

REDUCING OVERHEAD COSTS

THE CHALLENGE

Medical technology and device manufacturers are faced with many costly factors that go into warehousing their products. The burden of the overhead costs involved with leasing and managing a facility can produce many inefficiencies. When a medical technology customer approached ICAT regarding all the overhead costs they were facing, the ICAT team recommended outsourcing their warehousing.

In order to consolidate their products, the client had been shipping the acquired products to its warehouse location, costing approximately \$115 per unit. Individual orders were then shipped from that warehouse to their customers—a method that was costly and lacked efficiency.

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THE SOLUTION

To improve their efficiency and cut costs, the company consulted ICAT to implement a “Drop-Ship” program. ICAT operated as the shipping and receiving department for the customer, handling their finished product, as well as controlling the raw materials being delivered to the manufacturer for production. ICAT also worked with them to design pallets to fit certain medical devices perfectly and would warehouse their materials when they weren’t needed. The Drop-Ship Program at ICAT is ideal for growing companies with limited warehouse space. ICAT’s client—the parent company of a large medical equipment manufacturer—took advantage of this program.



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THE RESULTS

The Drop-Ship Program offered the customer a cost-effective and hassle-free way to fulfill orders, while eliminating the need for a warehousing facility and the overhead burdens that go with it. The parent company saved 25-45%, based on the ultimate location of the client, and the transit times were cut in half simply by having the medical products stored near the production site. ICAT was able to provide flexible solutions to meet the client’s needs, including proper pallets, labeling, and documentation. To make the situation even more convenient, ICAT handled all of the inventory, tracking, billing, and reporting for the company, and warehoused all their medical materials when they weren’t needed.