A woman with dark hair tied back, wearing a grey turtleneck and a white and black striped blazer, is smiling and looking upwards. She is holding a tablet and a pen. The background is a blurred warehouse with high ceilings and industrial equipment.

Optimizing Inventory Management in 2025

Staying ahead of key trends

Table of Contents

TOPIC	PAGE NUMBER
<u>Introduction</u>	1
<u>Key Terminology</u>	3
<u>Notable Statistics - 1</u>	6
<u>Understanding Different Inventory Methods</u>	7
<u>Notable Statistics - 2</u>	10
<u>Additional Benefits of Successful Inventory Management</u>	11
<u>Notable Statistics - 3</u>	13
<u>Inventory Management Trends</u>	14
<u>Timly: Inventory Management Anywhere, Anytime With QR Codes</u>	18
<u>Customer Case Study: SodaStream</u>	21

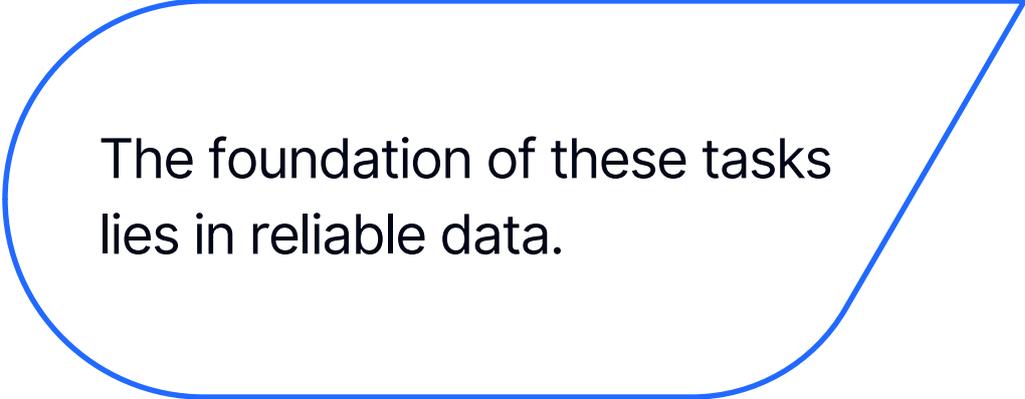
Optimizing Inventory Management in 2025

As we step into 2025, it's essential for companies to rethink their inventory management strategies. The beginning of the year is a prime time for inventory review, especially in sectors where holiday seasons significantly affect stock levels. Synchronising your inventory assessment with the fiscal calendar can be beneficial, though it's not mandatory for everyone. This is a key moment to ensure your inventory is managed efficiently, making the most of technological advancements and best practices in the field. Embracing a smart approach to inventory management can lead to better decision-making, cost savings, and improved customer satisfaction.

An efficient inventory management system is invaluable, enabling better planning and decision-making that enhance your business's operational efficiency and financial health. Furthermore, robust inventory management is pivotal in fulfilling legal obligations related to annual financial reporting. Whether operating as a Limited Company, a Limited Liability Partnership (LLP), or a Sole Trader business, it is crucial to maintain a detailed and accurate account of assets and liabilities.

Effective inventory management is a crucial and multifaceted task for businesses of all sizes. Key aspects include:

- * Conducting thorough financial reporting, offering insights into sales and production
- * Efficiently tracking inventory across various sales and distribution channels
- * Strategically maintaining stock to balance product availability with financial liquidity
- * Accurately forecasting future demand to ensure smart budgeting and prevent surplus stock



The foundation of these tasks
lies in reliable data.

Optimizing Inventory Management in 2025

This white paper focuses on practical approaches to track and manage work equipment and tools, enhance maintenance practices, and accurately record damage or loss. It offers insights and knowledge that are applicable and useful for business owners in Europe and beyond.

Understanding these critical inventory management trends will help your business stay ahead of the competition in 2025, driving operational efficiency and financial resilience in a dynamic global market landscape.

