

**The challenge**

With a global dealer network comprising 300 inventory locations and various disparate IT systems, Volvo CE faced challenges in delivering consistent service parts availability across the world. Aiming for market-leading dealer service levels, Volvo CE saw the need for one common solution to ensure global supply chain visibility.

**The solution**

Syncron's Global Inventory Management solution

**The results**

- Market-leading dealer service levels exceeding 95% from dealer to end customer
- Decreased inventory levels for both slow and frequently moving items
- Decreased stock obsolescence
- Automated process for inventory replenishment
- Improved visibility throughout the global supply chain, despite multiple ERP systems

**About Volvo CE**

Volvo CE is a global enterprise headquartered in Brussels. It's the world's largest manufacturer of articulated haulers and wheel loaders, and one of the world's largest manufacturers of excavation equipment, road development machines and compact construction equipment. The company manufactures its products on four continents and distributes in more than 150 countries via dealerships and rental outlets. Being one of the largest actors in the industry, Volvo CE employs almost 17,000 people and has net sales of USD 7.9 billion (2008).

[www.volvo.com/constructionequipment](http://www.volvo.com/constructionequipment)



# Volvo CE raise customer service with optimized dealer inventory management

**With a large network of dealers each handling their aftermarket with different systems, Volvo CE struggled to control its global supply chain. By optimizing forecasts and parts management, Syncron helped Volvo CE raise worldwide dealer service levels to exceed 95% from dealer to end customer. The results were observed immediately after 1 lead time.**

In the construction equipment aftermarket, parts availability is critical. A single missing vital part can leave an entire construction site in a standstill, costing millions a day. So when Volvo Construction Equipment (Volvo CE) stood on the threshold of further global expansion, their goal was clear: Their supply chain needed to be streamlined to achieve industry leading customer service levels worldwide.

The aftermarket business is vital to Volvo CE customers. They buy uptime on equipment from Volvo CE in order to be able to fulfill their customer contracts.

**Disparate systems and Overstocking**

At the time, Volvo's dealers around the world had disparate systems of varying standards; a result of many years of global growth and acquisitions. With each dealer handling their own aftermarket, it was difficult for Volvo to control its global supply chain. With customized machines produced in limited numbers, maintaining high spare parts availability was costly, with overstocking and obsolescence as common concerns.

**Easy way to global supply chain visibility**

When Volvo CE identified the need for one common system to create visibility in its global supply chain, the choice was easy. The company was already successfully using the Syncron Global Inventory Management solution for central warehouse

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forecasting. Volvo CE and Synchron have a long term partnership and have worked together since 1992 which have generated excellent results over the years.

Volvo CE decided to expand Synchron’s Global Inventory Management solution for global use including dealership integration. Synchron’s concept where the supply chain planning application is placed on top of all different existing systems fit the Volvo CE requirements perfect. Jan Paulsson, Manager of Global Manufacturer Managed Inventory & Logistic Support at Volvo CE says *“This is the only viable way for large companies such as Volvo to achieve full visibility and control across their global supply chains. Implementing one single ERP system across all countries and dealers is simply not an option.”*

### **Market-leading service levels within weeks**

The Synchron solution was rolled out to more than 300 inventory locations. Dealer service levels improved within 2-6 weeks after the implementation, depending on the dealers’ capacity to adapt quickly to the system’s automatic order proposals and the lead time. With the arrival of the first refill order, the target availability level was met.

### **Improved back-order recovery exceeds expectations**

Today, Volvo CE has full visibility over its global supply chain. When a dealer needs a specific part, Volvo CE can instantly see where the part is available and ensure that the item is transferred from another dealer where the part is available. *“The Synchron Global Inventory*

*Management solution has resulted in a significant decrease of obsolescence and returns – far exceeding our expectations,”* comments Jan Paulsson. *“One benefit with the Synchron solution is that it is designed to optimize inventory for slow-moving items just as well as for high-frequent articles, which is critical to our business.”*

### **Reduces carbon emissions**

As part of a wider program to reduce its carbon footprint Volvo CE has targeted the reduction of ‘emergency’ orders shipped by air. Volvo CE sends over 25,000 tones of spare parts around the world each year, and a project to manage global aftermarket parts distribution has, over the past five years, lead to a 30% reduction in the proportion of Volvo parts sent by air.

*“Our dealers were pleasantly surprised when they saw how quickly service levels increased, while rush-orders and transport costs plummeted,”* says Jan Paulsson.

Synchron has also been participating in Volvo CE’s AirShare Reduction scheme, an initiative that reviews the lifecycle of the company’s machines. Not only did this program lead to large capital reductions in the supply chain, it also contributed to increased service levels for the end customer.

### **Geared towards future expansion**

The entire solution is now moved into the Synchron Data Center extending Synchron’s service responsibilities. With next-generation technology to connect dealers all over the world and the hosting services, the Volvo brand is set to remain a guarantee for the highest customer service in the future.

## **SYNCRON CASE STUDY VOLVO CE**

### **About Synchron**

Synchron maximizes global supply chain performance, easily. Our ERP-independent software solutions for global inventory management, global order management, global price management and master data management, are implemented faster and at lower cost than other solutions. Synchron has had years of experience with cloud services and Software-as-a-Service (SaaS) as an alternative to hosted solutions and perpetual licenses. We deliver superior results to our customers through combining software expertise with extensive experience from selected industry sectors within manufacturing and distribution. To stay ahead, many world-leading global companies have chosen Synchron: Atlas Copco, Volvo, Tetra Pak, JCB, Mazda, Alfa Laval, Scania, BAE Systems, Electrolux, Renault, and Komatsu.

### **Contact Synchron**

For more information, please visit:  
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