

# "We cut our stock by half and increased our service level - it was our most profitable investment this year"



Lena Palm Sandin

"When we started the project in December, 2002, our aim was to reduce the stock levels and lead times and to increase the service level. Ten months on, the investment has already paid off, in less than a year, even though the project isn't even over. We have already lowered our stock levels by 4-5 cover days - in other words, halved our

stock levels - and yet the service level has improved. When we finish in December 2003, all our project goals will have been achieved. After that, there are a lot of possibilities for fine-tuning the parameters in order to obtain even better results.

The project includes deliveries of materials from about 50 suppliers, which together make up about 80% of the value of our engines and transmissions. To achieve these results, we implemented a new way of working. We created a network where we and the suppliers work together to achieve a common goal: a rapid and controlled flow of goods, which strongly reduces the need for stocks. Our supply chain management tool has been the web-based PipeChain solution. It has been very favorably received by our suppliers, who haven't had to invest a penny to implement the new way of working. Installing

the supply chain management system was easy, and the co-operation with MA-system and PipeChain has been great. We have constantly received all the support we needed, and the response and attitude have been very positive whenever we have made suggestions for further development. We believe in this. It is a concept worthy of all kinds of success."

**Lena Palm Sandin**, manager of IS/IT and logistics development at Volvo Powertrain

**Lena Breman**, project manager at Volvo Powertrain and in charge of the PipeChain rollout

**Volvo Powertrain** is one of the world's leading manufacturers of heavy diesel engines and transmissions. The company has operations in Sweden, France, and the Americas. The number of employees is 8,000.

**PipeChain** develops systems that manage the supply of goods between companies. Using PipeChain, customers producers and suppliers can connect to each other in shorter or longer chains and together create an even flow of goods. Each part of the chain can quickly exchange information and the integrated monitoring and alarm features enable companies to hold a minimum inventory while increasing service levels.

**PipeChain** together with **MA-system** forms a group of companies with around 100 employees working within logistics. PipeChain customers are amongst others: V&S Absolut Spirits, Volvo Powertrain, SCA Packaging and Ericsson.