An effective inventory management system provides accurate data, laying the foundation for making informed business decisions and streamlined operations.

Inventory management in focus: What's inside this white paper

- * How efficient inventory management can significantly benefit your business,
- * Essential concepts and emerging trends in inventory management,
- * Different inventory types and their role in compliance with legal standards and regulations.



Photo Courtesy

Key Terminology in Inventory Management

Key Terminology in Inventory Management



Inventory

This involves the systematic recording and counting of all items a company possesses, be they products for sale, goods in production, or items in storage. The aim is to provide an accurate snapshot of the company's current operational status and asset value.



Assets

Assets encompass tangible items such as products, machinery, and tools. They also include digital assets like business contracts, employee qualifications and certifications, as well as maintenance records for machinery and equipment. They offer benefits like operational efficiency, regulatory compliance, and enhancing workforce expertise.



Current Assets

Current assets are those expected to be converted into cash within a year or a single business cycle. This category includes items ready for sale, processing, or consumption, as well as financial securities and receivables from sales. They represent the fluid and active portion of a company's resources.



Fixed Assets

Fixed assets are long-term, tangible items owned and used by the company for more than a year. They play a vital role in the company's long-term operational strategy, contributing to ongoing productivity and growth.



Inventory Discrepancy

This term refers to the difference between the actual counted inventory and the expected stock levels. Causes of this discrepancy can include breakage, theft, or recording errors. Promptly addressing these differences is crucial for maintaining accurate financial records and upholding operational integrity.

Fundamental Guidelines to Inventory Management

COMPLETENESS

An inventory must be comprehensive, encompassing a full and accurate record of all assets, ensuring no gaps or omissions. This is essential for accurate financial reporting and resource management.

ACCURACY

Accuracy is crucial in inventory management. Each item should be accurately counted, with reasonable estimates used only when precise counts are impractical, to ensure financial integrity.

VERIFIABILITY

Inventory data should be clear and understandable, even to external parties with relevant knowledge. Ensuring data accessibility for a set period, as per local jurisdiction requirements, facilitates audits and accountability.

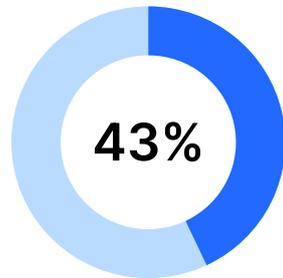
TRANSPARENCY

Transparent documentation of methodologies, data sources, and assumptions enhances the inventory process's credibility and utility, enabling effective replication and assessment.

CONSISTENCY

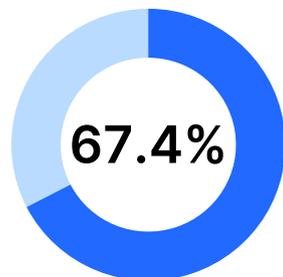
Consistent methodologies and data sets across different periods ensure reliable, comparable results, aiding in trend analysis and strategic planning.

Notable Inventory Management Statistics



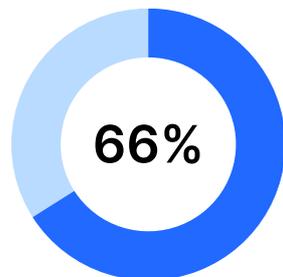
Inventory tracking in small businesses of small businesses do not track their inventory, potentially affecting their operational efficiency and profitability

Source: PackageX



Heavy reliance on spreadsheets of supply chain managers use Excel spreadsheets to manage inventory, indicating significant room for digitalisation and process enhancement

Source: PackageX



Post-COVID supply chain adaptation of businesses globally recognise the need for significant changes in their supply chain strategies after COVID-19

Source: Capgemini

Inventory distortion costs

\$1.8 Trillion

expected cost of inventory distortion for retailers in 2023

Source: Retail TouchPoints



Photo Courtesy:

Understanding Different Inventory Methods

Understanding Different Inventory Methods

Effective inventory management blends both quantitative and qualitative analyses. Quantitatively, it typically involves ratio analysis using financial statements, focusing on metrics like days inventory outstanding, inventory turnover, and the inventory-to-sales ratio. These ratios are instrumental in evaluating a company's inventory management efficiency, highlighting challenges such as slow-moving stock, excessive buildup, or potential obsolescence. Qualitatively, the method includes a thorough examination of financial statement notes to assess and compare inventory valuation methods.

