



Case study:

Statoil

OIL & GASOLINE DISTRIBUTION is carried out in a highly dynamic and complex environment. At Statoil, distribution is perceived as strategically important because of its high impact on customer service levels and operational costs. In 1996, Statoil decided to implement a bespoke, state of the art distribution planning solution from Transvision – and the results have been excellent.



STATOIL PLAYS A LEADING role in the Scandinavian fuel oil and gasoline retail market with its 1,500 outlets and approximately 1 million oil customers. The Statoil group operates 450 trucks for the daily delivery of oil and gasoline to service stations, private customers, and the industry.

Claus Kenberg, the person responsible for Statoil's distribution planning solution, says, "Statoil is operating in an industry characterised by stiff competition and limited possibility for product differentiation. Our ability to optimise the internal processes is therefore vital for our earnings and competitive edge.

This is why we, in 1996, started the development of an innovative IT solution for transport planning in co-operation with Transvision.

Our vision was, and remains, to be able to carry out a real-time and automatic based planning process which could contribute to:

- An increase in customer service levels
- The realisation of our cost-saving potential
- An optimisation of the internal work processes."

FULLY INTEGRATED SOLUTION

Claus continues, "To fulfil our vision it was essential that the planning solution would be fully integrated with our existing IT environment and that it could operate in real-time.

These requirements were 100 % achieved and this has resulted in the planning solutions providing us with a significant increase in agility and ability to react immediately on plan changes during operation.

Our ERP solution, SAP, continuously feeds the planning solution with new or changed orders. The planning solution continuously optimises the plan and submits any changes to the tour lists to the on-board-computers on the trucks.

Likewise, the trucks send their operational status back to the planning solution in real-time so they can be accurately monitored. The status data is also sent back to customer service whilst the historic data is made available to the administration departments.

This has increased the efficiency and vastly improved the quality of our operational processes. It has provided us with a much improved capability to handle urgent orders and to deal with customer enquiries regarding delivery times.

More importantly this close integration has given us a significant reduction in costs of follow-up and registration in the administration departments and furthermore led to the elimination of data errors."



An excellent investment

REGARDING THE PLANNING process, Claus Kenberg explains, "We have very high demands on the automatic planning performed by the solution as this directly affects our ability to make the distribution operation efficient.

The automatic planning takes all possible parameters into account including the remaining volume in the tanks, order buffers, driving times, and rules regarding product substitution.

The distribution base plan for the following day is carried out almost 100 % automatically with very few manual adjustments. The solution continues to optimise on its own throughout the night according to new incoming orders.

This results in the drivers being able to begin their routes before any planners have arrived in the morning. During the day the operational planning comprises a combination of manually made decisions, consequence calculations, and automatic optimisations.



*"The purchase of the planning solution has been an excellent investment,"
Claus Kenberg says.*

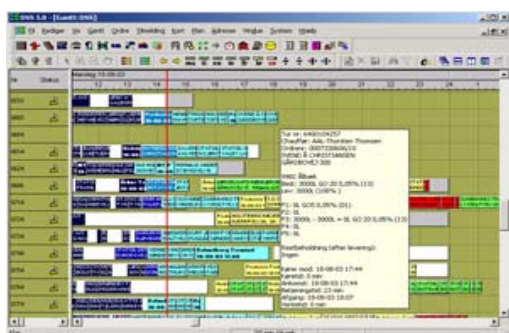
BENEFITS

Claus Kenberg concludes, "We have made calculations on the savings we have achieved as a direct consequence of the solution from Transvision and the most important of these are:

- A reduction in the number of tankers by 20 %
- A reduction in time spent on planning and follow up by 40 %
- An increase in the amount of delivered oil by 8 % per driven mile

Overall the solution has contributed to a reduction in our total distribution costs of 18 %.

This is a sizeable amount of money for a company like Statoil with such wide distribution activities. In short, it means that the purchase of the solution has been an excellent investment."



With this intense use of automatic planning, we have now reached a level of 90 % fully automated planned orders without any hands-on input from the planners and this level is continuing to increase."



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