



IMPROVING DEPARTURE FLEXIBILITY AND INVENTORY OPTIMIZATION

Greater flexibility, reduced transit times and lower costs for automotive industry suppliers

CASE STUDY

The challenge



Our customer, one of Europe's most renowned manufacturers of powertrain components, requested Damco's expertise to help them address a number of challenges. Apart from facing extremely limited weekly departure options, the customer also had to contend with a combination of long transit times for their ocean freight and high costs for air-freight.

As with many manufactures that produce goods on a daily basis, it is essential for our customer to ensure that their stock is out and being transported as swiftly as possible to its way to various destinations. However, a lack of suitable departure options made the situation unusually challenging, leading to increased pressure on their stock as well as an increase in storage fees. And with long Europe to China ocean transit times of up to one month, the company's ability to meet transit time requirements was also compromised. The company therefore had to use air freight services as a key mode of transport for urgent cargo. But with associated costs 3-4 times higher than that of ocean transport, they needed to find a more cost-effective solution.

The solution



Damco addressed these challenges by proposing and developing a reliable, fast, rail solution as an alternative to ocean. By offering a service with greater cost effectiveness than air freight, the solution ensures our customer has improved predictability and shorter lead times. The solution we defined comprises:

- Monthly "departures card" for multi-modal transport with transit time. This provides the company with multiple alternative departure options that help reduce their inventory at buffer points and minimize their storage costs

- A single point of contact for all modes of transport to expedite the communication process. This also offers seamless coordination between operational teams across the globe.
- 24-hour service for rail between containers located at the customer's premises and the rail cut-off time. This ensures the company has more time for information confirmation and reduces the risks when a swift change to other methods of transportation is required

The result



As a direct result of implementing the rail solution, the company is already reaping the benefits of having access to alternative departure points. This includes:

- A significant increase in departure flexibility due to the availability of alternative departure options
- Cargo stock that is well managed with storage costs significantly reduced
- Accessible transit times and flexibility when switching transportation modes due to the multi-modal nature of the offering
- A simplified, lean operation process and single contact matrix.

The customer



Our customer is an independent full-system supplier of fuel efficient powertrains. With over 40 years of experience in the production of continuous variable transmissions (CVTs), they also offer electric powertrains for new energy vehicles (NEVs) such as plugin hybrids (PHEVs) and electric vehicles (EVs), as well as for dual clutch transmission (DCT) vehicles. Damco has worked closely with the customer since 2015, providing them with multi-modal transport via regular shipments from Europe to China.

About Damco Rail

Damco Rail was established in 2014 initially with a focus on the high-tech sector. Our rail products and services have been developed to enable organizations, supported by our expertise, to design end-to-end solutions that are tailored to meet their specific needs. Our rail solutions include: rail services between China and Europe; cross-border truck-rail services from Vietnam to Europe via China; and short sea-rail from Taiwan/ASEAN to Europe via China. Damco rail now covers a variety of vertical market segments including retail and lifestyle.

About Damco

Damco is at the forefront of developing innovative supply chain solutions. We fuse our global network and depth of expertise with pioneering digital innovations to enable our customers to stay ahead. Our vision is to connect and simplify supply chains across the globe.

We are experts in the field of complex, rapidly changing markets such as Fashion, Retail, Chemical, FMCG and Technology. With a presence in over 100 countries, employing more than 10,000 people worldwide, we combine global reach with depth of local understanding. In 2017 we reached a turnover of 2.7 billion US dollars, managed 664 thousand TEUs (twenty-foot equivalent units) of ocean freight and 206 thousand tons of air freight.

We are proud to be a part of A.P. Moller – Maersk.