

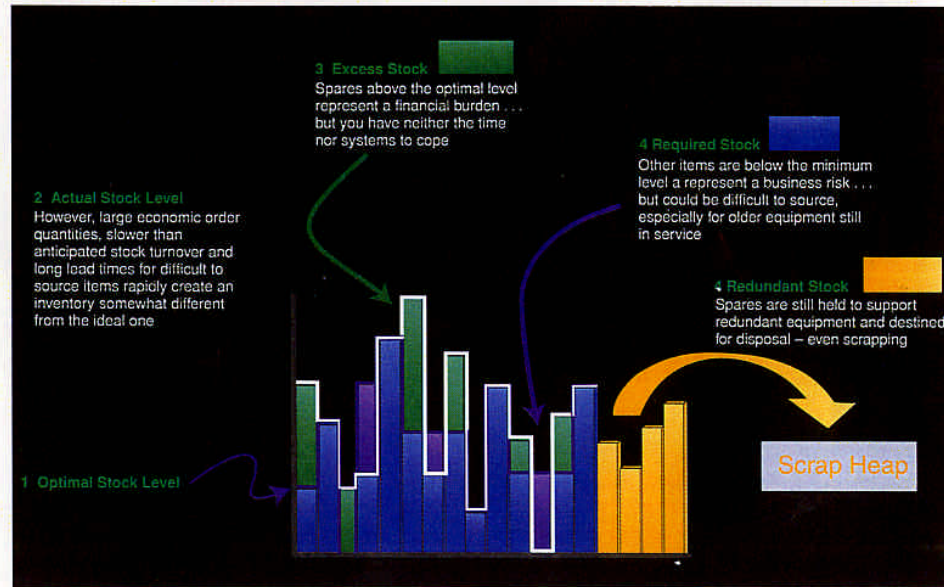
# SPARES management

It's 5.00am and after an exhaustive check you have finally identified the part you need to get your system running again – and it's a part that you don't have in stock. Your options are limited, and mostly involve calling nearby plants in the hope that a friend, contact or vague associate might have the exact part sitting aimlessly on a shelf.

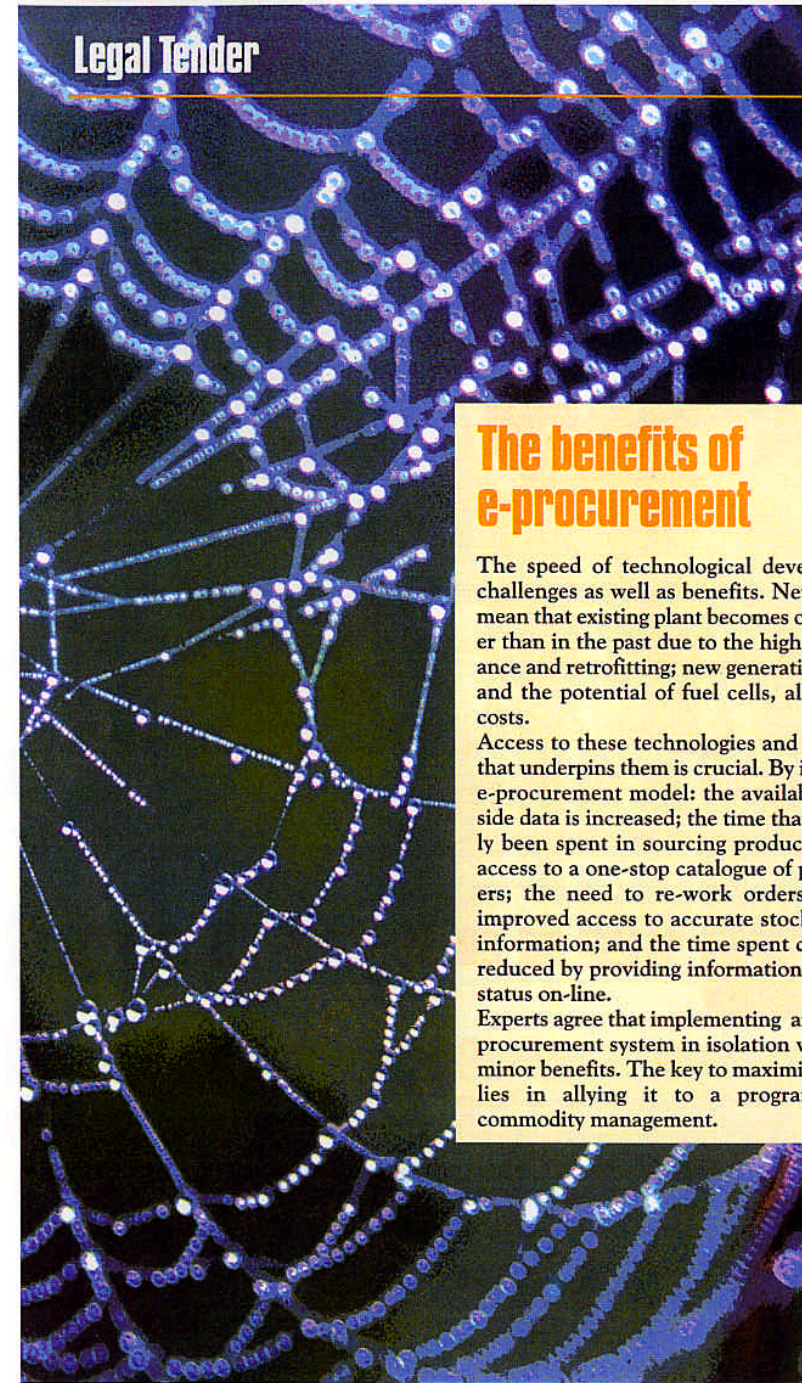
We've all been there, but the potential of the internet means that we might not have to go there again. E-commerce has long been promising to revolutionise the way companies do business. In the US, the new technologies have begun to do just that: take the example of a US-based helicopter manufacturer that asked its suppliers to bid on-line for a rotor contract, and knocked over US\$20 million off the US\$100 million asking price.

