



## CASE STUDY: **WarehouseTWO**

## WHAT IS INVENTORY SHARING?

Inventory sharing is a formal agreement between manufacturers and wholesale distributors, where inventories are combined, in WarehouseTWO's software and available to all distributors that are a part of the network. With global supply chain bottlenecks created by the pandemic, shortages of parts can mean lost sales for distributors. Inventory posted in WarehouseTWO means that demand from one firm can be fulfilled with inventory held by another, solving supply chain shortages and delays. This kind of service is revolutionizing the way we think about responses to bottlenecks in the supply chain in an ever-changing business environment. WarehouseTWO breeds synergy among companies creating a shared network for manufacturers to find the parts they don't have readily available.

# ABOUT WAREHOUSE TWO

Founded in 2006 and acquired by Rubber Tree in 2021, WarehouseTWO has grown into a reputable and reliable business helping a wide range of distributors solve their inventory availability problems. For over 15 years the company has been at the forefront of inventory sharing.

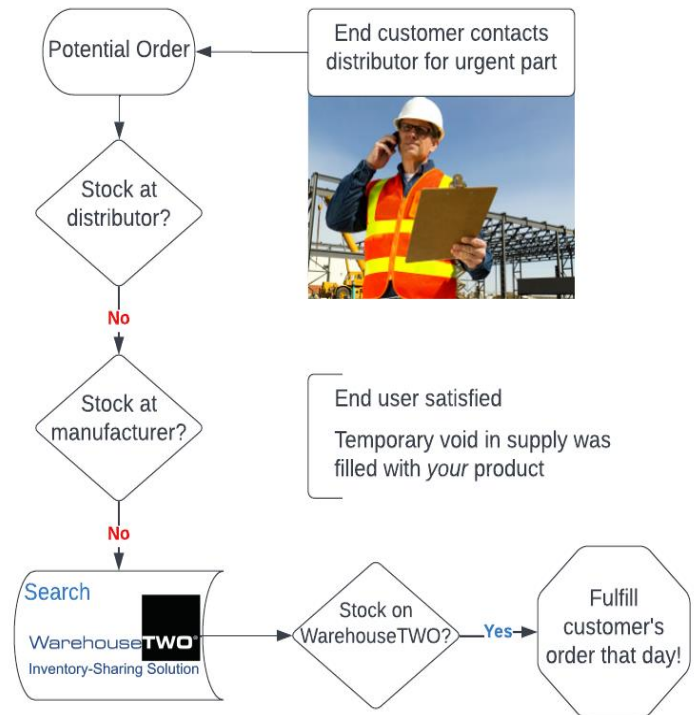
The Ohio-based software-as-a-service, (SaaS), provides services for over 1,200 manufacturers and distributors. WarehouseTWO serves a multitude of industries including automotive, plumbing, industrial fabrics, cloth, and bearings. WarehouseTWO has members from mom-and-pop shops to industry behemoths like Kohler, Parker, Continental, and Danfoss. These communities have grown into a spiderweb-like network with distributors and manufacturers sharing inventory to quickly fill customer orders.

A key to this inventory sharing is having active members that consistently post parts to WarehouseTWO. Incentives are provided to those who post daily, providing them with higher search results.

# HOW WAREHOUSE TWO WORKS

The WarehouseTWO website offers communities that you can either create or become a part of, depending on the size or scope of the company. Distributors can become a member of WarehouseTWO through an application process. Once verified, the distributor is placed inside the community to buy or sell. Members of the community can then see and order parts from one another.

WarehouseTWO communities do not sell to end-users. This is strictly a distributor exchange. Distributors then sell to their customers and end-users.



## Search Methods

- Search Via Part Number or Description (sorted by part # alphanumerically then price, date).
- Multi-Search – Up to twenty-part numbers.
- Bargain Hunt – Find Best Deal Out there.
- Related Items - Competitive Part Numbers/Gain Market Share.

Part Number	Description	Qty	UOM	Price	Currency	Date Posted	Distance (MI)	SRV	
84 FRZ-65-C	12x12 MALE CONNECTOR	247	EA	11.79	\$ USD	9/30/216	2.974	D	
84 FRZ-65-C	12 X 12 WMPF CONNECTOR 60 WPC NUT	912	EA	13.19	\$ USD	9/30/216	2.164	D	
84 FRZ-65-C	60 Hole connectors (60P) 120MPF 6P4	7	EA	13.19	\$ USD	9/30/216	17	D	
84 FRZ-65-C	MALE CONN 1/2 TUBE & 120MPF CP 316	62	EA	14.62	\$ USD	9/30/216	747	D	
84 FRZ-65-C	12 MALE CONNECTOR 316 CR	17	EA	9.11	\$ USD	9/30/216	3.128	D	
8803CN-316	160 Item only not for sale	5	100	EA	500.00	4/5/4	9/14/216	80	D



## WIN-WIN-WIN SITUATION

This is a win-win-win situation. Manufacturers, distributors, and end users all benefit from this service in a variety of ways. Manufacturers and consumers can get their products faster. Products are shipped to customers faster with fewer delays, then in turn, can increase sales of all companies involved.

Distributors have fewer back-ordering or lost orders, increasing revenue and decreasing open order management costs. WarehouseTWO provides an additional benefit for slow-moving inventory which is now available to all participants, thus increasing inventory turns.

Manufacturers also benefit from how this service works. With fewer stoppages in production due to delays in deliveries, manufacturers have fewer high-cost expedited orders. Manufacturers are also able to share unused inventory with others willing to buy it. The increased efficiency in inventory management can have substantial financial benefits.

WarehouseTWO services are revolutionizing how effective and efficient supply chains work and this has benefits for companies that are reshoring. Through inventory sharing, supply chains are shortened and risk is reduced.

## FUELING RESHORING

There is no doubt that the global pandemic caused many companies to rethink their inventory policies. Global shut-downs of factories in China and other places made some products difficult, if not impossible, to find. Many companies have begun increasing their investment in inventories to avoid stock-outs or lost sales. WarehouseTWO addresses this situation by sharing inventory availability information across many locations and distributors, resulting in greater access to parts for customers in America. WarehouseTWO provides the added benefit of reducing distributors' need for carrying excess inventory. Customer fulfillment times are greatly reduced when filled from warehouses in the U.S., and lost sales are minimized.

### Sources

(2019, February 24) 'What is Inventory Sharing and how can it benefit your business?' <https://blogs.warehouse2wo.com/what-is-inventory-sharing-benefits>

Tomalonis, Mark. (2019, July 17). *Is Inventory sharing a solution to distributors' surplus inventory problem? Maybe.* <https://www.mdm.com/blog/strategy-research/strategy/is-inventory-sharing-a-solution-to-distributors-surplus-inventory-problem-maybe/>

# ABOUT THE AUTHOR

Michael Gherman is a senior at the University of Kentucky pursuing a Bachelor of Business Administration with a double major in Management and Marketing. He recently completed a business study abroad program in Florence, Italy, and is passionate about international travel.



# ABOUT THE RESHORING INSTITUTE

The Reshoring Institute is a non-profit and non-partisan organization providing information, research, and consulting services for companies that are reshoring or expanding their sourcing and manufacturing in America. This includes domestic supplier selection, factory site selection, total cost of ownership (TCO), trade compliance, MADE in USA labeling, podcasts, case studies, and white papers.

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