



Amcor



Wesupply monitors the whereabouts of Amcor's raw material in real time and triggers materials personnel to take corrective action on a real time basis. It allows Amcor to keep their inventories within a min/max range, while providing centralised visibility of their raw material supply. Amcor now have a level of control that helps them manage their inventory aspect of working capital.

Background

Amcor is one of the World's top global packaging companies. With headquarters in Australia the company has manufacturing sites in 40 countries employing over 30,000 people.

The company produces a wide range of packaging and packaging-related services including corrugated boxes, cartons, aluminium and steel cans, flexible plastic packaging, PET plastic bottles and jars, caps and seals.

Formed in 2002, with 70 plants globally, Amcor manufacture 32 Billion PET Containers a year. Amcor has over 600 customers.

The Challenges

For a company like Amcor, with a high dependency on the US rail network, punctuality is an imperative to meet crucial customer delivery dates.

Journey times by rail are influenced by sudden and unexpected variables caused by weather, track maintenance, derailment or closure. With freight journey miles across the length and breadth of the USA and products in transit for many hours, the smallest delay can seriously damage profitability.

Doug Wrathall, VP Supply Chain at Amcor says,

- "We'd been looking for some time for a solution that would improve our supplier's and our own visibility on the status and circumstances of the railcars delivering raw materials from our many suppliers."
- "We were holding more inventory due to a lack of information on the variables of the system – rail delivery being one of those key variables. We simply did not have enough information to manage those variables."

Because the majority of the raw materials are delivered from the suppliers by rail and may be shipped coast to coast, management and visibility of goods in transit are an important part of the replenishment plan.

- Users had limited visibility and it took longer to get the data.
- There was little visibility of goods in transit until they arrived at the rail depot and because of exceptional circumstances along the way over huge distances this resulted in over compensation against unexpected delays.
- Updates on progress may percolate through perhaps 24 hours after the event.
- All this meant over-stocking with unused inventory tying up huge amounts of capital.

"We'd been looking for some time for a solution that would improve our supplier's and our own visibility on the status and circumstances of the railcars delivering raw materials from our many suppliers. Wesupply demonstrated an understanding with our requirements. They helped us react faster, improving our inventory performance. They applied their Collaborative Value Assessment methodology to identify the opportunity. They listened and understood the problems and the root causes. From there we were able to work together to construct a plan that addressed the issues quickly at measurable incremental stages. It was a solution that our supply base and our own users could feel happy with".

Doug Wrathall, VP Supply Chain at Amcor



Amcor



The Solution

Wesupply's Supply Chain Execution solution for Network Replenishment provides dynamic replenishment recommendations based on a real-time view of inventory on site, at remote holding locations, in transit from suppliers and on order.

The 'Agent' senses and responds to changes in the supply plan, in forecast demand and in actual consumption then recommends remedial action. Anticipated inventory balance is then a true and accurate reflection of the inbound deliveries. Users can interrogate further to establish the status and estimated arrival time of each railcar. The process offers 'as much as' or 'as little as' detail subject to the needs of the user.

Wesupply's Event Management is used to observe unforeseen changes in the delivery that could be detrimental to the outcome. It monitors the status of the goods, proactively informing users of changes that might affect the inventory balance. It will then re-assess estimated delivery times of each railcar on a specific journey. Configuration of the Event Manager can be fine-tuned by the users to ensure that the only reported events are those that have significant impact on delivery status. So Amcor can be given adequate time to enable a new delivery from its suppliers through an alternative route.

Key Points

- **Developed and implemented within 90 days, within one business group in North America**
- **A 'milestone' monitoring solution combining the benefits of Radio Frequency Identification (RFID) with a highly sophisticated stock replenishment system.**
- **Allows visibility of the railcar journey from depot to depot, coast to coast across the USA network.**
- **The system 'triggers' signals along the length of the track ensuring 'big brother' visibility at every stage. Nothing is left to chance in a process that tracks, monitors, documents and alerts at strategic points in the journey.**
- **Users can react to problems as they occur in real time.**

'Wesupply helped us react faster, improving our inventory performance. They listened and understood the problems and the root causes. From there we were able to work together to construct a plan that addressed the issues quickly at measurable incremental stages. It is a solution that our supply base and our own users could feel happy with'. Comments Doug Wrathall

Wesupply's graphical console displays current status, recommendations and supports interactive verification of 'what-if' scenarios to plan a trouble-free journey without needing to overstock to allow for disasters.

'We've enjoyed a direct payback and in a relatively short period of time' said Wrathall. "Before Wesupply our users had reduced visibility of a supplier's order until it was in our yard or at the rail depot – now we are watching the movement more clearly. We are now using technology that allows us to optimise our supply chain".

Results

The Wesupply solution has given Amcor a clearer view of shipments, minimising inventory waste and maximising sales, each railcar is automatically tracked using RFID technology and the information is accessed as a Web service and used to update the status and location of individual railcars.

Potential changes to the estimated delivery date can be assessed from the moment the railcar leaves the supplier and these changes are factored into the Supply Chain Execution solution.

- **Reduced stocking levels and wastage.**
- **Controlled costs and enhanced business efficiency.**
- **'What if' scenarios take the guesswork out of inbound logistics.**
- **Return levels markedly reduced and less inventory is needed.**
- **Vastly improved service levels leading to better supplier relationships**
- **Reduction of back-up transport costs**
- **Reduced cycle and lead times**

Viewpoint

“ We needed a solution that wouldn't involve teams of project managers, that could be installed quickly with a rapid return on investment, that would allow us to get on with our business without worrying about IT. And we didn't want to find ourselves paying out for new hardware and software two years down the line ”

Doug Wrathall, VP Supply Chain Director, Amcor

Executive Summary

Amcor had little visibility of goods in transit until they arrived at a rail depot which resulted in over compensation of stock against unexpected delays and huge amounts of capital tied up. It now has visibility of the railcar journey across the USA network, dynamic replenishment recommendations and a real-time view of inventory. This control has given it reduced stocking levels and wastage, improved cost control and enhanced business efficiency.