Europeans have been slower to adapt. It has been estimated that the US enjoys a 30 month lead over Europe in making use of new internet technologies. But in the utility sector, where the huge majority of controllable spend is related to physical assets, the potential of the electronic revolution to radically affect the core business seems dubious.

We may never have "virtual electricity", but over the last few years the development of e-commerce has seen a whole range of spares trading and e-cataloguing companies move to fill the gap that the new technology has created. E-commerce specialists such as CommerceOne, Oracle, Aspect and particularly sparesFinder.com are in the process



**Traditionally based around physical assets, the power industry has lagged behind other business sectors in adopting the new technologies and strategies of e-business. KEVIN FOSTER looks at how one company is helping to change that.**



## The benefits of e-procurement

The speed of technological development brings challenges as well as benefits. New developments mean that existing plant becomes obsolescent earlier than in the past due to the high costs of compliance and retrofitting; new generation technologies, and the potential of fuel cells, all incur up-front costs.

Access to these technologies and the information that underpins them is crucial. By implementing an e-procurement model: the availability of demand side data is increased; the time that has traditionally been spent in sourcing products is reduced by access to a one-stop catalogue of preferred suppliers; the need to re-work orders is lessened by improved access to accurate stock, item and cost information; and the time spent chasing orders is reduced by providing information about the order status on-line.

Experts agree that implementing an asset-related e-procurement system in isolation will only provide minor benefits. The key to maximising its potential lies in allying it to a programme of active commodity management.

of revolutionising the nature of the spares market.

The leap in the size and speed of the internet has opened up a raft of new possibilities. Many spare-part location services use simple electronic billboards that need to be updated manually. Although they work well as a repository of information, the key test of such systems comes when a potential customer accesses the database to search for a part. Billboard systems rely on the buyer accessing the system at exactly the same time that somebody has identified and advertised the fact that they have components for sale. Systems such as this can often be slow and time consuming.

The sparesFinder.com system uses a program, downloaded onto the user's computer, which automatically detects the file containing information about the company's current store of spare parts,

generated from the local spares management system. Information is then uploaded onto the main sparesFinder.com database, which users query in order to find the most up to date details about the parts that are available.

Tony O'Reilly, engineering and maintenance manager at Barking power station, UK, has been considering signing up to the sparesFinder.com system for some time. "It's a clever idea," he says. "One key benefit is access to inventories from 110 sites."

Also key is the enhanced ability sparesFinder.com gives the user to dispose of surplus stock at a profit. "Perhaps the main benefit, though, is that it is a beneficial way of writing off old stock," says Tony O'Reilly. "It helps you make risk decisions: if we're thinking about whether to hold on to a part or not, we can check sparesFinder.com, and if it's on there, why should we hold on to it?"

Putting a trading system to this use shows that e-commerce is always underpinned by the internet's prime function: information. On-line spares trading systems can also be used as aids to inventories and cataloguing. If different company sites refer to the same parts by different names, or if spares are purchased time and again for different projects when the same part is sitting, inadequately coded, on the shelf, both money and time are wasted. Internet databases can help overcome such problems, and at the same time provide a quick and easy method of ordering the parts that are needed.

The key difference between a company such as sparesFinder.com and traditional databases and catalogues is that it goes one step further: rather than just providing basic information such as the type, details and cost of a product, the on-line database holds rapidly updated information about what is actually held at that moment, and the contact details of the place where it is held, anywhere in the world.

Larger businesses and utilities can also use the grouping facility provided by sparesFinder.com to connect all their own sites, either supplier or manufacturer, across the world. In this way users can search their own company stores first before resorting to the wider industry.

sparesFinder.com and related systems can also help future planning by setting optimum stock levels, identifying which parts are really surplus and helping to co-ordinate multi-site stock holdings. Some systems also use decision support tools to better interpret condition monitoring readings and give accurate predictions of when a part will need to be ordered.

As with any system which is based upon shared information, particularly where that information could be business sensitive, security is a concern. If rival companies can identify the extent of a user's spares holding by checking databases, the benefits of using the system will be far outweighed by the commercial damage that could be done. sparesFinder.com is confident that, with its system, this couldn't happen. A competitor would first have to guess which parts the user held, and then confirm that guess by running a search for each of these parts, a process which, in some cases, could take up to 8,000 years to complete...

Whether the internet will be around for that long is a moot point. In the meantime, companies like sparesFinder.com are ensuring its relevance to the power industry. **ENR**

### Internet contacts

sparesFinder.com  
www.sparesFinder.com