



The 7 Secrets of CEOs in Supply Chain



Technology in Logistics and Supply Chain —

the jargon is everywhere. But it seems risky and expensive—how can you make the leap from concept to action? Can you jump ahead of the competition and make logistics part of your competitive advantage?

This is the story of how an internationally known marine operation discovered 7 secrets in logistics technology to use as a competitive advantage and how they plan to expand the savings into the supply chain to keep ahead of their competition.

Our tugs are cost centers - every minute of downtime on the water costs money - two years ago, operations ran with pen and paper.

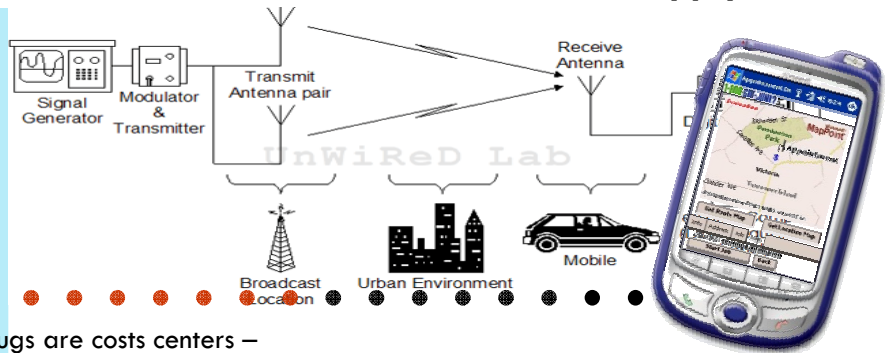
Seasoned marine dispatchers carefully monitor five large LCD screens for mission critical movements of tugs and barges pulling bulk cargo through treacherous waters off the Pacific Coast of North America. With years of experience, they know that changing tides and weather cost time in delivering loads which mean thousands of dollars in downtime for their clients. Misjudging a heading or a load can have more ominous consequences.

Yet only two years ago, the central dispatch operations of this multinational tug and barge operator ran primarily with pen and paper. The barges were monitored with a large magnetic board – each movement tracked via radio call in, a laborious, inaccurate method with virtually no audit trail. The company knew it had to put its faith in logistic technology ...and soon.

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AppLocation Systems Inc, took on the task of taking a well-understood dispatch tracking system and created a mapping and operations software program that collects information from a variety of order entry systems and presents this information to dispatchers in a way that helps them determine the most cost effective way to complete the work. Completed transactions are then provided to downstream processes such as billing.

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The challenge as described by President Gary Hartwig, “The paper based system relied on dedicated individuals working intuitively, and many were nearing retirement. Full automation was not the goal though they wanted a system that would log location sensitive data to ease the burden on the dispatchers while increasing operational efficiencies.”

The project goal was simple – gather fleet location in real time to provide specific data such as barge trip, leg and routing for the dispatchers and administration for billing.

Over lay this with spatial information, maps, tides, heading and speed, then secure all information for availability over wireless links, allowing the Ship Masters do their forms

‘on-line’ for daily reporting. The benefit would be more efficient access and timely operational information, a huge leap for business operations in a very competitive market. It sounds pretty simple though this all had to be done via wireless communication links within a defined bandwidth budget.

“Our tugs are costs centers – every minute of downtime on the water costs money. We need to keep costs down and optimize revenue. Barge utilization is our revenue stream – so the ROI of the system is simple business economics. The operational savings far outweigh the cost of the system.”

The CIO described extra operational benefits from the logistic system and lessons learned. “We found savings that we didn’t consider or expect in the initial cost/benefit analysis.”

As for the inevitable hiccups of implementing new technology to improve core business processes, the CIO adds, “change management has been the biggest challenge. We all had to relearn things but knew this going in. Our user groups have been part of the design team. The bottom line? Cost savings and revenue optimization came from technology and that is a competitive advantage.”

As a Result

The tug and barge company will be adding email messaging to augment voice radio. Future enhancements may include RFID RTLS for inbound supply chain, cross dock materials managed with wireless devices to improve efficiency.

What are the 7 SECRETS?

- 1.If it moves—it costs you money. Keep track and locate your costs as close to REAL TIME as you can—on land, on water or in the air
- 2.Optimize your revenue stream—if you make money from something that moves—know where it is and for how long—as close to REAL TIME as you can.
- 3.REAL TIME means ‘Going Mobile’ with streamlined on-line forms on wireless devices that allow for Daily Reporting—
- 4.Daily Reporting of costs and revenues means daily business close which increases cash flow and working capital
- 5.Full ERP Integration is required—the data needs to ‘go somewhere’ and you need to hire a company that knows operations as much as the data and wireless technology
- 6.You will find savings you never thought you would find.
- 7.Don’t underestimate the role of change management when implementing new technology. Top down mandates never work—everyone has to buy in and be involved.



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