V&M do BRASIL

INCREASING CUSTOMER SATISFACTION AND LOWERING COSTS

QUICK FACTS

Industry
Mining – metals and mining

Revenue
US$1.4 billion

Employees
5,287

Headquarters
Belo Horizonte, Brazil

Web Site
www.vmtubes.com.br

SAP® Solutions and Services
Warehouse management functionality in the SAP® ERP application

Implementation Partner
Softtek

V&M do BRASIL is a leading Brazilian producer of seamless hot-rolled steel tubes. To streamline its shipping area and gain greater visibility over warehouse processes, the Belo Horizonte–based company implemented the warehouse management functionality in the SAP® ERP application. V&M do BRASIL was able to optimize shipment of finished goods and increase customer satisfaction, while reducing costs and risks related to inventory inconsistencies.

Key Challenges

- Improve customer satisfaction by optimizing shipment of finished goods
- Reduce costs and risks by synchronizing flow of products and information
- Gain greater control and traceability over warehousing and inventory processes
- Reduce paper-intensive processes, rework, and errors due to manual data entry

Why SAP Was Selected

- Successful pilot project with the application before implementing in shipping area
- SAP's meaningful customer references
- Lean integration with existing SAP® software systems

Implementation Best Practices

- Pilot project in production area to test application before deploying in shipping area
- Goals and key performance indicators defined prior to project
- On-time and on-budget project
- Tight alignment with corporate headquarters, Vallourec, to share best practices and define project governance
- Weekly auditing to verify stock accuracy; workers are evaluated accordingly

Low Total Cost of Ownership

- Greater productivity and efficiency due to elimination of manual data entry tasks
- Real-time synchronization of movement of products and related information

Financial and Strategic Benefits

- Improvement of warehouse throughput due to reduced loading time
- Customer satisfaction thanks to more order accuracy
- Greater visibility and control over inventory and warehouse performance
- Reduced costs and risks related to inventory inconsistencies

Operational Benefits

Key Performance Indicator	Impact
Finished goods inventory reduction	From 9% to 1.5%
Inventory in transit	-53% (from over 1,000 down to 500 tons)
Loading time	-35% (from 86 to 56 minutes)
Customer complaints	-84%
Annual inventory auditing cycle time	-62.5%

VALLOUREC & MANNESMANN TUBE!
V & M do BRASIL

"The main benefits of implementing the warehouse management functionality in our shipping area were a greater reliability of the information storage, real-time synchronization of movement of products and information, and better logistic processes."

Vinícius Cotta Gomes, Logistics Coordinator, V&M do BRASIL

www.sap.com/contactsap

Challenges of Reducing Costs and Raising Customer Satisfaction

Owner of one of the world's most modern integrated steel plants, V&M do BRASIL produces hot-rolled seamless steel tubes. To reduce costs and improve customer satisfaction, the company decided to optimize dispatching of finished goods through the centralization of two shipping areas into one single site. While planning this centralization, it began to upgrade the technological platform and review its processes.

One of the challenges V&M do BRASIL faced was the manual selection of storage space; often, the company had to rely on workers' memories to find specific materials. There were no rules for optimization of space and handling of product movement, and many times the same product was stored in different locations. All this led to excessive time spent loading trucks and to a reduction of the warehouse throughput.

Also, data entry was manual: workers had to detach paper labels from shipments and manually type the information into the system. Sometimes, those labels got lost. Stock positions were not properly segregated within the same warehouse, which meant excessive time looking for products.

On-Time and On-Budget Project

To address these challenges, V&M do BRASIL decided to implement the warehouse management functionality in the SAP® ERP application, which supports the day-to-day operations in a warehouse and enables centralized management of tasks such as tracking of inventory and optimization of the use of space and product movement.

The implementation project, which was on time and within budget, was led by the information technology and logistics areas of the company, in partnership with Softtek. It lasted eight months: four months dedicated to infrastructure and hardware, and another four to deploy the software. Before deploying in the shipping area, the application was tested in a pilot project in the production area. A tight alignment with the corporate headquarters in France was critical for sharing best practices.

During the project, V&M do BRASIL defined targets and key performance indicators and established processes for continuous monitoring to ensure they were met. Also, the team performed weekly auditing tasks to verify stock accuracy, and workers who didn't meet the expectations were scored accordingly.

Optimized Warehouse Management

The implementation of the warehouse management functionality allowed V&M do BRASIL to increase customer satisfaction through accelerated order shipment. The real-time monitoring of data transfer between the system and warehouse personnel allows early detection of any inaccuracy in the shipping process, which is key to taking quick corrective actions.

Inventory optimization enabled higher productivity, and thanks to the solution implementation, there was no longer a need to have seven full-time employees dedicated to manual data entry activities. Today, instead of using paper labels, V&M do BRASIL uses bar code labels that are read with wireless devices throughout the warehouse.

In the future, the company will continue monitoring to help ensure discipline and adherence to the rules. This way, V&M do BRASIL will continue delivering high customer satisfaction and therefore better results for the whole business.

Implementation Partner
Softtek is a global provider of IT and business process solutions, with 30 offices in North America, Latin America, Europe, and Asia. With nine global delivery centers, Softtek provides solutions to top-tier corporations in over 20 countries.

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Picture Credit
V&M do BRASIL, Belo Horizonte, Brazil

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