

Schindler manages its suppliers and forwarders using SupplyOn

Integrated logistics processes are essential to managing a globally operating procurement organization – that applies in particular to a corporation such as Schindler, which transacts several billion euros worth of procurement business and has a complex worldwide supplier network. In order to ensure maximum transparency in shipping, Schindler not only integrates suppliers but also forwarders into its supply chain, in fact using the SupplyOn communications platform.

In order to maintain its market leadership in a price-sensitive market environment, Schindler optimizes its business processes on an ongoing basis. This also affects the Procurement business unit, which plays a significant role in the corporation's efficiency and competitiveness.

The Procurement unit is organized on the lines of a global network of product group and country teams and is managed by the Corporate Purchasing Department. A glance at procurement volumes conveys the strategic significance of Purchasing. In the core elevators and escalators division this amounts to several billion Swiss Francs. In order to ensure successful implementation of components and systems procurement strategies, Schindler focuses on long-term partnerships with its suppliers. E-business solutions play a crucial role here. They are applied in order to increase the efficiency of the entire purchase-to-pay process, to shorten lead times and to improve data quality.

Future-proof logistics processes

Schindler has been using the SupplyOn platform since 2006 to electronically exchange data ranging from orders to invoices. A decision was taken in 2007 to handle other logistics processes via this platform and to integrate forwarders and so the SLOPE (Schindler Logistic Order Processing Elevators) project kicked off in 2008. This project created a standardized interface between Schindler and its shipping service providers that facilitates simple, flexible integration of new carriers, that guarantees a reliable and efficient supply chain process from the elevator purchase order through delivery to the building site, that facilitates extensive process monitoring and structures the delivery process on the basis of standardized shipping units.

"Schindler has partnered with SupplyOn extremely successfully since 2006 on the issue of electronic data exchange with suppliers. Because an integrated exchange of logistics advices was planned as part of SLOPE, it made sense to capitalize on this fruitful partnership at the conceptual design stage. Furthermore Schindler's functional and geographic requirements coincide with SupplyOn's enhancement objectives," Arthur Buholzer from



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Arthur Buholzer, Corporate Purchasing, Schindler Management Ltd.

About Schindler

The Schindler Group was established in 1874 in Switzerland and is the world's leading supplier of escalators and the second largest manufacturer of elevators. Employing around 45,000 people in more than 1,000 branches in 140 countries, the "Elevators and Escalators" division generated sales of more than 8.7 billion Swiss Francs in 2008. The wholesale and logistics business ALSO belongs to the Schindler Group as well.



Schindler Management Ltd's Corporate Purchasing unit explained. "And after all we adopt the same approach to consistent use of established industry standards."

Purchase-to-pay process with SupplyOn

SupplyOn functions as an electronic exchange of data hub, from purchase orders through invoicing, including logistics process-related advices. Suppliers can communicate with Schindler either via conventional EDI or via WebEDI. The easy-to-handle and cost-effective web solution is particularly suitable for suppliers with an under-resourced IT-infrastructure or a lack of EDI know-how. Schindler generates and receives all advices electronically in its SAP system.

In the new process the commission number is used as the core item of reference information for the purposes of order monitoring. The relevant purchase orders are allocated to it. Receipt of goods is posted upon receipt of the supplier's ready-to-ship notification. The supplier's order confirmation and the goods received posting form the basis of automated invoice verification.

As opposed to the process that has been superseded, the supplier must now report the number of shipping units using an electronic delivery advice, as soon as components are ready-to-ship. Logistics service providers also receive ready-to-ship advices and the delivery advices specifying the number of shipping units from suppliers. The delivery advice details dimensions and weights. The units packed ready for shipping each have a label attached that features a distinct barcode and reference information about the commission and the purchase order. This label is provided by SupplyOn to print out.

Project results

As far as Schindler is concerned, the implementation of SLOPE has been an unqualified success. By the end of 2009 90 percent of advices were being exchanged in the required configuration; 70 percent of suppliers were able to communicate advices to their logistics providers. The flow of advices to and from associated partners is stable. This solution has been optimally embedded in the existing applications architecture.

Advices are exchanged electronically in a structured format via SupplyOn, enabling Schindler to dispense to a large extent with manual entry and coordination activities. The process operates in real-time, is quicker, more efficient and transparent than before and is characterized by a higher level of data quality. Schindler is thus able to establish a system to monitor jobs, orders and shipments using key management ratios such as On-Time-Delivery. The focus of logistics processes on shipping units increases cost transparency. The simpler clearing model for shipping and warehousing also facilitates logistics cost forecasting. Further schedule and cost optimization measures can be undertaken on this basis.

With the aid of SLOPE Schindler has managed to implement one more process based on its existing IT architecture and to integrate more external partners electronically into its processes by adding logistics service providers to its pool of suppliers. "It pays dividends to rely on and comply with established standards. All partners involved benefit because coordination effort and therefore costs can be reduced in the medium and long term, when compared with individual solutions," Arthur Buholzer said in summary. "The new system makes us more flexible as an organization and lays the foundations for ongoing process optimization and efficiency increases."



Schindler