

BEST RUN AWARDS FOR SEA

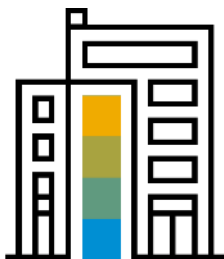
MAKING THE WORLD RUN BETTER

2021

DKSH

Process Modernization and Transport Optimization





Company Information



Headquarter	Switzerland
Industry	Distribution
Website	www.dksh.com

DKSH's purpose is to enrich people's lives by providing access to goods, services, and insights. United by our vision to be the trusted partner, we help companies grow in Asia and beyond across our Business Units Consumer Goods, Healthcare, Performance Materials, and Technology.

Delivering life-saving drugs to hospitals, bringing high-quality products to remote villages, installing technology that raises living standards, and providing new formulations for healthcare products that make life easier. These are just a few examples of how DKSH touches people's lives around the clock. We do this while helping our clients and customers grow by providing services including sourcing, market insights, marketing and sales, eCommerce, distribution and logistics as well as after-sales services.

Listed on the SIX Swiss Exchange, DKSH operates in 36 markets with 32,450 specialists, generating net sales of CHF 10.7 billion in 2020. Founded by Swiss entrepreneurs in 1865, we have been deeply rooted in Asia Pacific for over 150 years.

Delivering Growth – in Asia and Beyond.

DKSH Process Modernization

Supply Chain Process Modernization

Supply Chain Process Improvement & Sustainable Material Usage



Sustainability Award:
The Future Maker

“Quote”

“Great to see technology being put to use not to generate benefits for the business but to also help to protect the environment”

- **Graham Simpson**
Vice President, Center of Excellence, Supply Chain Management Transformation

Challenge

DKSH operated a conventional warehouse with high dependency on human and paper processes that were limiting the quality, throughput and scalability with increasing costs and manpower. By adopting digital solutions and automation, it allowed the enterprise to speed up process modernization to advance inventory management, achieve higher productivity, cost effectiveness and increased responsiveness to business expansion. Fully digitized transport route planning allowed dynamic planning to achieve on time delivery and save on fuel.

Solution

DKSH partnered with SAP to redesign and optimize warehouse operation processes by adopting mobility such as voice picking, mobile terminals, automated guided vehicles (AGV), ASRS, automated packing and sorting system to achieve real time execution and monitoring of warehouse activities that allows dynamic resource planning. The adoption of integrated transport management system further advanced dynamic transport route and load planning for on-time delivery, POD efficiency and transport cost saving.

Outcome

Increased overall supply chain flow, throughput with system guided inventory management and resource planning as well as data accuracy and realized tangible savings for Vietnam, Hong Kong, Malaysia and Thailand. Automated solutions optimize operations work processes and shorten operation activities with high accuracy and reduction of administrative tasks.

Transport management system provides system guided advance planning to achieve effective delivery and enhance total customer experience while reducing product returns and transport costs. It also introduced seamless driver technology in delivery milestone e.g. track and trace.

- **50% productivity** increase of receiving and truck queue reduction
- **Reduction of 29 Million KM** equivalent to 6.6% of 442M KMs driven

- **20%** of receiving headcount especially on administrative role
- **Reduction of 18.3K CO2** tonnes / 7M liters of diesel

- **100%** data accuracy
- More than **30%** of warehouse efficiency
- **Significantly paper reduction** with automation tools



Partner Information

Accenture

Implementation Partner

Quote from the Partner

“We do this with you, not to you”. The process modernisation program of work has seen a strong collaboration between Accenture as the implementation partner, DKSH IT(CSSC), supply chain management and operations teams. Everyone has had a voice from the forklift operator to the supply chain director. This is crucial when looking holistically at the physical infrastructure, systems, and people, to successfully deliver process improvements.

The team have really focused on “sweating the asset” (SAP ECC) by implementing Accenture accelerators to remove manual paper-based tasks, providing real time warehouse task execution, improved monitoring, and warehouse insight.

In all aspects of the project, we look to impart our expertise – we share, collaborate, transfer and transition to ensure clients are effective and have full ownership .

Graham Houston, Project Delivery lead, Accenture



Business Challenge and Objectives

- The challenge was heavily paper based operations across the region, which relied on some manual tasks and lacked end-to-end use of technology.
 - A lack of system capturing productivity data to show individual performance and time utilization.
 - A lack of real-time visibility and systematic control of the operations using a standard solution across all operations.
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- To review end-to-end supply chain process to look for opportunities to replace manual processes.
 - To introduce technology to improve accuracy and efficiency of identified processes.
 - To improve resource utilization through automated task management / dashboard visibility.
 - To ensure best use of SAP and automate tasks where possible.
 - To Progress towards the DKSH 2030 sustainability targets.



