**ABSTRACT** 

PT XYZ is a company who operates in the technology services, information, and

communication technology as well as telecommunications networks that have digital

services providing internet, home telephone and TV. PT XYZ uses a device called Network

Terminal Equipment (NTE). In an effort to maximize the range of services provided, this

company has seven warehouses spread throughout Indonesia. Where each regional

warehouse must be supported by a good inventory process to optimize equipment and

minimize inventory costs. However, in actual conditions PT XYZ experienced several

problems in the supply of NTE equipment, one of which was overstock.

Therefore, this research was conducted to determine the optimal inventory policy in each

PTXYZ regional warehouse in order to reduce overstock and minimize inventory costs. The

method used in this research is Continuous Review (s, S) which can help determine order

lot size, safety stock, and reorder point.

Based on the proposed inventory policy calculation using Continuous Review (s,S) method

PT XYZ can reduce the total inventory cost about 87% or Rp410,585,661.67 in a year for

each warehouse.

By implement the proposed inventory policy such as maximum inventory policy, reorder

point policy, order quantity policy, and safety stock policy it can help each warehouse in

PT XYZ to minimize the amount of total inventory cost of NTE device so that the inventory

cost incurred by PT XYZ can be used efficiently.

Keywords: Inventory, NTE, Overstock, Continuous Review (s, S), Cost Minimization