



SUCCESS STORY

HIGH-PRECISION SPARE PARTS SUPPLY



An outstanding logistics facility...

Scarcely another business area within logistics is as complex as spare parts logistics, which is why many manufacturers outsource their spare parts and individual parts supply systems to specialist logistics contractors. To ensure smooth and trouble-free manufacturing at all times, these contractors must offer IT solutions ensuring effective warehousing throughout the supply chain. Each individual part must always be delivered to schedule and must be available in sufficient quantities to prevent interruptions in production processes and to minimize the risk of shut-downs.

The main challenges in spare parts logistics are the large variety of individual parts to be stocked and the consistently high parts turnover. This also applies to logistics contractor Panopa of Duisburg, which operates a fully automated small parts warehouse facility at Herten, North Rhine-Westphalia. The facility has a total storage area of 25,000 square meters and up to 250,000 storage stations for spare parts. The entire warehouse is equipped with narrow-aisle and wide-aisle shelving and offers space for about 30,000 pallets. Panopa dispatches about 440,000 customer orders per year, an average of 1,200 per day from its Herten facility. The 85 employees at the logistics centre, which is operated 365 days per year, supply parts to destinations throughout the world for customers like Daimler AG, Kone Industrial Ltd., Krone GmbH, Lemken GmbH & Co.KG and Scheuten Solar Technology GmbH.

At all times, the logistics contractor must ensure seamless availability of the parts stocked, short delivery times and stable supply processes. Marcus Cerny, Head of Spare Parts Logistics with Panopa Logistik GmbH, outlines the requirements faced: „When we built our new warehouse at Herten, we engaged the services of our strategic partner Freudenberg IT to provide

support for the design of the entire facility infrastructure and to equip the spare parts warehouse with an integrated IT solution. Without IT-based warehouse management allowing integrated management of all business processes at all sites and in all countries, it would not be possible to achieve close, targeted cooperation with a variety of business partners, high throughputs and increasingly fast delivery.“

Integrated warehouse management and control ...

All business processes along the entire supply chain were to be processed seamlessly by advanced, high-performance IT infrastructure. Following a comprehensive analysis of requirements, all concerned fully understood that only an integrated warehouse management system could ensure high data throughput, short response times and fast delivery. Marcus Cerny, Head of Spare Parts Logistics, explains: „As our facilities supply products and individual parts to customers of many different types and all sizes, we needed an IT solution which would provide flexible management for all warehouse processes and ensure reliable, centralized and transparent operation.“

Panopa opted for the SAP Warehouse Management (WM) component. During

PROJECT DESIGN AND DEVELOPMENT

implementation, the logistics system was linked to Panopa's central SAP ERP system as well as customers' IT systems via the data turntable SAP NetWeaver Exchange Infrastructure (XI). That fact that the logistics contractor's SAP system is operated by Freudenberg IT at its Weinheim hosting center and that Panopa can rely on a high-performance SAP environment with optimum maintenance proved to be beneficial in this context. In addition, as a certified provider of application management services connected with SAP hosting, Freudenberg IT offers the logistics contractor comprehensive user support, continuous process monitoring and a wide range of services for the functional expansion of SAP system infrastructure from a single source. Marcus Cerny, Head of Spare Parts Logistics, explains why Panopa opted for an SAP system: *„In view of the high availability requirements faced by our IT infrastructure and our open interface architecture, which allows us to exchange up to 20,000 messages with a variety of customers and business partners every day without any problems, the scenario proposed by Freudenberg IT was our solution of choice. In addition, system roll-out on our centrally operated IT infrastructure meant that new warehouse locations could be implemented at low cost.“*

... through rapid, focused data interchange ...

On average, a part is issued from stock within 1.5 minutes of the receipt of an order. In view of this fact, data interchange between the warehouse management system and the heterogeneous systems of individual customers is especially important. Panopa's SAP NetWeaver Exchange Infrastructure (SAP XI) is a standardized data turntable allowing real-time communication between SAP and non-SAP systems. As a result, all customers and partners can integrate their business processes, orders and enquiries without any problems and process and implement them on the logistics contractor's SAP system without media incompatibility problems or time delays. Marcus Cerny, Head of Spare Parts Logistics, reports: *„This means that we can process orders and enquiries received from customers fast and efficiently, in line with their requirements. Especially for the integration of our customers' various ERP systems into our warehouse management system, we benefited from our strategic partner's well-founded process consultancy services. These were a key factor in developing an IT infrastructure tailored to our needs and reflecting our comprehensive system requirements.“*