The days inventory outstanding ratio measures the average duration a company holds inventory before selling it. Inventory turnover indicates the frequency with which inventory is sold and replenished, while the inventory-to-sales ratio compares the average inventory against net sales. These metrics, varying across industries, provide the most insight when compared with industry peers.

Additionally, a careful review of financial statement notes can reveal possible earnings manipulation through changes in inventory valuation methods, such as frequent alterations in accounting policies or differences in valuation approaches.

What are the different types of [inventory methods](#)?

Close-to-Balance Sheet

The close-to-balance sheet inventory method, spanning ten days before and after the balance sheet date, is widely adopted across various industries. Commonly set on 31 December to align with the calendar year, this method is known for the precision and detail of its results. However, its drawbacks include:

- Being labour-intensive, often necessitating extra staff for counting, measuring, and recording.
- Operational disruptions during the count can lead to significant revenue losses, especially for businesses with continuous operations.

Postponed Inventory

When close-to-balance sheet inventory is not feasible due to large stock volumes, and perpetual inventory criteria are not met, inventory can be scheduled within a specific number of months before or after the balance sheet date. In these cases, stock values are extrapolated or recalculated to the balance sheet date, and the actual inventory date is documented for accuracy and transparency.

While the potential for errors in recalculations is a notable concern with this method, it does have the advantage of allowing for extended planning within a predetermined time window. This flexibility helps in scheduling the inventory process outside of peak business periods, facilitating a more comprehensive and detailed analysis of any discrepancies.

Understanding

Different Inventory Methods

Perpetual Inventory

This method consists of continuous inventory processes throughout the year. Companies may either count their warehouse stock in stages or maintain ongoing records of all goods as part of their regular business activities. Its main advantages include the distribution of workload over time and the provision of almost real-time data on stock levels.

A detailed and up-to-date stock ledger is crucial, documenting all changes in inventory consistently. Despite the continuous monitoring of stock levels, annual physical checks are often required by law to align with the stock ledger, offering flexibility in scheduling these checks to coincide with other business activities.

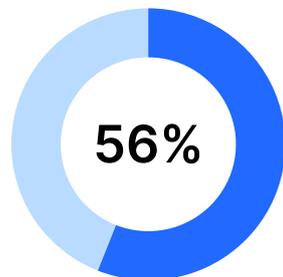
Sample Inventory

Sample inventory, employing advanced mathematical-statistical methods, serves as an efficient alternative to traditional full inventory approaches, particularly suited for large trading firms. This method involves analysing a representative sample of inventory items to assess the overall accuracy of inventory records within systems such as ERP. While it's not recommended for perishable or extremely high-value items due to their unique handling requirements, it's highly effective for standard stock items.

The goal of sample inventory is to attain the informational depth of a full inventory count with less effort. By focusing on sample discrepancies, it allows end-of-year inventories to be adjusted more efficiently and accurately.

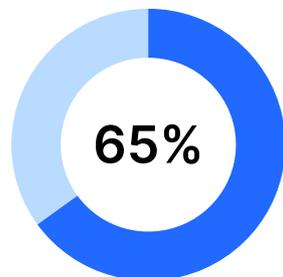
Implementing this method necessitates a robust ERP system equipped with reliable inventory accounting capabilities. Its primary advantage lies in mitigating common errors and risks associated with manual stocktaking, particularly those performed under time constraints or by staff not specialised in inventory management. This strategic approach not only streamlines the inventory process but also ensures a high level of accuracy in stock management, making it a valuable tool for modern, large-scale trading operations.

