

# Industrial Automation INSIDER

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## Spares exchange is natural fit with asset management

Few engineers responsible for maintaining high availability plant have not at some time come across that corollary of Murphy's Law which says that however comprehensive your spares inventory, it won't contain the one item you require at 3.00am on a Sunday morning. The resultant frustration is usually compounded by the knowledge that the item in question is almost certainly sitting on the shelf in some other organisation's stores if not at another site in one's own organisation.

It was the realisation that the Internet had the potential to put an end to such frustrations by linking different companies' spares inventories that led two British ex-pats in New Zealand, one an Army officer turned IT consultant, the other a nuclear submariner turned engineering consultant, to set up sparesFinder in 1998. Three years on, not only has the company won the Institution of Chemical Engineers' prestigious Aspentech Award for Innovative Business Practice, but the original customer base of one New Zealand power station has grown to more than 250 sites across 50 countries and includes such blue-chip names as British American Tobacco (BAT), South African power generator Eskom, Saudi Basic Industries (SABIC) and BP-Amoco.

### Sophisticated software

Although the original sparesFinder concept of a web-based spare parts exchange is simple in the extreme, its implementation has required the development of some extremely sophisticated software and a willingness to adjust the business model to meet the actual as against the perceived needs of industry. Thus, the degree to which sparesFinder's clients are using its services to manage their own internal inventory had certainly not been anticipated. As operations director David Stroud, who with Jan Hutchings established the UK operation in 1999, explained, "The original concept was based on the assumption that large organisations would have a clear picture of their own internal spares holdings - that's proved not to be the case."

Key to the sparesFinder service is the ability to import the spares inventory from a client's ERP system, normalise its company specific format and then continually to maintain and update that data automatically without any further intervention on the part of the client. Even without implementing the inter-company

functionality, large organisations with multiple sites have been able to realise extraordinary savings by removing duplications and anomalies in their spares holdings. Thus BAT, for example, found that it was holding spares at some sites for machines which had been scrapped, while the same machines were in use at other sites where no spares were available. Similarly BP made savings of £0.5m in a recent trial simply by logical re-siting of existing parts in its North Sea operations and with ExxonMobil and Texaco is now leading a group of 26 North Sea oil and gas operators, contractors and vendors who are optimising their spares inventory through sparesFinder.

### Vendor participation

Nor is it only equipment users who are now beginning to appreciate the potential of the sparesFinder model. At first sight one might expect equipment vendors, who have long relied on spares to provide a healthy post-sale revenue flow, to be less than enthusiastic. However, as vendors increasingly enter into longer term partnership agreements with their customers and service level agreements, performance guarantees and vendor managed spares inventories become ever more commonplace, the ability to keep track of both their own and their clients' spares inventory becomes increasingly attractive. Hence the participation of, for example, gas turbine manufacturer Alstom Power which uses the system to pool its global spares holding and show availability both to its own service engineers and to its customers. In an environment where many companies are still looking for the elusive return on their major investments in ERP and eCommerce, the comment of Alstom Power after market commercial sales manager Bryn Roebuck will strike a chord when he says, "Of all the internet initiatives which we have run recently, this is the only one to exceed our expectations and to deliver significant value in a very short time."

What holds true for a gas turbine manufacturer is likely to prove equally valid for vendors of industrial automation equipment and systems and their customers as the move to open systems increases demands for vendor independence and asset management is seen as a natural extension of process automation. It may not be entirely a coincidence that the item used to demonstrate sparesFinder's search capability on its web site just happens to be a Rosemount transmitter.

sparesFinder - [www.sparesFinder.com](http://www.sparesFinder.com)