



Atlas Copco Secoroc Increases Delivery Precision with an APS-system

What can you do if you sell more than you produce, can't decide which customers to prioritize and spend so much time planning your production lines that there never is time to analyze or improve processes? For starters, speak to Atlas Copco Secoroc in Fagersta, Sweden because until recently, they were suffering from the same problems.

With a sudden boom in sales, the manufacturers of rock drilling tools quickly found themselves risking poor service levels and increased costs. An overhaul of their entire production planning process was needed and in the fall of 2008, they started a project to define and implement improvements. The result? Installing an Advance Planning System (APS) solution from Opton, a move that has allowed Atlas Copco Secoroc to regain control of their production process and provide better service to their customers.

No time for analysis

Atlas Copco Secoroc has a long and stable history providing drilling tools to the construction and mining industry throughout the world. One of the biggest goals that the company strives for is to always maintain high service performance towards its customers. However, in the years leading up to 2008, this was becoming increasingly hard to do. Order volumes were suddenly higher than ever before and production was running at maximum capacity, unable to keep up with what it was selling. As a result, product stocks were beginning to run out and service performance was beginning to decline. To make matters worse, the company's production planners were having a difficult time just keeping up.

With a production line that was so stressed, planning was taking far too much time. Atlas Copco Secoroc's Detail Planners had been creating plans by extracting data from the company's base ERP system and then manually entering it into Excel spreadsheets to create visuals for further evaluation. This resulted in a very lengthy planning process. One that was often repeated leaving almost no time for analysis or simulations.

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Lovisa Leonardsson, Planning Manager at Atlas Copco Secoroc explains further. “When there were a lot of orders, our detail planners had time to make a plan, then make another plan, but then all 8 hours of the day were almost gone. Being proactive with data, checking details, analyzing, double checking, all the things we should have been doing – there just weren’t enough hours to do it.”

And analyzing data and running simulations is exactly what Atlas Copco Secoroc needed to do in order to optimize production routines, so they could deal with the situation.

One major difficulty with this lengthy planning process was determining how to handle different customer’s requests and orders.

“One of the most difficult things with using only common ERP for planning was figuring out how to prioritize. For example, if I wanted to deliver products to a customer faster than normal, what happens to all the other customers – what effect do we expect to see? This was extremely difficult with only ERP.”

Anders Österberg, V.P Purchasing & Logistics explains further. “We sell a lot of products that are unique to Atlas Copco Secoroc – where there aren’t any substitutes. Before APS, we would prioritize the production of these products, but in the end there was just too much information. We couldn’t handle it.”

Without a simple way to visualize these effects, it was easy to make bad decisions. Atlas Copco Secoroc needed to be able to optimize their production planning to better serve their customers and find an automated way to speed up the planning process. “And it was because of this that we felt we needed an IT tool that could help us,” says Leonardsson.

The Implementation

The choice to implement the APS solution Advanced Production Planner (APP) ended up being an easy decision to make. Atlas Copco Rock Drills, a separate division of the company located in Örebro, Sweden, had already been using APP and highly recommended the system. They also recommended the consultancy that carried out the implementation.

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With the help of Opton Solutions, a leading independent consultancy and supplier of IT systems in the area of Supply Chain Optimization, Atlas Copco Secoroc went live with Advance Production

Planner on January 7th, 2009. “Opton has a lot of experience with implementations of APP-systems and it didn’t take long for us to decide that we wanted to use them,” says Leonardsson. Due to Atlas Copco Secoroc’s multiple distribution centers, and the software’s ability to handle multiple sites, they use a multi-site version of APP.

Initially, Atlas Copco Secoroc wanted to get their system up and running as quickly as possible, however, Opton suggested taking the time needed to fully prepare for the new system. This turned out to be great advice and allowed Atlas Copco Secoroc to activate the new system on the exact date they had planned and with better preparation. In fact, the entire project went according to plan. “Everything went like it should,” explains Leonardsson. “They met every time constraint we had assigned them and they have done a good job – we have had a great cooperation.”

So far, there have been no major support issues and any small problem has been quickly fixed. Overall, Atlas Copco is satisfied with the entire implementation.

The Benefits

Though Atlas Copco Secoroc has only been up and running on their APP-system for a relatively short period of time, many advantages have already presented themselves and the company has gained a foothold on their prior production challenges.

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The biggest effect of the new APS-system, is that Atlas Copco Secoroc has been able to dramatically reduce the amount of time spent planning production processes. Now planning doesn’t have to be repeated. The freed up time has allowed the detail planners to focus much more time analyzing their production plans. As Leonardsson explains, “We have much more time to look over things, declare, work with the ground data in ERP, analyze...all of these things we have more time for and can focus on better.”

Also important, is the ability to conduct simulations of different plans. “APP is a great tool to be able to see the effects of what can happen if the marketing department, for example, says that they want to sell 2000 more drill bits,” says Leonardsson. “APP allows us to go look at the results of this and see what we have for capacity and then simulate present and future plans.”

Analyzing different scenarios and simulating their consequences used to be one of Atlas Copco Secoroc's major challenges, but has turned into a strategic advantage. "It gives us a much better overview of all of our customers, company wide, says Leonardsson, and can take promised delivery times into account."

The new APS-system is much more visual than anything Atlas Copco Secoroc had been using in the past. APP can color code each production line and create graphs and charts that are intuitive and convey valuable information quickly. Such visuals used to be created in Excel and were not nearly as informative. "In the ERP, there is just a bunch of data. With APP you can easily pull up the data that you want in different colors and see exactly what is happening within every line at any time, says Leonardsson"

"Now it is much easier to tie together every department and be able to make strategic decisions."

Yet another hope before the implementation was to be able to work closer with other departments within the organization and to tackle challenges together. When asked if this has changed since starting up APP, Leonardsson quickly answers, "Yes."

"Now it is much easier to tie together every department and be able to make strategic decisions."

"...delivery precision has dramatically improved..."

There have even been reductions in costs. Since APP was installed, the number of express shipments has decreased. Now, fewer air transports are being booked and boats are being utilized more and more for distribution. Leonardsson cannot say for certain whether this has to do with the financial crisis and the company's efforts to reduce costs or the new software, however, one thing is for certain; delivery precision has dramatically improved as a result of APP.

The Future of Atlas Copco Secoroc

So what's next for Atlas Copco Secoroc? The company will continue developing their understanding of the system in hopes to find new uses and benefits, some of which are already making themselves apparent. However, as Anders Österberg explains, there are even bigger plans for APP.

"We have about 12 production facilities round the world and our plan is to start by implementing our common ERP system in all of them, then, depending on size and complexity, we will start implementing APS. We want the better planning and control we have in Fagersta."

So far, Atlas Copco Secoroc has no regrets about their choice of APP and would not hesitate to do it again. "It was something that the company really needed." Says Leonardsson "I definitely would not want to turn it off!"

ABOUT ATLAS COPCO SECOROC

Atlas Copco Secoroc is a part of Atlas Copco group and belongs to the business area Construction and Mining Technique (CMT). The company employs about 2000 people worldwide and about 600 people in Sweden. The company's headquarters for operations is located in Fagersta, Sweden.

Atlas Copco Secoroc designs, manufactures and markets rock drilling tools over the entire world. More than 95 % of the produced volume is consumed by the mining and construction industry outside of Sweden.

ABOUT OPTILON

Optilon sells and delivers the market's best solutions within Supply Chain Planning and Execution for companies in the areas of manufacturing and distribution. Optilon also offers services within Supply Chain Analysis and Supply Chain Network Design.