Notable Inventory Management Statistics



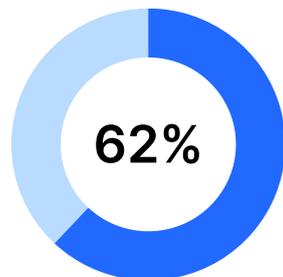
of organisations worldwide optimize for inventory costs, while 53% focus on warehouse costs

Source: Capgemini



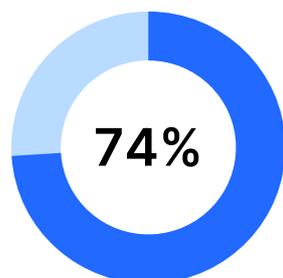
Data sharing in supply ecosystem of businesses globally share inventory data with suppliers, and 53% with distribution partners

Source: Capgemini



Increasing data sharing plans of businesses plan to increase data sharing with suppliers, and 73% with distribution partners

Source: Capgemini



Manual supply chain assessment of companies still rely on manual methods for assessing supply chains and related risks, despite advances in technology

Source: Interos



Photo Courtesy.

Additional Benefits of Successful Inventory Management

Additional Benefits of Successful Inventory Management

Efficient and well-documented inventories are vital for businesses beyond just meeting legal requirements. They offer critical insights for strategic resource management, financial planning, and identifying inefficiencies. A comprehensive approach to inventory management empowers businesses with a deeper understanding of their operations, facilitating informed decision-making and improved performance.

Overview of [materials and assets](#)

Accurate data on current stock levels elevates inventory management to a strategic function. It enables businesses to optimize procurement, aligning purchases with usage patterns and forecasting needs based on historical data. Proactive inventory management like this is essential for cost reduction and operational efficiency.

Effective management of long-term assets such as furniture, vehicles, and equipment is crucial. Current data availability ensures balanced resource allocation and supports expansion plans. Knowledge of the location of various items enhances operational efficiency.

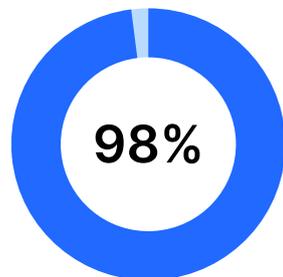
Assessing the value of inventory and raw materials

Advanced inventory software goes beyond tracking, providing crucial analytics for asset valuation. It captures comprehensive data, including age, purchase price, and maintenance history, aiding in strategic decision-making and financial management.

Tracking the whereabouts of inventory items and assets

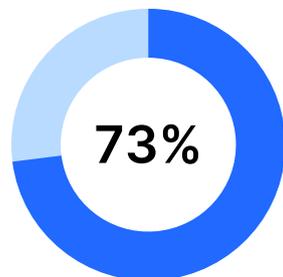
Using RFID tags, QR codes, or barcodes in inventories simplifies the tracking of assets, enhancing workflow efficiency and resource allocation. Modern software often includes GPS features, particularly useful for movable assets.

Notable Inventory Management Statistics



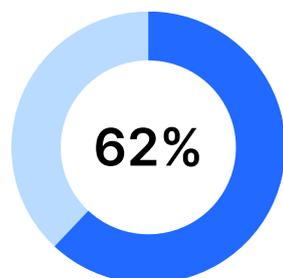
Spreadsheet errors and business costs of UK office workers have seen Excel errors cost their employees money

Source: Digital Journal



Warehouse use of mobile devices of warehouses plan on using a mobile device for inventory management purposes

Source: FounderJar



Human errors in warehouses due to manual processes of warehouses in the US report human errors arising from manual processes

Source: FounderJar

Information search time

1.8 Hours

is the time spent by employees daily searching and gathering information

Source: McKinsey



Photo Courtesy

Inventory Management Trends

Inventory Management Trends

The **traditional** inventory process

The conventional inventory process was a hallmark of business operations for decades. It involved pausing regular business activities while a pair of employees conducted a comprehensive inspection of all inventory items. They meticulously recorded details such as location, current value, warranty period, name, and quantity in inventory lists. These lists were then subject to spot-checks by a supervisory figure, often a company manager, to ensure accuracy.

