



# Your warehouse on a thumb drive.

Companies are discovering the transformative benefits offered by additive manufacturing and its ability to enable on-demand manufacturing, digital inventory, and real-time delivery.

## **The opportunity: Reducing costs by digitizing inventory**

As the demands for faster and more cost-effective services rise, additive manufacturing (AM) offers organizations a path to redefine their supply chains. By printing on-demand and closer to the point of use (i.e., only when and where it's needed), businesses can create significant value for their customers and themselves.

AM impacts economics of production by cutting across traditional economies of scale. This means companies can distribute manufacturing assets closer to their customers and move digital inventory through the production process until it is ready for use—helping lower working capital costs, reduce waste, and improve service levels to customers along the way. But to design the right AM solution, your organization must first understand which of these issues it is trying to address and align strategic imperatives to build out the capabilities needed.

## Capturing value: Lower cost and improved demand responsiveness

Printing on-demand enables business leaders to run leaner organizations that are more flexible and responsive to the market. And organizations can experience two massive upgrades from adding AM to their supply chains.

**Digitizing assets.** Economies of scale in traditional manufacturing translates to high inventory levels across supply chains—even for those companies with effective approaches to demand planning and inventory management. With additive manufacturing, part of that information can be digitally stored and outputted to match demand. This means significant reduction in the costs of holding and managing both tooling and product inventory—even eliminating inventory entirely for certain products. In the automotive industry, for example, some OEMs are starting to transition long-tail service parts to AM production to help reduce some of the burden associated with holding tools and service part inventory to obsolescence. Similarly, some areas of the military are starting to digitize 3D-part designs to allow for the digital flow of parts to forward theaters through additive manufacturing.

**Responsiveness to demand.** Manufacturers are also faced with a series of expenses tied to responding quickly to customer demand. Holding excess inventory at dispersed distribution sites, maintaining legacy tooling, and responding to unplanned demand can all drive up operational costs. For companies offering maintenance or product up-time for large capital assets where machine down-time can cost millions (e.g., mining equipment, grounded air operations), these supply chain costs can be huge for manufacturers. Additive manufacturing can help alleviate some of these supply chain costs by producing on-demand replacement parts faster and closer to the point of use. Because additive manufacturing breaks the traditional economies of scale, many companies are starting to explore new operating models and footprints where AM production assets are distributed globally to match customer demand. The military has been executing a roadmap to put machines in the field and has already implemented 3D printing in forward operating environments. Some healthcare and medical device companies are also evolving in this space: starting to put AM machines in hospitals, serving the demand for personalized products and faster product turnaround.

## The next step: Scaling additive manufacturing

Today, almost all manufacturers have 3D printing machines in their R&D organizations, but scaling additive manufacturing into operations can present a series of transformation challenges. When addressing them, a structured approach can help identify and close gaps across the six key capabilities below.

- **Business case development:** To present AM as a viable business alternative and be able to capture its full value, organizations should consider identifying specific issues AM can address and focusing on solving these issues as implementations are scaled.
- **Digital thread:** Organizations should strive to develop smooth capture, storage, and analysis of design files, simulation/build information, and field data to help drive optimal quality and part performance.
- **Quality assurance:** Business leaders should develop controls to manage variability across operators, machines, methods, and materials with real-time measurement across distributed locations.
- **Talent development:** Beyond the design engineers, all resources should understand the impact of digital to physical on the supply chain and how to extract its benefits.
- **Process redesign:** Implementing AM will transform an organization's current processes; organizations should integrate digital-to-physical processes into broader functions from design through delivery and may need to help redesign processes for the supply base to help them evolve in parallel.
- **Organizational roles and structure definition:** Clear roles, decision rights, and policies typically need to be established for AM, potentially requiring a shift of organizational responsibilities.

To effectively scale additive manufacturing to its fullest benefit, you need the right support. Deloitte has the digital transformation experience and ecosystem capabilities necessary to help redefine your organization through additive manufacturing and understand how the technology can improve your bottom line. Give us a call to set up a workshop.

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