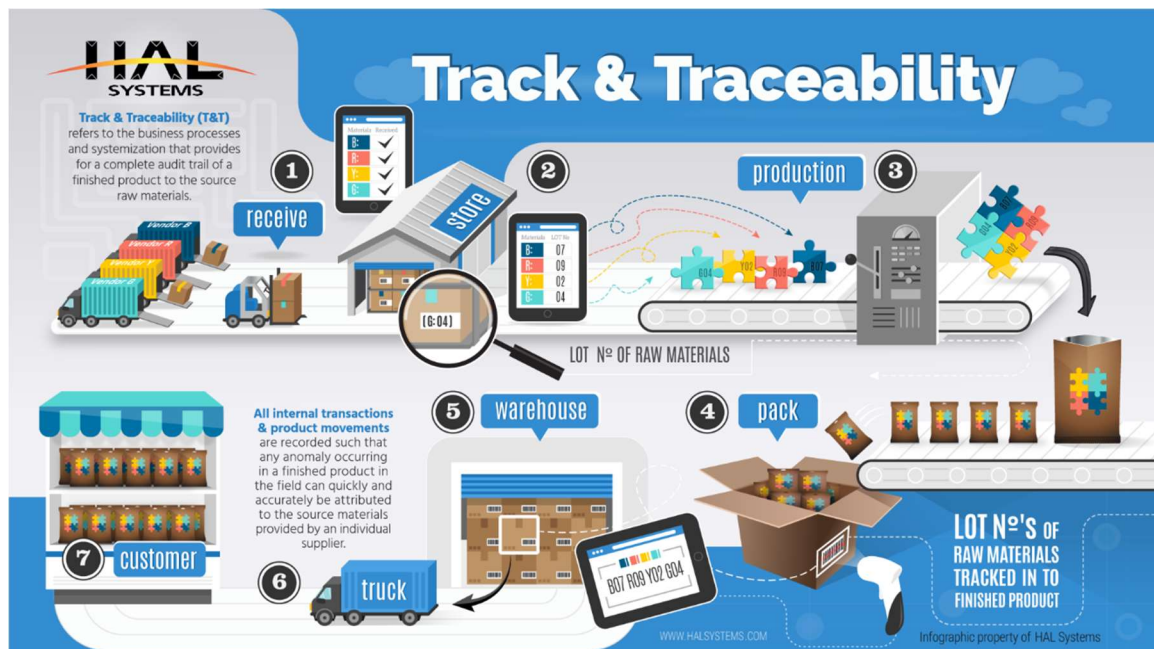




Track & Traceability - *It's FREE!*

Track & Traceability (T&T) refers to the business processes and systemization that provides for a complete audit trail of a finished product to the source raw materials. All internal transactions and product movements are recorded such that any anomaly occurring in a finished product in the field can quickly and accurately be attributed to the source materials provided by an individual supplier.



Track & Traceability is deployed for a variety of reasons. In the case of medical device manufacturers, it is legally required to use automatic identification and data capture (AIDC) technology along with appropriate systemization to provide for T&T and unique device identification (UDI) requirements. In the case of food producers, the Food Safety Modernization Act (FSMA) requires T&T from providers. Although AIDC is not legally required by FSMA, it is the only practical method of compliance. For many businesses which must meet various other compliance requirements, or consider the potential cost of recalls and product liability, T&T just makes good business sense.

The current state of many operations is that operational processes are not controlled and operational recordkeeping, if at all, is mostly manual. IT systems, if they exist, cover only limited portions of the operation and are not integrated. The result is a situation where management 'doesn't know what they don't know'. The operation functions on a daily basis and continues, but there is an undocumented, complex and often contravening set of circumstances that lies below the surface. If exposed by audit, the results would certainly be confusing and disappointing.

The good news is that modern advances in systemization technology makes the cost of T&T significantly lower. And with the tangible operational benefits associated with business process optimization and employment of AIDC technology, savings are created that more than offset the investment.

The most easily quantifiable operational savings are those associated with direct costs. Countless hours are wasted looking for product, going to the wrong location, and replacing the wrong items with the correct ones when errors are discovered. **Direct labor** required to complete inventory transactions is typically reduced by 25-65%. **Direct labor** required to reprocess incorrect transactions is essentially eliminated. **Downtime** and resources needed to complete costly and unnecessary physical inventories can be directed to productive activities. **Obsolete or out-of-date product**, either raw materials or finished goods, can be easily prevented. The various causes of **inventory shrinkage** can be identified and controlled. **Administrative staff** that manage the return and reprocessing of incorrect orders is eliminated. **Administrative staff** that work to manually prevent incorrect transactions and process mistakes (compensating controls) is eliminated. **Administrative staff** that completes required duplicate manual data entry is eliminated. The **investment cost** of excess inventory is returned to cash on the balance sheet and is available for productive investments.

While less easily quantifiable, the indirect costs as a result of inefficient operational processes and staff in an organization are considerable. **Excess staff** requires additional human resource commitment and hiring overhead. This increases if the organization is already faced with a **lack of available qualified hires**. The opportunity cost for an organization that continues to require excess staff is otherwise forgoing valuable initiatives. **Unneeded hiring** requires training and oversight by key supervision that could otherwise be directed towards **continuous improvement activities** that measurably affect the bottom line. The most **egregious mistake** made by companies that don't have efficient, effective operational processes is the potential negative effect on **revenue**. No line item has more impact on profitability than revenue. Most customers have become accustomed to expect the high standard set by the Amazon's of this world. They want it right and on time the first time, and can easily change who they buy from if their expectations are not met. It's hard to imagine a business surviving long term that can't step up to the 'table stakes' of today's commercial environment.

Typically executive management is distracted by focusing on daily operations as opposed to the strategic initiatives that will insure success in the future. Fortunately, the world of affordable options for **Track & Traceability** with **Automatic Identification and Data Capture** technology

has changed. New technologies such as browser-based software that runs on any internet enabled device, configurable software that can be affordably set-up and maintained for small-to-medium businesses, and Software-as-a-Service (SaaS) hosted in The Cloud all contribute to making systemization affordable. And the operational cost benefits of systemization are significant and far reaching, more than offsetting the investment costs. The added benefit of track & traceability comes along with all the savings. **The Bottom Line: Track & Traceability is FREE!**