While this method was detailed, it was also notably time-consuming and susceptible to human error. Its labor-intensive nature led to the gradual adoption of digital inventory methods, which offer increased efficiency and accuracy, transforming the inventory management landscape in modern businesses.

Inventory **trends**



Barcode Object Capture

The digital capture of commercial goods or company inventory using barcodes isn't exactly new. Introduced in supermarkets in the 1970s, barcode technology and corresponding software became widespread in warehouse logistics during the 1990s.

The classic barcode is one-dimensional (1D Code) and can be scanned from about a few inches away. Even with simple, inexpensively printed barcode labels, products or materials can be tracked throughout the entire logistics process.

The data recorded for each item depends on the software used. Thorough records can be maintained without the need for manual adjustments. Real-time inventory data retrieved via scanning enables better, data-driven decisions for your business.

Advantages

- Information encoded in barcodes can be retrieved in seconds, saving time compared to manual, analog inventory management.
- Modern devices like tablets and smartphones can read barcodes, making the technology accessible to mobile staff without the need for specialised MDE (Mobile Data Entry) devices.

Disadvantages

- Bulk capture of multiple items simultaneously is not possible.
- Functional issues can occur with dirt or damage to barcodes.
- The specific type of barcode may not be compatible with POS (Point of Sale) or accounting software.



QR Code Labels

QR codes are an advanced form of barcode that can be read both horizontally and vertically. Their complex structure, incorporating squares and dots, allows for greater information capacity and higher error tolerance. They are also known as two-dimensional (2D) codes or matrix codes.

Advantages

- Established technology.
- Can hold more information than 1D codes.
- Flexible usage on variously sized surfaces.
- Smartphones or tablets can be used as scanning devices.

Disadvantages

- Need to be printed on opaque materials.
- Require line of sight and physical proximity to the object.



RFID Tags and Transponders

RFID technology transmits information via radio waves. RFID tags are transponders on thin foils, each with a rewritable chip and an antenna. RFID tags generally have a reading range up to 3 feet (1 meter) for low-frequency and high-frequency tags, and 10 to 20 feet (3-6 meters) for passive far-range UHF tags. Active tags can reach over 300 feet (100 meters).

Advantages

- No line of sight needed: faster identification and localisation of objects.
- Simultaneous identification of multiple transponders with one reader (bulk capture).
- Tags are resistant to dirt and minor damages.
- Nearly 100% first-time recognition rate.

Disadvantages

- More costly and complex than QR or barcode solutions.
- Can be sensitive to metals and liquids (limited to specific types of goods).
- Require special reading devices.



Drone Inventory

In recent years, combining AI algorithms with drones has shown promise, particularly for counting large volumes of similar objects, like in beverage wholesale. Current pilot projects are exploring these automation potentials. Drones equipped with 4K cameras can identify and count products using barcodes, QR codes, item numbers, or visual characteristics.

Advantages

- Reduces the need for employees to work at heights in traditional warehouses.
- Potential cost savings and improved data quality.
- Less manual effort, leading to quicker inventory processes.

Disadvantages

- Currently, the method is quite expensive.
- Drones must be operated by specially trained personnel.
- Suitable only when all inventory items are at a single physical location.
- Impractical for remote workers and company branches.
- Integrating into existing IT systems and ensuring data security is challenging.