Benefits & Outcomes

BUSINESS / SOCIAL

- 20% reduction of inbound truck turnaround time reducing driver waiting time, operational overtime requirement and enabling the goods to be receipted and saleable sooner.
- An enabler to reduce an estimated 65% of paper usage in the picking operation, which will be realized in the final phase implementation.

IT

- Introduction of technology to automate manual tasks and reduce reliance on terminal input and back office admin.
- Improved picking, receiving, putaway and replenishment with real-time environment.

HUMAN EMPOWERMENT

- 60% reduction in admin and manual tasks by use of technology
- 20% increase in employee productivity using hand held devices plus a removal of waste in the process enabling a 40% overall reduction in the inbound team headcount

DKSH Transport Optimization

Transport Optimization in DKSH

Greenhouse Gas Reduction

“Quote”

“Great to see technology being put to use not to generate benefits for the business but to also help to protect the environment”

- Graham Simpson
Vice President,
Center of Excellence,
Supply Chain
Management Transform
ation

Challenge

DKSH operated a conventional warehouse with high dependency on human and paper processes, limiting the effectiveness, mobility and scalability with increasing costs and manpower. Adopted digitalization of delivery route optimization to achieve cost effectiveness and responsiveness to customers hence increase mobility expansion. Fully digitized transport route planning allowed dynamic planning to achieve on time delivery and save on fuel.

Solution

Perform data cleansing for update to date master data and utilize shipment and real time POD to manage driver delivery management.

Outcome

Reduction in cost of transport, reduction in manual administration and route planning and introduction of seamless driver technology in delivery milestone track and trace.

Reduction of **29 Million KM**
equivalent to **6.6% of 442M KMs**
driven

Reduction of **18.3K CO2 tonnes /**
7M liters of diesel

Rolled out to **6 countries** ie
Singapore, Malaysia, Hong Kong,
Thailand, Vietnam and Taiwan.



Business Challenge and Objectives

Challenge:

The transport planning model consisted of traditional manual planning using less efficient fixed area delivery zones.

There was a lack of data and tools to allow modelling of different delivery scenarios to determine the right fleet size and truck types for different cost and service levels.

There was a lack of control of daily transport planning and truck utilization, which was largely vendor managed, lacking direct control over the transport cost. With no visibility of driver waiting times at DC dock, cross dock, customer delivery locations or DC delivery locations, any opportunities to increase efficiency were not identified.

Objective:

The Transport Optimization not only help DKSH run better business, it also provided with business best practices to help DKSH understand and minimize carbon footprint while protecting our workers. It helps to progress towards our DKSH 2030 sustainability targets.

To improve transport efficiency:

- Planning and driver tracking
- Improve vehicle fill (time/cbm/weight)
- Reduced KMs driven. Fuel used and overtime

Tracking and Alert

- Realtime visibility and alerts to pro-actively improve service. Driver safety
- Real time order tracking



Benefits & Outcomes

BUSINESS / SOCIAL

2020 results:

- Reduction of **29 million KMs** driven, equivalent to 6.6% of 442M KMs driven
- Reduction of **18.3K CO2** tonnes / 7M liters of diesel
- Reduce the cost of transport
- Improve on-time delivery
- Provide real time order tracking (global customer portal) and evaluate POD visibility
- Create a platform to improve compliance, security, customer satisfaction, safety and sustainability

IT

- Use of dynamic planner to improve the truck utilization
- Use of driver technology for real time delivery tracking and real time milestone updates
- Interfaced to SAP for order and address data
- Interfaced to SAP for shipment creation and POD real time milestone update

HUMAN EMPOWERMENT

- Reduction of manual sorting and admin tasks by introducing hand held devices
- Improve accuracy and validate actual load corresponds to the planned load

DKSH Process Modernization



Project / Use Case Details

DKSH Supply Chain Operations keys objectives are to materialise digitalization of warehouse processes through operational efficiency and cost reduction by enabling paperless real-time environment. The project involves:

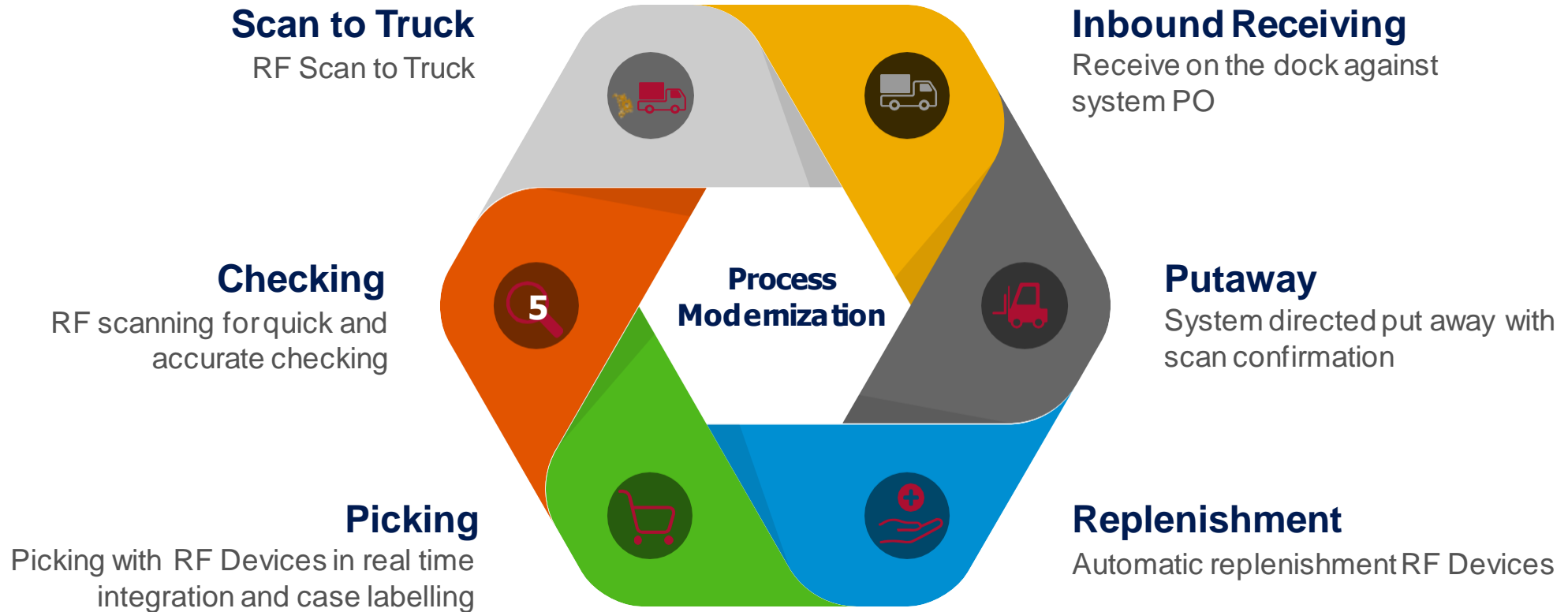
- Inbound receiving
- Putaway
- Replenishment
- Picking
- Checking
- Scan to Truck

All the above mentioned are performed through Smart Receiving and Putaway process in SAP utilising external tools such as RF and QR code. Tablets were also used in the process to manage putaway and replenishment. The seamless updates enable DKSH performing real-time receiving and putaway processes which reduce paper consumption that leads to increased productivity of both receiving and truck turn around.

DKSH had utilised ISCG tracker that manages inbound check-in, in-bound receiving and monitoring that enables us monitoring truck type, truck size, load type, shipment type and stock type. As for putaway real-time is through RF scanning of the barcode. The guided putaway process enables DKSH to do away with papers with location suggested to reduce the travel to location time.

Overall Process Modernization Program

The key objectives of this program is to digitalize the supply chain warehouse core processes, improve operational efficiency and reduce cost, creating a paperless real-time environment



DKSH Transport Optimization

Transport Optimization

- Reduce the cost of transport by bringing transport planning in-house
- Increase vehicle utilization, identify and remove waste

Principles

- Bring transport planning in-house
- Identify opportunities for efficiency
- Improve customer satisfaction

Our Approach

Implement Transport Tools: Planning and Driver Tracking

- Capture delivery master data
- Dynamically plan vehicles
- Validate planned versus actual

Identify Transport Efficiency Opportunities

- Improved vehicle fill (time / cbm / weight)
- Reduced KMs driven, Fuel used and Overtime
- Reduce wastage at loading and delivery points

Transport Management through Tracking and Alerts

- Use the real-time visibility and alerts to proactively improve service
- Reduce reliance on subcontractor management

Benefits

- Improved route planning hence reduction fuel emission and fuel saving
- Reduction in manual intervention on delivery tracking where human empowerment could be relocated for other tasks

Transport Optimization

2020 results

- Reduction of 29 Million KM equivalent to 6.6% of 442MKMs driven
- Equivalent to 7M liters of diesel

Use a dynamic planning tool to

- Reduce KMs driven
- Use right-size vehicles
- Maximize vehicle fill

Use a delivery tracking tool to

- Track real time
- Identify and remove wastage

