

Baxter production  
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a quandary,



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Baxterproduction Company (BMC) is in a quandary, they're seeking to decide to purchasenew software program or if they can build a new system on their very own. Theymay be a bit unsure to buy an upgrade system because they were let down in thepast. I could be talking to some of the head human beings in price and spotwhat mind they've and where we're more likely to move on. Whether we arerequired to buy a new software or if they can build a new system on their own. Theyare a little uncertain to buy a new system because they were let down in thepast. I will be talking to some of the head people in charge and see what thoughtsthey have and where we are more likely to move on.

Baxter is using Out-dated technology for their current system, many of Baxter's competitor have passed them, and Company fears of losingreputation as world class manufacturer. This is what Lucas perspective was. Hesees the time frame, and by outsourcing this will reduce the turnaround time, not to mention it will be more effective, an estimate of \$220, 000 instead of\$400, 000 for in-house system.

Baxter's' clients are not concerned with currentinternal systems; this doesn't affect company's reputation until companyprovide them quality parts. Being part of the company, have always beeninnovative and have changed with time. Vendors can be set in their ways and possiblynot want to deal with a whole new system, undoubtedly Baxter needs to keep thisin mind before we go off and spend all this money. We have shown that we can successfully develop a systemin-house. Developing a new system will take two years and cost \$420, 000, thisis about the same for an upgrade system, the cost is \$220, 000 and, we will needto spend an additional \$200, 000 to

have an outside company train our employees. Once we finish the in-house system our team will be working hand to hand with the ones using it and it's a clever idea to get their feedback, so once it's up and running we won't need a lot of training since we designed it around us and our vendors.

This may take longer to develop but once we are done we can hit the ground running and not have to wait to be trained. For us to move forward on our in-house system we should review some of the project we are going through to see where we can deduct costs. Our Company needs to look at some of our high-cost activities and relocate them to lower-cost geographical areas.

Moreover, we also need to look at our activities and see if we must do all the work, which means we are carrying all the cost or, if we can outsource them for a lower price. We need to start cutting cost on other activities, so it can run the over price of our in-house system down. If we purchase a new system at the price, this way we still have control of our overhead. Baxter needs to tighten our belts, and consider our existing activities and see where we can utilize affordable cost technology and innovate around our design.

In addition, our overall goal is to make up the difference by achieving savings in backward or forward portions of the system, many purchased systems will not allow us to modify the system to fit the company's needs. We mentioned the cost of training, that is something that needs to be added when we purchase an outside system, we will also have cost associated with data conversion and changeover. We may get the new system within 6 months but, once we factor in all the unknowns our goal can still be two years out just like with the in-house system.

According to Sue Barkley's standpoint, we must spend some time and consider these two systems and see what else is out there that maybe more compatible with us and our needs and let's narrow it down to three or four most best fit systems to work with. Then, we will invite each of them to submit proposals, so we can evaluate them and pick the best one that works for our company. Once we have made our selection we will then compare it to our plans for our in-house system.

We need to start taking steps now that can take approx. 9 to 12 months and can cost us anywhere from \$50,000 to \$90,000. Of course, once we get a price that is not the end to negotiate more favorable price and terms. No matter what, our reputation will need to stay on top of our in-house system costs always. We will need to cut costs whenever possible by, it will be best to integrate backwards into the business of prohibitive cost suppliers to gain control over cost of purchased items.