Sensor-Based Inventory Management

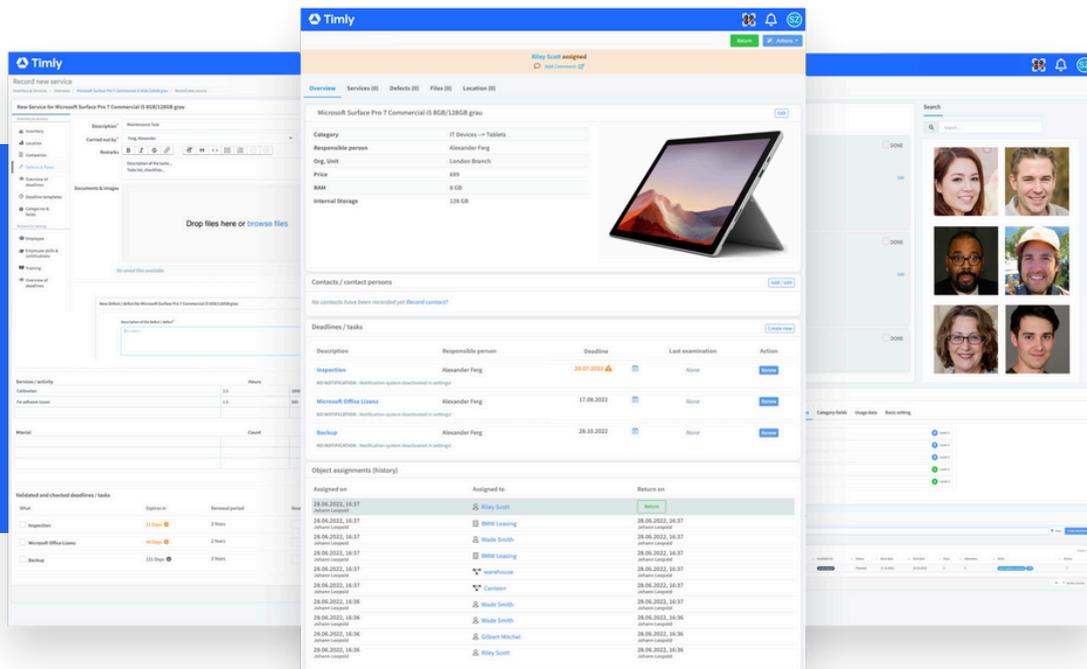
Various systems for digital inventory recording are emerging, using light barriers, autonomous camera vehicles, or IoT sensors. These sensors are applicable to small load carriers, loose goods, pallets, or boxed goods. The software calculates inventory levels based on measured weight.

Advantages

- Allows for precise consumption tracking without labels.
- Real-time data processing and immediate export for ongoing inventory.
- Quick photographic documentation of damages or quality losses.

Disadvantages

- Specialised mobile cameras, warehouse robots, or drones are required.
- Dependence on logisticians trained in the specific system.
- Cost and implementation may not be feasible for small and medium-sized enterprises.



Timly: Inventory Management Anywhere, Anytime With QR Codes

By following the guidelines and principles outlined above, the inventory management process can be significantly streamlined and made more efficient. Further optimization can be achieved by adopting cloud-based inventory management software, which not only digitises and automates but simplifies inventory management, leading to greater efficiency and accuracy.

There are numerous solutions available to cater to diverse businesses, sectors, and use cases. Timly, a leading Zurich-based provider of asset-tracking solutions, stands out for several compelling reasons:

- **Cloud-based:** Timly's inventory management solution operates in the cloud, providing full functionality and accessibility from any device, including desktops, tablets, and smartphones.
- **Universal applicability:** Timly is universally applicable to any type of business or organisation, across all sectors.
- **High customisation:** Timly offers a high level of customisation, allowing you to personalize asset records and data fields to align with your specific needs.
- **Cost efficiency:** Organisations often find that after implementing Timly in one area of their business, it can be easily extended to other departments and operational areas at no extra cost.
- **Comprehensive asset tracking:** Timly's deployment across an entire organisation enables seamless asset tracking, including equipment location, ownership, service history, maintenance schedules, and staff training records.

- **File management:** The 360° solution includes a file management system, enabling you to upload various file types related to assets, such as purchase receipts, maintenance records, or staff training certifications.
- **QR technology:** Timly is optimized for use with QR code labels directly attached to assets, easily scanned using the integrated cameras of phones, tablets, or computers.
- **Granular user permissions:** Timly simplifies user management by setting no limit on the number of users an organisation can grant access to its account. Through granular permission settings, administrators define user authorisation levels, specifying what they can view and what actions they can take in Timly.

