COMPLEX FREIGHT AND OPERATIONS:
RESTRUCTURE SOLVED

"**W**e have gone from a dog's breakfast to a system that gives us visibility and control across all our 3PL and carriers activities in our freight logistics operations," said John Fraser, logistics and operations manager at Kyocera Mita Australia.

Mr Fraser was able to outsource all the company's supply chain activities to a third-party logistics provider, while retaining full control and visibility.

In 2000, corporate giant Kyocera acquired the global copier manufacturer Mita Corporation. The Australian divisions were merged into Kyocera Mita Australia, giving this new entity an opportunity to be the leading Australian supplier of laser printers and copiers.

When Mr Fraser joined in 2003, he faced some formidable hurdles. Supply chain logistics was a troubled area: it was fragmented, inefficient and full of problems. There was a costly infrastructure of duplicated warehouses and staff in multiple locations. Each had a dock-based incumbent freight management system, all of which were antiquated islands of automation that provided no central access or control. Mr Fraser's challenge was how to consolidate so many disparate entities.

"Our infrastructure was unwieldy, our freight management system outdated and our costs high," he said.

Critical to the success of the restructure was finding a freight management system that had the functions and flexibility to give him control of all freight logistics once the plan took effect.

Retaining control of freight logistics

Mr Fraser thoroughly analysed all available freight management systems. It soon became clear he needed a web based system and chose Moveitnet, which had the flexibility and functionality to fulfil his needs.
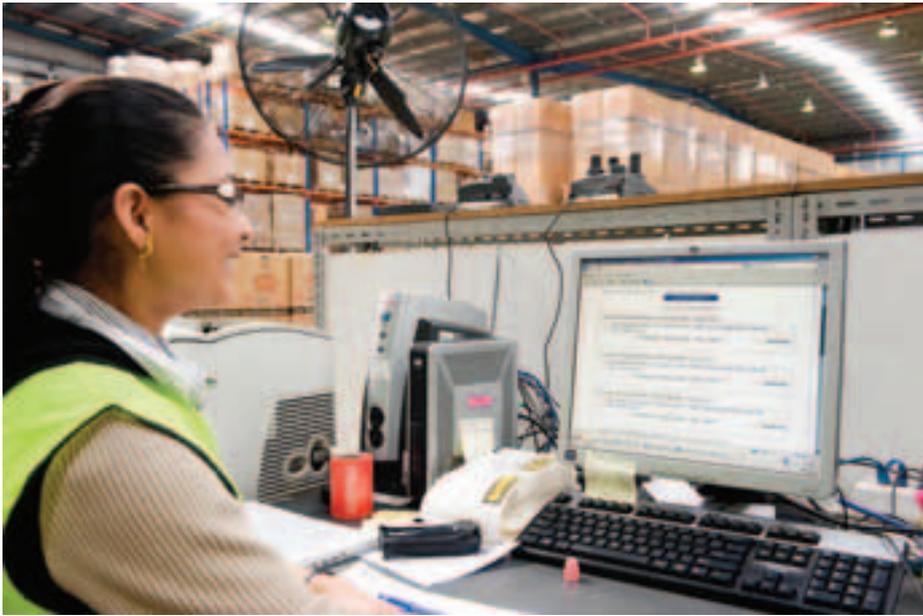

John Fraser (left) and colleague.

- Eliminate product damage
- Retain full flexibility
- Drive brand value

If you strive for higher accuracy but need to remain flexible to handle demand volatility - talk to INRO about forklift automation.

www.youtube.com/inrotech   email : flexibility@inrotechnologies.com

Implementing his plan now became a question of timing and priority.

"The first phase of the plan was to reduce infrastructure and personnel costs by outsourcing warehouse and freight activities to NYK, our main 3PL (third-party logistics) provider. This took time as we had to exhaust lease obligations on multiple existing warehouses.

"All incoming stock now goes to NYK's main DC in Wetherill Park, Sydney. Some goods are delivered directly from Wetherill Park, which also feeds a network of NYK-owned state DCs and Kyocera Mita branches.

"The state DCs feed distributors and dealers who, in turn, feed goods to end users throughout Australia. So even our simplified distribution structure was never going to be easy to manage.

"Once all our incoming stock was with NYK, my priority was to have all shipments visible in a freight management system that we controlled centrally. That was something that our previous freight management system simply couldn't do," said Mr Fraser.

