

CASE STUDY

LEAD LOGISTICS PROVIDER FOR A GLOBAL END-TO-END MRO SUPPLY

Independent research by the Aberdeen Group has shown Maintenance, Repair and Operations (MRO) can be a substantial expense for customers, and MRO programs are now achieving up to 20% in cost reductions. This cost saving has been realized by DHL with MRO operations across the Energy industry.

Our customer, a joint venture between two large petrochemicals firms, runs large integrated refining and petrochemical complexes and is taking control of its MRO program. The Saudi-based refinery processes 400,000 barrels per day of crude oil and 1.2 million tons per year of ethane as primary feedstock. One of its parent companies produces an average of 8 million tons of heavy oil and 5.3 million tons of light oil for customers annually.

CUSTOMER CHALLENGE

Our customer's main goal was to outsource its global, end-to-end supply chain, which included supporting its petrochemical plant with the deliveries of spare parts, chemical consumables and raw materials. Achieving this meant a number of challenges. Visibility of goods did not exist through a single comprehensive data source. Real-time visibility from order release to consumption is needed globally, so decisions and response to change can be effectively managed.

The partner would need the capabilities and global presence to consolidate and integrate the two current MRO service providers (relating to the handling of chemicals and spare parts) through to a single, global supply chain. Finally, the company wanted a partner

CUSTOMER CHALLENGE:

- Outsource global end-to-end supply chain
- Improve visibility of goods through a single data source
- Consolidate two incumbents into one global partner
- Support growth aspiration and continuous improvements

DHL SUPPLY CHAIN SOLUTION:

- Establish LLP, optimizing the global logistics network
- Implement SCI to enable full supply chain visibility
- Introduction of a control tower and a customs clearance network
- Implement best practices from own industry expertise

CUSTOMER BENEFITS:

- Strong business partnership with the customer
- Smooth and short transition of 2 incumbents to LLP
- Visibility reduces return of stock to 2.2%
- Manage our customer's MRO through one point of contact
- Forecast volume increased 10% from 2011 to 2013



who could support in managing its growth aspiration, while continuing to implement continuous improvements across the supply chain – to drive an increase in production rates and Health, Safety, Security and Environmental (HSSE) standards.

DHL SUPPLY CHAIN SOLUTION

DHL Supply Chain provided three core solutions to help our partner overcome its challenges, while ensuring a smooth transition into its role as key supply chain partner.

In the first instance, DHL established itself as the Lead Logistics Provider (LLP). This resulted in the optimization of the company's global logistics network, creating leaner processes which were supported and managed through the successful implementation of the track and trace tool – SCI (Supply Chain Integrator). This system enables full, real time, visibility of goods through a single source from more than 800 suppliers around the world.

In addition, DHL set up a control tower and a customs clearance network for global, regional and local inbound shipments to the refinery and warehouse operation, and the outbound logistics to the point of use. This aligns with the customer's operational agenda and long-term strategy.

Furthermore, through the use of continuous improvement tools and industry expertise, DHL was successfully able to adopt and implement best practices – from MRO operations in Saudi Arabia and from its experiences of working across the Energy industry globally. This ensured tried and tested HSSE (Health, Safety, Security & Environment) procedures were in place throughout the supply chain and that the in-refinery distribution network was optimized for chemicals and spare parts.

CUSTOMER BENEFIT

The positive communication and strong business partnership between our customer's and our own operation managers ensured a smooth transition, from the two incumbents to one leading logistics provider, in a very short time frame.

The planning and implementation of this MRO end-to-end solution capitalized on the advantage of being able to execute 100% of shipments via the wider DHL network, using DHL Global Forwarding and DHL Express as sole shippers (Express, Air, Ocean, and Road) around the world, a collaborative approach which has proven its benefits to our valued customer.

The track and trace tool, set up alongside a robust operations framework, limited return of stock to 2.2% in 2010 and 2011 and, as such, ensured lower inventory in-transit costs. The clearer visibility of product movement along the supply chain also helped to minimize the effect of complications in the customer's operations, through a better understanding of modes along the supply chain. This in turn leads to higher customer satisfaction with accelerated on-time delivery.

Furthermore, the LLP solution acts as a single point of contact and enables DHL to manage the customer's global MRO, and meet all the KPIs set out by the client at the LLP control tower, including order pick-ups and transit time performance - which scored 100% on accuracy.

Finally, through integration of the supply chain, DHL was able to support the growth of this particular company, so that it was able to forecast increased chemicals volume delivery by 10% from 2011 to 2013.

For further information

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