

ENGINEERING & MANUFACTURING CASE STUDY

INTEGRATED MRO SUPPLY CHAIN SOLUTION ALLOWS CATHAY PACIFIC TO FOCUS ON AIRCRAFT MAINTENANCE AND OPERATIONS

Like other premier global airlines, Cathay Pacific faces increasing competition and cost pressures.

However, the company believed that its Maintenance Repair & Overhaul (MRO) supply chain was an area from which it could extract further value.

With the airline's growing fleet of around 200 aircraft, serving 110+ global destinations, the MRO supply chain has an important role in efficiently and innovatively managing the flow of aircraft spare parts and tools into Cathay Pacific's aircraft maintenance operations in Hong Kong.

CUSTOMER CHALLENGE

In the aviation industry, it is typically the MRO provider that also provides services for the aircraft maintenance stores and logistics operations.

However the logistics aspect is often viewed as just a small part of the overall maintenance operation. It therefore can lack a dedicated focus, and the necessary levels of supply chain service, traceability and visibility are rarely provided. That in turn leads to higher inventory levels, poor control and visibility of parts, higher costs, and lower productivity.

It can also impact operational performance, since airlines rely on the MRO operation for getting aircraft in and out of maintenance on time and to plan.

Cathay Pacific recognized that greater value could be delivered by a dedicated third-party logistics provider.

CUSTOMER CHALLENGE:

- Greater focus on MRO supply chain
- Enabling maintenance of aircraft on time and to plan
- Ensuring availability of parts and inventory

DHL SUPPLY CHAIN SOLUTION:

- Experience and expertise in aviation logistics
- 24/7/365 integrated solution
- Designed to meet current needs and future growth
- Integrated supply chain management of aviation parts and tools

CUSTOMER BENEFITS:

- Service level improvements
- Lower inventory required
- Improved asset/resource utilization
- Better visibility and data

DHL SUPPLY CHAIN SOLUTION

DHL has provided its logistics expertise to many customers in the aviation sector and was therefore able to leverage its long experience of handling the movements of aircraft parts globally. Such expertise and experience is of particular value given the need to ensure that the supply chain supports the respective regulatory authorities and compliance requirements..

To make sure the right solution was created, the DHL team first worked to fully understand the current supply chain operation, and its restrictions. It then designed the operational and commercial solutions that would meet the customer needs not just of today – but that would support future business growth. This approach has resulted in a long-term partnership between Cathay Pacific and DHL in order to manage the airline's maintenance stores and logistics solution in Hong Kong.

Through an integrated service, DHL receives, inspects, stores, dispatches, and delivers the required engineering parts and materials to the required base and line maintenance locations at agreed service levels.

DHL employees work at the 24/7/365 operation where they handle the 190,000 individual parts required by the airline – from rivets and screws, to aircraft engines and vertical tail fins.



CUSTOMER BENEFITS

Following a smooth operational transition, DHL's focus on managing the airline's maintenance stores and logistics solution now allows Cathay Pacific to concentrate on aircraft maintenance and airline operations.

There has been an improvement in the service level provided, since better data and supply chain visibility allows for better decision-making.

Improved inventory visibility means that Cathay Pacific benefits from lower inventory volume and less space is therefore required in its stores.

Better asset and resource utilization has improved the productivity of the logistics and engineering teams, as well as enabling faster turnaround times for aircraft maintenance – also helping Cathay Pacific to respond more effectively and more efficiently to any 'aircraft on ground' (AOG) situations in the fleet.

As a result of DHL's commitment to quality, the airline now enjoys better control of parts, and its visibility of the parts status means that it has better data that it can use in its dealings with suppliers.

Lastly, with fewer manual interventions required in the logistics processes, there is a reduced level of risk – essential in a safety-critical industry such as aviation.

QUOTE

"Aviation safety is of utmost importance to Cathay Pacific and aircraft maintenance and repairs rank as a top priority, requiring constant precision and care in maintenance operations and also the storage, handling and on-demand provisioning of vast numbers of parts. For this, we need a logistics partner like DHL that is able to perform safe and precise handling in extremely complex logistical environments, and adhere to Cathay Pacific's rigorous operational standards and compliance requirements."

Cathay Pacific

FOR FURTHER INFORMATION

Contact our supply chain experts [here](https://dhl.com/supplychain) >
dhl.com/supplychain