... and efficient data processing

The SAP infrastructure tailored by Freudenberg IT to meet the logistics contractor's requirements is an IT solution allowing flexible, transparent control of complex warehousing and order picking processes. *„Our SAP infrastructure provides comprehensive coverage of all information flows and movements of goods. These include the receipt into storage and issue of all parts and the entire warehouse management process from the individual enquiries of our customers to order status monitoring and invoicing and invoice auditing in the SAP back-end system,“* says Marcus Cerny, Head of Spare Parts Logistics, assessing the performance capabilities of the SAP system. SAP WM is fully integrated into the inventory and delivery management functions of the ERP system. All business transactions initiated in other applications automatically result in the movement of goods at the warehouse location. On this basis, all movements of goods are effectively organized and precisely controlled. Apart from the high process and cost transparency associated with this approach, the SAP WM module also provides a comprehensive overview of goods movements and inventories for warehouse management. For example, the system provides capacity utilization predictions allowing early intervention in the case of critical warehousing processes and ensuring the completion of



warehouse transactions to schedule at all times. Comprehensive monitoring functions ensure that warehouse personnel always have an up-to-date overview of all activities at the logistics center.

Mobile terminals for seamless data flow

To realize this high-performance system solution, Freudenberg IT not only introduced the SAP infrastructure but also implemented the entire system equipment for the Herten logistics center. The IT service provider developed all the server architectures required, installed a web console, connected routers and installed a wireless LAN using the routers to ensure communications with mobile terminals throughout the warehouse. Using these hand-held devices, the entire inventory can be recorded and managed by the SAP system. Each individual part is assigned a barcode on receipt into storage and can be recorded on site and reported to the central system using this code in a matter of seconds. Time-consuming searches within the warehouse and error-prone manual processing are a thing of the past. The fork-lift trucks used for handling large spare parts and pallets are also equipped with terminals which record all movements of goods. From receipt through storage and picking to dispatch, all the processes involved in warehousing receive optimum coverage. *„The data radio included in our logistics system and*

fully electronic data interchange are central components that go to make the performance of our entire warehouse infrastructure so special and consistently maintain the quality of our service at the highest possible level,“ reports Marcus Cerny, Head of Spare Parts Logistics.

Transparency through system integration

For the complex logistics processes at the Herten spare parts warehouse to be concentrated and presented clearly and transparently, a variety of individual items of information need to be transferred quickly and easily from different source systems to the central SAP ERP system. All customer data are collected by the ERP system, which also adds further details and processes the data to produce clear analyses. However, this is only possible if all the applications used are fully integrated into the SAP system. The SAP NetWeaver XI data turntable means that non-SAP systems can be linked to Panopa's SAP infrastructure without any problems. On this basis, fully electronic real-time interchange of large volumes of data between the systems is possible. In addition, the integration of mobile terminals into the system infrastructure allows for seamless, transparent data management and ensures high parts throughput. *„Thanks to advanced warehouse technology and a high-availability IT environment, we can provide all our*

customers with the individual solutions they need. Efficient inventory management, optimum information flow and process transparency along the entire supply chain mean that we can react rapidly and ensure round-the-clock availability, irrespective of the types and quantities of spare parts to be delivered,“ says Marcus Cerny, Head of Spare Parts Logistics.

Short Profile Panopa Logistik GmbH

Panopa Logistik GmbH is a wholly owned subsidiary of Imperial Logistics International GmbH with headquarters in Duisburg, which is in turn a subsidiary of Imperial Holdings Limited of South Africa. The Panopa portfolio includes a wide range of demanding logistics services. The company's core business areas are automobile, steel and spare parts logistics and the organization of global shipment by all means of transport. Panopa Logistik GmbH was established in 1955 as a forwarding company and a wholly owned subsidiary of Fried. Krupp GmbH. Now the company is part of the Imperial Group and has 35 facilities throughout Europe, offering a global logistics network with full logistics services around the world. The company has a workforce of 1,800, with 180 people working in the core area of spare parts logistics. The logistics contractor recorded sales of about 210 million euros in 2007.



"When choosing our IT service provider, the key selection criteria were internationality, scope of service, as well as an attractive quote. What was important for us was to get end-to-end service—from SAP systems to hand scanners—from a single source.

We're sure we've chosen the right full-service provider with Freudenberg IT and look forward to continuing our successful partnership in the future!"

Panopa Logistik GmbH

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