

A Stocks and Spares Service Which Reduces the Risk

The following article has been written by **sparesFinder.com**, offering a new solution to sourcing critical spares.

In today's competitive environment, keeping the production line — whether it is a power plant, an offshore oil platform or a refinery distillation train — on line is every manager's first priority. Down time can be incredibly costly, and there are premiums to pay for insuring against consequent losses. In practice, every facility holds a stock of vital, high-value spare parts, which can be available quickly in case of a breakdown. Now there is a better way to do it, based on the Internet, which gives even greater confidence that if you lose a vital spare you will not lose production.

The spares in your stores come from a variety of suppliers, of course, and you are dependent on everyone involved being right on top of the job. If anyone makes a mess of the ordering process, you could be left empty-handed in a moment of crisis. Or it could just be bad luck: somewhere in the system, someone made an error in just one of the digits in the identifying number, and the pump in stock isn't the one you want.

Now an established business-to-business company based in London — sparesFinder.com — is offering a new way of dealing with these problems. sparesFinder.com uses the Internet to locate spares but — and here's the novelty — through its own database it links rival operating companies horizontally. When you want a spare part, it takes only a couple of minutes to dial up and locate it. But the system looks not just at what is in your site stores, or even just what your supplier has available, but at the spares inventory of all sparesFinder's subscribing sites, currently well over 100. That means there is a much better chance of locating the part you need. The company you get your spare part from may be a competitor, but you are not competing at the level of engineering spare parts.

Of course, spares cost a great deal of money. And storing them is estimated to cost as much as 25% of the capital cost every year. The amount of working capital tied up in this way is a traditional bone of contention between accountants and line management. A service like sparesFinder's allows you to reduce stock levels of spares right across all sites without increasing risk, because there is such a big pool of available spares in which to fish when you need one. This is an approach which can free up millions of pounds of working capital, dwarfing the annual subscription fee to the service.

Let's look at some detail for a minute. Using the sparesFinder database is very different from ringing round to individual suppliers, because one call gives a list of, say, the nearest ten locations holding the spare, complete with contact details. You can then ring and negotiate a price. And the list isn't a catalogue: each item is a real entry in a company inventory. Equally, you can sell off redundant spares this way, rather than paying someone to dump them for you.

Putting the system in takes no more than a day. The free software supplied by sparesFinder up-loads information from the subscriber's spare parts inventory (and those of all other companies subscribing), making it available at a central Infomix database (see Figure 1). With firewalls, and the flow of information being one way — outwards — the software is no threat to internal systems, and the system has proved compatible with all well-known inventory management systems.

A number of big players in a variety of sectors are already involved or getting so. Most are operators — in the North Sea: BP Amoco, Britannia Operator Limited, Agip, Marathon Oil, Mobil North Sea and Shell. BP Amoco Exploration and Production has agreed a one-year trial which brings in four of its major spares providers in order that all its platforms and sites can see the full stock of spares the providers are holding for them. More operators are taking up the service for this reason, and suppliers are getting the message. North Sea valve supplier Score and Aberdeen-based contractor AMEC have already anticipated the logic. On-shore, Texaco, BP Amoco, Du Pont and contractor Foster Wheeler are among the subscribers. In power generation, the Malaysian Lumut site, the third biggest combined cycle gas turbine generator in the world, has signed a two-year deal. American giants Enron and Dynegy are considering corporate subscription; others such as TXU and Reliant Energy are interested. In the UK, TXU Europe (formerly Eastern Generation) has uploaded five sites, nuclear station Sizewell B has committed to join and Fellside Heat and Power and Seabank Power (both gas turbine sites) are members. For more information on this unique system, call sparesFinder in the UK on +44 20-8789 9222 or locate the nearest office to you, wherever you are in the world, through the company website: www.sparesFinder.com

How sparesFinder works...

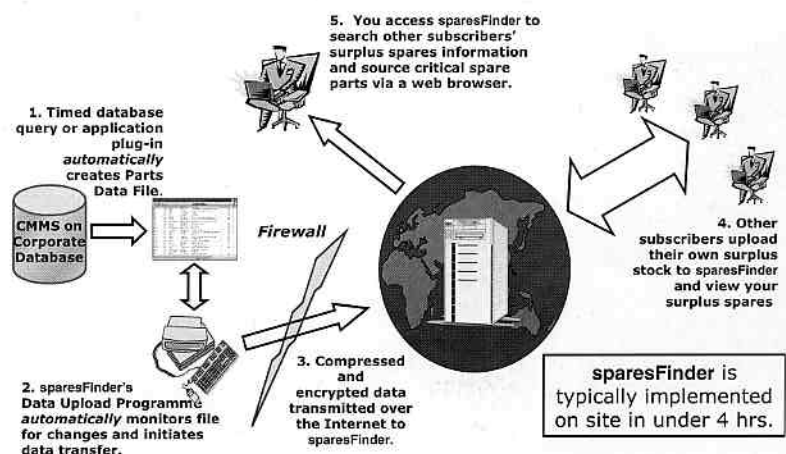


Figure 1: How the sparesFinder.com system works