Covidien