

Tech & Biotech

Package deal

Cimulus-built software tracks costly shipping containers

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In the movement to become more “green,” many large companies have abandoned corrugated cardboard shipping containers in favor of reusable, heavy-duty plastic containers.

But tracking those containers, which cost about \$120 each, is time consuming and beyond the core skills for many companies.

And that has created an opportunity for Madison Heights-based Diversity Products LLC, a packaging supplier to virtually all major manufacturing industries. Companies go to Diversity when they want to outsource their packaging.

Using a wireless barcode system developed by software developer Cimulus Inc. of Ann Arbor, Diversity can help its customers track those containers’ locations and where they should be, how many containers they have, and if there are places where containers seem to be disappearing. Before the system was installed, the containers were tracked manually or not at all.

“The way it was done before is just walk into a room and hope you had enough (containers),” said David Brown, Diversity’s chief information officer.

The system is based on a relatively new product by Cimulus called DataCenter, which can be used for many other intensive data-collection functions. Diversity looked at other suppliers but liked Cimulus’ approach.

“They had the ability to take a concept and turn it into an effective solution,” Brown said. “Everyone else was too theoretical.”

Diversity uses the Cimulus system to track containers for Southfield-based automotive supplier Lear Corp. — in particular between a plant in Mexico and an unnamed OEM, Brown said. The company has about 8,000 containers and makes about 120,000 shipments per year. That works out to about 450 shipments — or some thousands of dollars worth of containers out of sight — per day.

The containers, which contain barcodes, are shipped to a Diversity partner’s warehouse in El Paso, before heading back to the Mexico plant. There they are inspected for damage and contamination, repaired and cleaned, then shipped just-in-time to the Lear plant.

Each station in the warehouse has a barcode scanner and can feed specific information into Lear’s database. All the information is available in real time at a website.

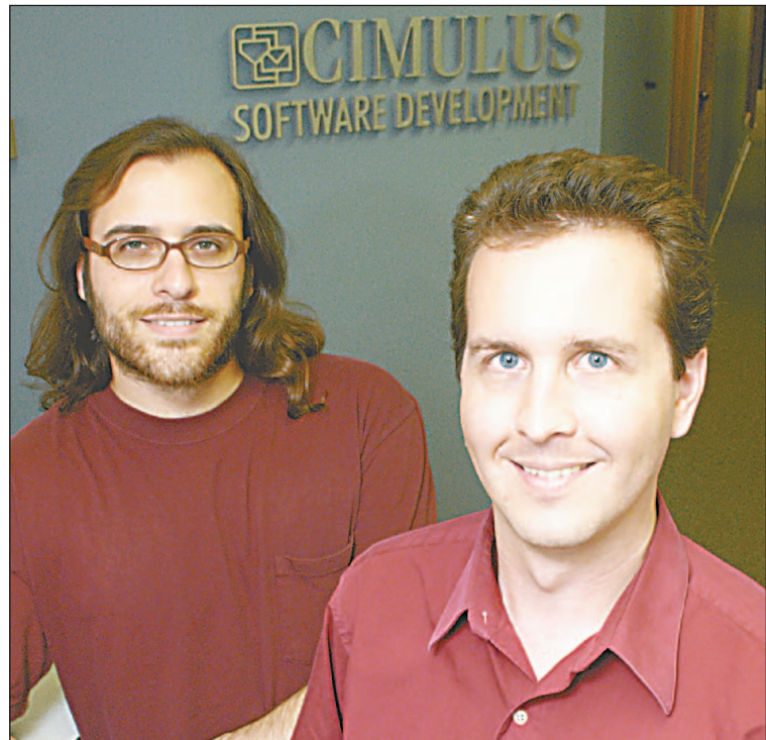
“With this system, we can lower packaging costs 20 to 30 percent after the price of the service,” Brown said.

Lear saves money by having just enough shipping containers on hand, and it eliminates the need for storage. The company also should never need emergency back-up containers. It saves money, too, because it doesn’t need someone internally to track and supply the containers.

For Diversity, the Cimulus system provides another service it can offer its base of approximately 50 customers. In addition to using barcodes, it also can use radio frequency identification technology.

Although Lear is Diversity’s first customer to use the software, Brown said there is plenty of interest from its other customers.

“I think we’ll get a lot more (customers interested in the system),” Brown said, not-



ROBERT RAMEY

Cimulus’s Gregory Mushaka (left) and boss Dennis Carmichael.

ing that many of Diversity’s customers have different versions of the same basic problem.

“We have a model here with positive return on investment. What we did before is we bought more containers and accepted that as part of the business.”

Cimulus charges a base license fee for the product plus configuration fees. It does not supply hardware but directs customers to suppliers.

The DataCenter product was designed to automate the gathering of any kind of information from a shop floor, said Cimulus CEO Dennis Carmichael. The product helps companies track machine use, labor and production rates in real time rather than waiting for the information to be entered later by hand. This helps companies deal with problems faster, increase accuracy and save time.

One unusual aspect of the product is it is a shared source application; when Cimulus

licenses the product, it also turns over the full source code so the customer can use anyone to update it.

“That takes a lot of the immediate concern away,” said Cimulus CEO Dennis Carmichael. “Most of the time they come back to us for enhancements — but they don’t have to.”

DataCenter is set to become the primary revenue source for Cimulus, Carmichael said. He noted there are five copies in use and proposals are out for another 12.

The company, with \$1 million in annual revenue and 12 employees, expects 25 percent-30 percent growth this year, and a higher rate next year. DataCenter will generate about 50 percent-60 percent of revenue this year and 80 percent-90 percent after that, Carmichael said.

Brian Hamilton covers technology for Business Direct Weekly.

INNOVATION

Company:

Diversity Products LLC of Madison Heights.

Software developer:

Cimulus Inc. of Ann Arbor.

Challenge:

Tracking the use of relatively expensive plastic shipping containers used by Diversity’s clients.

Solution:

A wireless barcode system — DataCenter — developed by Cimulus.

Cost:

Base license fee and configuration fees.

ROI:

Fewer lost containers, which cost \$120 each, and increased efficiency.