


CASE STUDY

LEAD LOGISTICS PROVIDER SOLUTIONS IMPROVE UP-TIME AND REDUCE COMPLEXITY



Located in the Middle East, one of the fastest growing economic regions in the world, this oil industry leader faced challenges to keep up with growing demand and maintain control over an increasingly complex and geographically dispersed operation.

With oil demand increasing every year, reliable operations are crucial when customers depend on a company to produce millions of barrels of oil a day. The remote locations of oil field resources in the region also mean that drilling and production have to operate consistently and simultaneously across dozens of distant sites, often only accessible via harsh terrain. The efficient and timely delivery of maintenance and repair parts, as well as operating supplies, is critical for success.

CUSTOMER CHALLENGE

Previously serviced in a fragmented way by several logistics providers, the company's expansive supply chain lacked the predictability, visibility and responsiveness required to maximize productivity across all stages of the supply chain. As a result, the staff was distracted from the core business.

Coordinating the inbound flow of maintenance, repair and operations (MRO) supplies and determining the best managed transport operation and fulfillment strategies based on the drilling and production locations was a complex and labor intensive process.

A decentralized approach for managing 4,000 suppliers serving 20,000 delivery points with very limited visibility to supply movement meant that site personnel could not rely on critical materials' availability when needed.

CUSTOMER CHALLENGE:

- Multiple providers meant poor supply chain visibility
- Decentralized approach to manage 4,000 suppliers and 20,000 delivery points
- Saudi Labor Law requiring 40% employees to be Saudi
- Better IT, HSE and people management required

DHL SUPPLY CHAIN SOLUTION:

- Implement Lead Logistics Provider (LLP) solution to deliver improved materials transportation & delivery network
- Strategically located distribution points and centers to increase reliability whilst minimizing transportation costs and environmental impacts
- Integrated tracking system which improved traceability

CUSTOMER BENEFITS:

- Significantly improved service levels and visibility of supplies
- Increased HSE compliance and availability of critical MRO supplies



Integration with the company's IT systems, more consistent Health, Safety, Security & Environmental (HSSE) compliance and a strategy for recruiting and retaining the local talent were also needed to support sustained, profitable growth. This included improved compliance with the Saudi Labor Law that requires 40 percent of employees to be Saudi nationals.

DHL SUPPLY CHAIN SOLUTION

DHL Supply Chain's was to develop a Lead Logistics Provider (LLP) solution that encompassed a redesigned distribution network with approximately 550 employees and more integrated systems – all supported by a central control tower to monitor the new streamlined supply chain.

The LLP solution included several core components:

- A materials transportation and delivery network to increase efficiency and predictability. A dedicated fleet along with fewer, more reliable providers, and a central control tower to schedule and manage all road freight provided greater visibility, security and control
- An integrated Material Tracking System (MTS) linked to the customer's ordering and replenishment system allowed containers and packages of supplies to be electronically recorded, time stamped and tracked for greater security and traceability
- Strategically located distribution points ensured service reliability while minimizing transportation costs and environmental impacts
- Four Distribution Centers serving as cross-dock locations for the inbound flow of supplies from vendors. Materials are deployed to ten Service Centers that manage and deliver MRO supplies to production sites
- Consistent procedures focused on both people and processes allow for better aligned HSSE standards across the supply chain
- An increased focus on the recruitment, training and development of Saudi employees supported increased accountability, productivity and job satisfaction within the team as well as compliance with government mandates

CUSTOMER BENEFIT

By partnering with DHL to bring new processes, technology support and efficiencies to its supply chain, the customer has been able to achieve its goals of keeping its skilled resources focused on the core business, thereby reducing cost and increasing production. Engineers and maintenance personnel receive the correct equipment and parts at the right time and place, reducing site congestion and improving productivity and site safety.

This streamlined supply chain has delivered the following results:

- Increased HSSE compliance
- Significantly improved service levels and visibility of supplies
- Improved supplier service levels and better managed costs via a comprehensive vendor management program
- Increased availability of critical MRO supplies
- Increase in local content – Saudisation levels now > 86%

QUOTE

"Our local level expertise coupled with our understanding of the challenges with a large-scale transformation made us a great choice. With the geographical footprint of our customer being equivalent to the size of Western Europe, the scale of this project required a true partnership between our organizations."

Daniel Wood
VP, DHL Supply Chain, Middle East and Africa

For further information
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