Timly supports companies in the sustainable and intelligent management of their equipment, with a focus on sustainability and efficiency.

With these features and functionalities, the advantages of Timly for inventory management are numerous:

- **Real-time digital records:** Timly generates digital asset records in real-time, eliminating the need for manual inventory counting and error-prone inventory lists.
- **Ongoing inventory:** Timly allows organisations to implement ongoing inventory processes, eliminating the need for time-consuming fixed-date inventories that disrupt day-to-day operations.
- **Flexible categorisation:** Timly's flexible categorisation capabilities enable you to map attributes to each inventory item, tailored to your monitoring, planning, and reporting needs.
- **Linking intangible assets:** Timly can link intangible assets like software licenses or employee certifications to physical hardware, locations, or specific equipment.
- **Efficient inventory mode:** Timly's inventory mode simplifies physical stocktaking, allowing you to confirm asset whereabouts with a few clicks by scanning its QR code, instantly updating the asset record.
- **Anytime, anywhere access:** Timly's cloud-based application, coupled with user permissions, empowers your employees and partners to perform inventory tasks from anywhere, at any time.

The traditional stock book and Excel spreadsheet are becoming outdated. Specialised inventory software is necessary to manage assets efficiently in a modern, dynamic work environment. Timly facilitates continuous work with inventory data, independent of employees' locations.

