

SAP Customer Success Story
Public Sector – Postal Services



“We know everything that happens the moment it happens and can react immediately.”

Carlo Angelini, Director of Plant Engineering, Poste Italiane Group

AT A GLANCE

Company

- Name: Poste Italiane Group
- Location: Rome
- Industry: Public sector
- Products and services: Postal services
- Revenue: €16 billion
- Employees: 151,000
- Web site: www.poste.it
- Implementation partner: SAP® Consulting

Challenges and Opportunities

- Increase mail throughput and speed customer delivery
- Prepare for increased competition with market liberalization in 2009

Objectives

- Integrate bar-code readers with logistics system for real-time visibility into mail flow
- Prepare to change from bar code to RFID for the long term

Solutions and Services

- SAP NetWeaver® platform, including the SAP Auto-ID Infrastructure, SAP NetWeaver Business Intelligence, and SAP NetWeaver Exchange Infrastructure components
- SAP Event Management application

Implementation Highlights

- 1-month pilot at the Naples sorting center, then 5-month execution at the Naples sorting center
- Impact measured on business processes and IT performance during pilot
- Close working relationship between the company's IT and business department and SAP Consulting in Italy

Why SAP

Tight integration with existing SAP software landscape

Benefits

- Visibility into sorting center issues
- Ability to dynamically balance resources to match mail flows
- Accurate view of throughput
- Ability to forecast
- On-time delivery and improved service levels
- Optimized mail flow through complete supply chain, including all sorting centers and distribution centers

Existing Environment

SAP software for enterprise resource planning

Third-Party Integration

- Database: Oracle
- Hardware: Fujitsu Siemens
- Operating system: Microsoft Windows

POSTE ITALIANE

Poste Italiane Uses SAP® Auto-ID Infrastructure to Track Mail at Sorting Center, Speed Customer Delivery

Poste Italiane Group provides core postal services across Italy and moves a lot of mail – 25,000 containers filled with two million trays of letters pass daily through a single sorting center in Naples alone. The Rome-based company launched an IT initiative to optimize its supply chain and support business development in preparation for market liberalization in 2009. Poste Italiane implemented the SAP® Auto-ID Infrastructure component of the SAP NetWeaver® platform to drive the first phase of the project – tracking containers at the sorting centers to speed throughput and mail delivery.

“We needed to control the mail flow in the sorting centers and track containers at every step,” says Carlo Angelini, director of plant engineering at Poste Italiane. “Before, we only knew average volumes. We needed to measure the mail entering each hour and the flow across each area of operation, so we could allocate human resources, machinery, and work-center capacity dynamically, at a detailed level, to balance workload and avoid delays.”

SAP Auto-ID Infrastructure enables Poste Italiane to integrate automated, real-time signals from communication and sensing devices – in this case bar-code readers – with its business system. At the pilot site in Naples, Poste Italiane uses the SAP component to track every container 24x7. Trucks arriving at the center are unloaded and the bar-coded containers are sorted by mail types – priority, registered, insured, and express. Poste Italiane workers empty the container contents into buffers and refill the containers with matching mail as they move through the center.

SAP Auto-ID Infrastructure transmits the information to the SAP enterprise resource planning (ERP) software and the SAP Event Management application via the SAP NetWeaver Exchange Infrastructure component. The ERP software automatically creates an inbound delivery and goods receipt at the receiving point, a goods issue when the delivery is leaving the sorting center, and advanced shipping notifications for the next location. SAP Event Management, a part of the mySAP™ Supply Chain Management (mySAP SCM) application, monitors the sorting in real

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Lino Floris, Director of IT Solution Development,
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time and issues alerts if delays occur or events take place out of sequence or not at all. Poste Italiane uses the SAP NetWeaver Business Intelligence component to report on mail volumes by type of product entering each process step. Managers can check SAP NetWeaver Business Intelligence reports to view throughput times for specific product groups, identify delays, and pinpoint slow-moving items in the chain.

“Supervisors and managers now know what is taking place at each production step and what will be in their area the next minute, the next hour,” Angelini says. “They can see all the mail that has entered the sorting center, what is being sorted by the machines, how long it takes to move across each process step, and throughput each hour. We know everything that happens the moment it happens and can react immediately. This reduces response times to problems so we can speed the operation.”



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Poste Italiane next wants to extend its SAP Auto-ID Infrastructure implementation to all 17 sorting centers across Italy. “This will give us accurate information on what is taking place throughout the entire network,” Angelini says. “We will use this information as a baseline to forecast our resource requirements.”

The Solution of Choice

After a proof of concept demonstration, Poste Italiane selected SAP Auto-ID Infrastructure for two main reasons: first, it was the most suitable solution for its needs, and, second, it easily integrated with the company’s back-end business system.

“We knew this project would be a challenge from an IT point of view, so ease of integration was a factor for reaching our objectives,” says Lino Floris, director of IT solution development at Poste Italiane, who then adds, “SAP Auto-ID Infrastructure is a core component of our entire logistics platform.”

The implementation went fast – one-month pilot, five-month execution at the Naples sorting center. “We did a prototype to measure the impact on the process and the performance of the system from an IT point of view,” Floris says. “IT and the business worked closely together during the pilot and implementation. SAP Consulting in Italy led the project as our implementation partner and played a very important role.”

After expanding the rollout to the additional sorting centers, Poste Italiane next plans to look at RFID integration with SAP Auto-ID Infrastructure to enable tracking of individual letter trays. It will also investigate the SAP Advanced Planning & Optimization component (found in mySAP SCM) for supply chain planning across its countrywide network of sorting centers.

“We want to integrate three areas – tracking mail flow with SAP Auto-ID Infrastructure, optimizing the overall supply chain with mySAP SCM, and using SAP plant maintenance functionality to schedule maintenance and redirect workflow when machinery is off-line,” Floris says. “This will link planning, execution, and maintenance. SAP Auto-ID Infrastructure is the first step for Poste Italiane to become more proactive and move to an adaptive supply chain model. We want to respond to events as they are happening. This is our big picture for the future.”