Flexibility to manage

Moveitnet is a dedicated freight management system with the flexibility to interface with other platforms and systems, monitoring, managing and interacting with every activity from any location, anywhere in the distribution chain.

"I needed a freight management system that was flexible and could grow and change with our needs. Most importantly, it had to give me visibility of all activities across a complex distribution chain that used many different solutions to move freight to and from many locations. That can only be done over the internet," he said.

As a fully hosted web-based system, Moveitnet has a minimal impact on the workload of existing IT departments. It is optimised for the Australian freight logistics environment and its

integrated processes enabled Kyocera Mita to control the shipment of freight to its customers.

"The incumbent freight management system couldn't give us the level of information or flexibility that we required," Mr Fraser said. "The technology was outdated, it operated basically as a box in each physical location, which made reliability, maintenance and software updates a constant challenge.

"Moveitnet, however, is a full software-as-a-service system. Being web-based, it doesn't require involvement from our IT people, it's fast to implement, has modern code, it doesn't require onsite infrastructure and maintenance, and it's ideal middleware, able to integrate with us and our 3PL's proprietary systems," said Mr Fraser.

Complete visibility of the supply chain

By 2006 the supply chain was in much better shape, the fixed infrastructure costs were gone with warehouse and transport contracted out to different providers, giving Kyocera Mita more freight logistics flexibility. The focus for Mr Fraser was ensuring that he retained centralised visibility and control, of all activities, from all users.

"Kyocera Mita uses Era as its primary system to control the importing and warehousing of stock. For freight logistics management, Era has a two-way interface with Moveitnet. So basically when we pack an order out from ERA, Moveitnet prints the labels and we do any consolidating to reduce freight costs at that time. When the order is dispatched it's interfaced into the NYK system, Opal.

"NYK subcontracts its transport to Allied Express, which also interfaces with Opal using a two-way connection. Delivery information and other relevant data sent from Allied Express back to NYK is linked to Era via Moveitnet. Moveitnet also provides links between Era and other 3PLs we use for air freight and courier deliveries and to state branch offices," said Mr Fraser.

With Moveitnet as the logistics management middleware, all activities relating to dispatch and delivery of freight can be managed remotely by Mr Fraser at Kyocera Mita.

"I've created specific reports using Moveitnet's My Reports tool, to look at all the data from different sources and systems and drill down to look at costs. Having all this information at my fingertips allows me to see how to do things better. I'll ask the 3PLs to review their processes and specify the data we need back to us. The system has plenty of functionality, it's just question of getting the data into it correctly.

"The functionality within the system is very adaptable. I have specific requirements for reconciling invoices and prefer to do the

analysis myself, even though it has very good analytic tools," he said.

One of the main problem areas before the restructure was customer service issues. It took the introduction of the new system to properly address these issues as Mr Fraser explained.

"It's gone from 'customer lack of service' back to customer service. We have reduced our administration staff by 50 %, plus the intangible savings have been immense. For example, gone are the days when people would phone the warehouse to sort out a problem. Now authorised people anywhere can log onto the system and get answers for themselves.

"I guess I push the envelope sometimes, because I'm dealing with experienced people. They know the business. Any needs I might have will come as no surprise to them. If there is a significant demand for it, they will probably do something about it. Reverse logistics is a good example of Moveitnet implementing changes that met our needs and improved its system overall," he said.

As with all organisations, Kyocera Mita regularly reviews its relationships with its carriers to see if competitors can offer a better and cheaper service. As Mr Fraser explains, "We market-test all the time because I've got the data. If someone wants to knock on the door and offer a service I can give them a starting point. The beauty of this system is I can instantly compare their price against our current costs.

"The system works very well on the loading dock but if you have someone who understands it or puts the effort in, it really accelerates the benefit in customer service, accounts and logistics management as well. The key to maximise its enormous potential is to drive it from a senior level.

"Logistics and operations management can be about incrementally improving processes: it's like climbing a hill, except you never get to the top. The system gives me the ability to get to the source of problems and also gives me a big picture view as well. Without its flexibility to look at all activities across our freight logistics operations, we could not have managed it as successfully as we do now," said Mr Fraser.

For more information email guyh@moveit. com.au or visit www.moveitnet.com.au. *mhd*