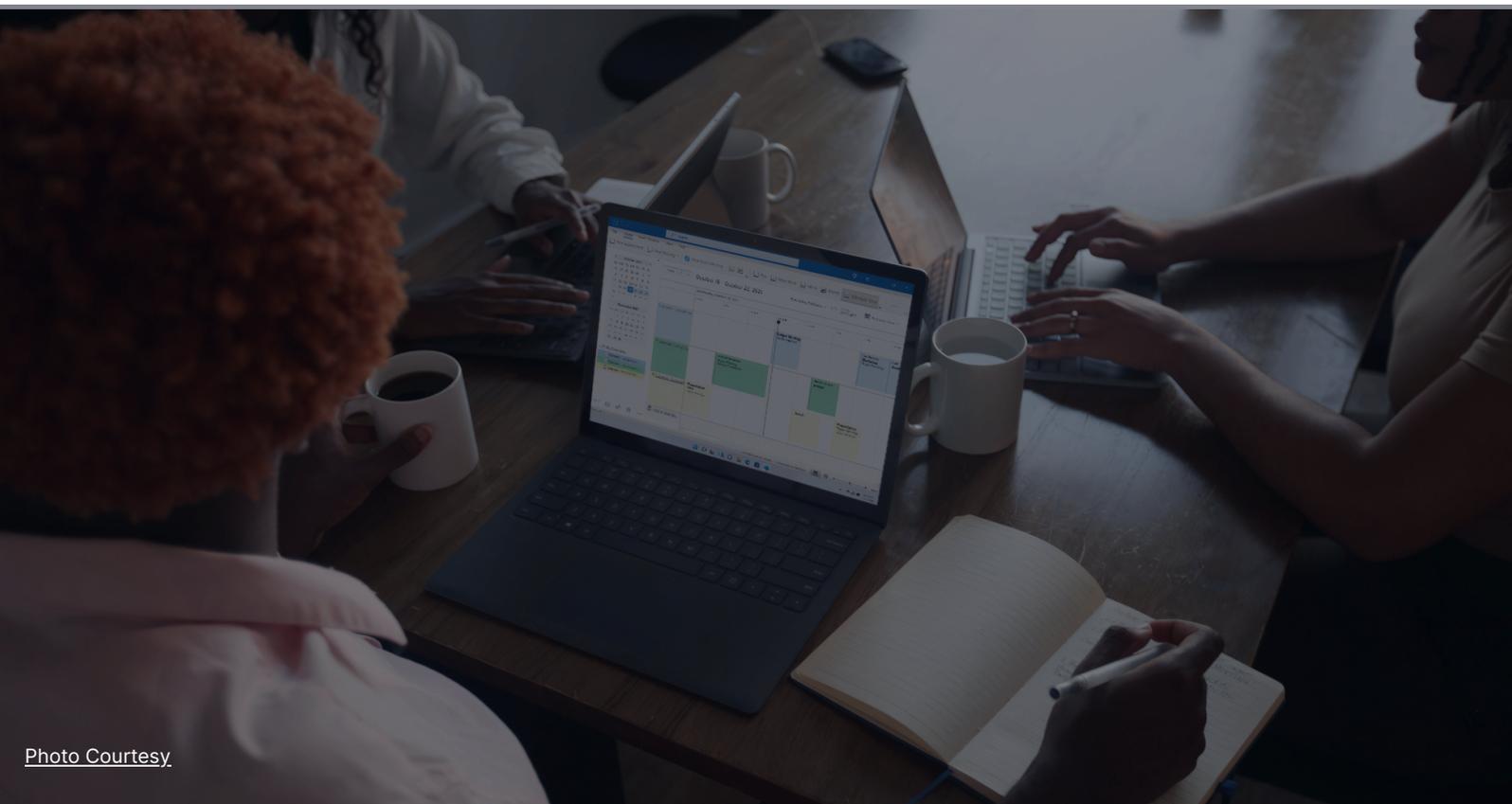


Photo Courtesy.



How the No.1 Sparkling Water Brand in the World Simplified Inventory Management With **Timly**

SodaStream, the global leader in home soda makers, employs approximately 2,000 people worldwide, with a significant presence at its Frankfurt-based German branch. However, their annual inventory process had become a challenge, not least due to the extensive use of IT devices, both in-office and remotely. Amid SodaStream's impressive success, the essential equipment vital for operations needed accurate tracking and efficient management.

Revolutionising SodaStream's IT inventory management with Timly

In 2021, SodaStream's IT department embarked on a journey to modernise their inventory management system, bidding farewell to Excel spreadsheets and manual processes that were ripe for digitisation.

Enter Timly. The IT team, in pursuit of a contemporary solution for their inventory management upgrade, decided to explore a demo version of Timly. Impressed by its capabilities and potential, they swiftly embraced it.

With Timly in play, the transition to digital inventory management was nothing short of transformational. SodaStream seamlessly transferred data from Excel to the new digital database within Timly, leveraging QR code technology for streamlined asset record creation and management.

But the transformation didn't end there. In collaboration, Timly and SodaStream developed an ad hoc and revolutionary 'Mobile Self-Inventory' feature. This ingenious solution empowered their staff to independently manage equipment inventory, liberating remote and traveling employees from the need to return to headquarters for inventory tasks that could now be carried out effortlessly from any location.

With Timly, SodaStream significantly streamlined its inventory and asset management processes. Features like mobile self-inventory are saving the company considerable time and resources every year.

Convenient mobile inventory management

SodaStream employees can carry out inventory checks of IT equipment in their possession with ease from their mobile devices, in just a few clicks. Supervisors can automate reminders to ensure timely completion of inventory checks by staff.

Timly: Beyond simple inventory management

SodaStream's employees, whether working in the office or remotely, can quickly inventory their IT devices using smartphone QR code scans. They can also promptly report defects within Timly, which triggers a ticket, streamlining repair scheduling.

All devices, from monitors to notebooks, once added to the Timly database, are easily accessible through a search function. Anyone authorised thus has access to the record's details, including the current location and assigned employee. This functionality proves invaluable for tasks such as verifying equipment allocation, tracking upcoming maintenance schedules, or checking reservations, ensuring timely returns.



Our inventory process now runs seamlessly. Previously, we relied on conventional methods, which often led to confusion. Digitising processes with Timly software has brought real value and significantly reduced administrative effort.

Murat Tulgar

IT Manager, SodaStream