

SKF

Customer case



Increased transparency in SKF transportation business

Improved customer service was an SKF goal during the early 1990s, one reason being that they had product availability problems, while the existence of separate warehouses for each sales company meant high distribution costs. A Regional Warehouse was established and inventory consolidated to one and the same place, which became the distribution hub for the project New European Distribution Structure (NEDS).

As a part of the project SKF management decided to centralize distribution logistics under the responsibility of SKF Logistics Services, and the latter entered into an agreement with an external partner for the provision of transportation services. Together they started a project to supply resources for the management of a Daily Transport System (DTS), with fixed schedules to more than 30 European destinations.

Increased control with the right technology

Since the transportation purchasing process was centralized, SKF – because of its purchasing power – became a big player in the transportation market. SKF yearly buys transportation in very large volumes, which requires them to maintain control of both logistics and costs. Also, over time, a clear objective was established that involved taking over the operational work from its partner and operating the network themselves, which was somewhat of a necessity if they were to be regarded as an independent party in the transportation market. The ability to control logistics themselves, and thereby increase control over their own business, was the starting point when they were looking around for a transportation management system.

SKF analyzed the system supplier market with their priority system requirement being the ability to control cash flow.

“At the time there was no software available on the market that met our system requirements, but UnitedLog had an open platform which focused primarily on cash flow. So we started a development project with them to create a complete system for managing all transportation related information flows,” says Lars Wilhelmsson, Controller at SKF Logistics Services. “We will be handling around 20 million transactions a year, and in order to keep track of various destinations, invoices, invoice calculations, delivery status and notices to customers and so forth, the system needed to be technology-heavy in the extreme.”

The concepts were formulated in 2005 and realized during 2006 in the form of the Transport Management System (TRMS). The first part of the system was rolled out in October 2006.

“TRMS’ strength lies in its ability to provide us with an overview of various types of transportation and schedules, and in this way the system has been able to realize our concept of a tool to assist us in taking our place in the logistics market,” says Lars. “We are an industrial player and we know what it takes to succeed within the industrial sector. Our customers must be able to have confidence in us and we must have confidence in our suppliers. And in this context it feels good to be able to say that we have confidence in UnitedLog,” adds Lars.

A partnership in interdependence

The cooperation between SKF and UnitedLog has been a process in its own right, and has not just been about operational issues. According to Lars, they have found a good forum for collaboration, with scope for both factual and emotive issues.

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"It's just like any relationship; it takes a while before you dare to rely on each other," says Lars. "But now we have created a mutual vision, one where both companies know where our efforts will lead us. It's interdependence with high stakes for both of us, but if we achieve our goals both companies stand to win. And so far we are on the right track," he says.

According to Lars Wilhelmsson, one of UnitedLog's strong points is its size – a quality which for SKF's part means that they can work in direct contact with developers at senior management level.

"We are very happy that we can work so closely with UnitedLog, and that we have found good ways to do this," comments Lars. "Our projects are often critical inasmuch as we are continually making business decisions, such as ending certain contracts and forging ahead with new solutions. Considering our reputation and standing in industry, success is our only option. We must keep our promises. UnitedLog has met our requirements well and have lived up to their commitments. Thanks to that we can already see concrete results in the form of cost savings and increased transparency in our transportation business," he concludes.

Global plans

A critical step for SKF Logistics Services was the creation of an organization around the system – The Control Tower – which utilizes the TRMS-system as a tool. The next step will be to roll out the system on a worldwide basis and offer a wall-to-wall Global Track & Trace function. This will allow customers to log in to receive delivery status updates. If something should go wrong with a delivery, a future function will also provide the customer with a delivery forecast. The key to this is having all of the information in one place. Therefore our agenda also covers the integration of other systems within the organization, for example sales systems.

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About SKF

The SKF Group is one of the leading global supplier of products, solutions and services in the area comprising rolling bearings, seals, mechatronics, services and lubrication systems. The Group's service offer also includes technical support, maintenance services, condition monitoring and training.