



## Remote Access Devices – Return on Investment Part 3 of 3

In past articles we discussed a variety of issues related to remote access devices and wireless technology. We covered modes of communication (batch and real time), the types of data collection devices available today (batch data collection terminals, handheld computers, and tablets), as well as various applications in which you would implement this type of technology.

The primary reason to consider any wireless technology is to improve your customer service levels. These applications can help you increase your flexibility and responsiveness in meeting your customers' needs. This in turn strengthens your relationship with your customers making it that much harder for your competitors to steal them away.

But these are some of the intangible benefits. How do you justify implementing this technology in more concrete terms?

### **CALCULATING ROI**

You need to determine where you are going to benefit and what your Return on Investment (ROI) will be. There is no single formula for calculating ROI. It is very situational. You need to compare any method you are considering, whether it is real time or batch, with your current practices. Following are some areas to consider.

### **DATA INPUT ACCURACY**

Analyzing your existing error rate will help in determining ROI. How many mis-shipments do you have? How many wrong shipments do you have? How many returns do you have? Errors commonly occur from transcriptions or from taking down the wrong part number.

Most, if not all, of your input-related errors will go away when you implement wireless technology. If you are scanning in the field or have mobile workers using terminals that have real live customer data on them, the probability that you are going to have errors is very small.

### **TIME SAVINGS**

Another factor in ROI is the time savings you will realize. Field workers only need to enter information once. They don't have to copy information off worksheets to enter orders, which are then given to a clerk in the office who inputs them into the system. The entire process is streamlined.

### **REDUCED CYCLE TIME**

Because of all the time savings, you can reduce your cycle time or order lead-time. If you are entering or scanning an order early in the day, it will be entered into the computer



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within hours rather than processed through paperwork in a day or two. Reducing your cycle time on customer orders gives you better value as far as flexibility.

### **REDUCED SAFETY STOCK LEVELS**

If you were visiting a customer site on a Wednesday and wouldn't normally deliver product until the following Monday, you would have to take into account all the activity that can happen between those days. You would then need to set minimum stocking levels on site to accommodate for that.

However, if you visit the site on Wednesday and the product is going to be there on Thursday or Friday because you have a short lead-time, you have fewer days of business volatility to worry about. The likelihood of having a stock outage is significantly reduced. This means you can either reduce your safety stock or visit the site less frequently.

### **INCREASED LABOR CAPACITY**

By reducing the effort a field person has to expend to service an account, you can increase the capacity of that individual. Keep in mind that it is not so much the time that you save, but what you do with that time. Can that person handle more sites? Can you reduce the number of people servicing your accounts?

If you only have one person doing it, maybe you can reallocate some of the person's time. Maybe they can work on kitting orders or expedite processes in other areas. They could prospect more when on site or spend more time building stronger relationships with your customers.

### **JUSTIFYING BATCH VERSUS REAL TIME**

There are also some things to consider when deciding between batch and real time applications.

1. What is the availability of good quality communications where your people travel? If communications are expensive, non-existent, or of poor quality, then online processing would not be a good idea.
2. What is the nature of the activity that these people are going to perform? Checking prices, order status, and purchase history while in a customer's office would be best accomplished online.

Handling this type of activity in batch mode is not necessarily of value because you have to download it from your host computer on a regular basis. It can get expensive and you have to duplicate your functionality. You also need a big terminal to hold all the data.

Whereas, if I have a guy in the field scanning inventory usage, it's okay if he transmits back to the host periodically. An online device isn't really warranted. It tends to be more



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flexible and give you more power, but it's not necessarily the easiest thing to use. A batch device is sufficient when you are doing the same thing over and over again such as stock checking.

### **FUTURE TECHNOLOGY**

So where is the technology heading? Mobile communications are going to get faster. Devices will increase in capacity and there will be more varied and more specialized models. There will be turmoil in the next few years and you are going to see devices come and devices go.

But that is no reason to wait. There is significant business value to be gained by moving into this technology. You'll have fewer steps in your processes, less people handling information, fewer errors, and your staff will be freed up to focus on other value-added activities. If you wait, you lose because your competitors will be trying something and they'll gain the advantage and the leverage by doing so.

Wireless technology is not going to stop changing. Software companies are getting smarter and they're building modular applications that are less dependent on the hardware they're running on. As some devices become obsolete and are replaced by others, the applications won't have to be replaced, just the hardware.

Yes, you might have to change your device in a few years, but the cost of that change will be incremental and you'll derive value in the meantime. Most of these products will show an ROI of less than a year.

If you wait until the perfect device comes out or a perfect solution comes along, somebody else is going to use one of these applications and steal your customers away from you. Or they are going to lower their cost of operation or improve their cycle time and they're going to take business from you. He who hesitates is lost.

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