

NIGP Code™ Solution

Texas Department of Transportation (TXDOT) Saves Through Inventory Rationalization

RESULTS: Number of items carried in inventory **REDUCED** 29% from more than 120,000 items to 85,000 ▪ Value of inventory carried on hand **REDUCED** 15% ▪ Value of inventory reduction more than **25X** project cost

“The math was simple. When the NIGP Coding Section started the conversion process, we had more than 120,000 items in inventory.

The coding identified items with duplicate entries and culled them into a single entry. As such, we reduced the number of line items to about 85,000, or a reduction of around 29% of the line items.

By identifying those items as one and the same, we were able to realize a one-time savings of 15% of the value of our inventory at the same time. The decrease of inventory value as a result of the coding work was more than 25 times the cost of the coding.”

—Sil Romero,
former Director of Purchasing, TXDOT

SOLUTIONS

- TXDOT uses the NIGP code to track both contract line items and inventory stock items.
- Original coding project was across 26 warehouses statewide. NIGP Code team executed duplicate identification, data cleansing, description enhancement and NIGP Code assignment.
- Ongoing efforts include content management, description enhancement and NIGP Code assignment for contract and inventory items.

CHALLENGES

- TXDOT processes more than \$443 million in Maintenance, Repair and Operations (MRO) spend per year.
- TXDOT operates 26 warehouses in 24 regions statewide.
- TXDOT lacked a common stock item numbering and description methodology.

