

**CASE STUDY**

# DB SCHENKER LOGISTICS

DB Schenker Logistics becomes a 3PL leader with Aptean



Originally founded in Vienna in 1872 by Gottfried Schenker, DB Schenker became a wholly-owned subsidiary of Deutsche Bahn AG, the German railway company, in 2002. Deutsche Bahn describes itself as the second-largest transport company in the world, with 290,000 employees and revenues of € 39.3 billion. DB Schenker, being the freight logistics subsidiary, combines all transport and logistics activities of Deutsche Bahn, employing over 94,600 staff spread across 2,000 locations in about 130 countries with a revenue of 19.8 billion.

With nearly 18,100 employees at almost 700 locations with warehouse space of more than 6 million square meters in over 50 countries on all continents, DB Schenker offers customized logistics solutions for industry and trade, and has developed a comprehensive portfolio of individual solutions for Automotive, Consumer/Retail, Electronics, Industrial and Healthcare industries. The range of services includes all stages in the value chain, from procurement, production and distribution logistics to after-sales service. The core competence is the planning and execution of complex global supply chains.

The DB Schenker Logistics operation in Region Europe North includes the countries UK & Ireland, Sweden, and Region East includes Finland, Estonia, Latvia, Lithuania, Poland, Russia, and Ukraine.

### CUSTOMER DETAILS

- DB Schenker Logistics is part of DB Schenker, one of the world's largest logistics service providers
- Focus on selected verticals (healthcare, consumer/retail, technology, automotive)
- Modern multi-client facilities (5 sites with 350 employees and 150 000 square meters in Sweden alone)
- Ca 60 clients in Sweden, UK & Ireland

### INDUSTRY

Third Party Logistics, targeting defined vertical markets

### SOLUTION

IMI Supply Chain - Warehouse Management (iWMS)

### CHALLENGES

- Rationalize the clients' logistics operation
- Improve integration between DB Schenker and clients
- Increase utilization of staff and other resources
- Modernize & consolidate infrastructure and system platform

### BENEFITS

- Better resource utilization and reduction of operational costs
- Flexibility and responsiveness to meet client needs
- Standardized process flows by vertical
- Growing market share

## CHALLENGES

### Support 3PL business expansion

For many clients, outsourcing logistics and supply chain operations to a third party is like heart surgery. The reason for doing it is to become more agile, flexible and to perform better, but the operation is risky and must not fail (or else, if we stretch the analogy, the patient-client might die). Hence it is not a quick win to build a credible and robust model for on-boarding clients. It takes dedication and endurance to become a partner to trust, and to develop the right model that minimizes the risk of failure and at the same time creates the right platform for delivering added value.

DB Schenker Logistics' recipe to achieve this and grow the business was to define a market strategy with a vertical industry focus to attract more new clients. But they also needed a warehouse management system to support this, and that would help build this confidence and enable the transformation of the clients' supply chain operations into increased performance.

### Increase ability to implement client requirements

To make a 3PL business successful, it is critical to cope with the specific requirements of each client. It can be simple things like adapting labels or reports to comply with the clients branding, or more complex scenarios like designing and implementing the best warehouse layout and picking strategy for a new client in e-commerce.

DB Schenker Logistics saw that this flexibility needed to be built into its implementation process, and was searching both a methodology for how to analyze client requirements and the tools for turning them into operating procedures.

### Improve synergies across clients and facilities

Many 3PL providers accept to use the clients own systems, and even take over existing facilities. By doing so it is virtually impossible to be more efficient than the client's own operation, and the benefits are limited for both parties. DB Schenker Logistics wanted to implement a more visionary approach by investing in new facilities that could be used for serving multiple clients with shared resources and systems. This was also a challenge in terms of integrating the clients' ERP systems to secure data quality and avoid duplication of order entry and master data management work.

They also wanted to enable a more consistent way of measuring the work performed for different clients as a basis for automating the reporting and billing of services.

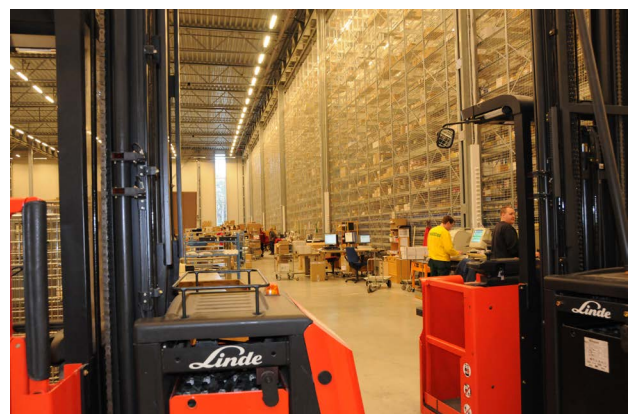
## SOLUTION

The software solution needed to be highly configurable to accommodate new features and process flows with a minimum of code changes, and also support DB Schenker Logistics operation across all different warehouses and clients.

DB Schenker had numerous WMS solutions that were benchmarked against these requirements, but Aptean's iWMS was in 2007-2008 eventually selected as the preferred warehouse management system for Region Europe North. iWMS is now implemented as the multi-client and multi-site production system across all of DB Schenker Logistics operations in Sweden, UK & Ireland. In 2013 DB Schenker decided to roll out iWMS also for its operation in North Eastern Europe (Finland, Poland, Estonia, Latvia, Lithuania, Russia and Ukraine).

Over the years, sites and clients have been added or removed, integrations have changed, business processes been modified, and the software upgraded – all done using the very same system. Some client requirements have initially been addressed by developing customized code, but by agile joint development cooperation with Aptean, these have quickly been turned into standard features of the product.

As warehouses, staff and equipment are regarded as shared resources, DB Schenker Logistics have full visibility of workload and capacity across the sites, allowing for better utilization and synergies across clients. At the same time DB Schenker Logistics can manage product, customer and supplier information for each client with full data integrity, and also tailor the information exchange with the client's ERP system.



“We have over several years invested not only in state-of-the-art facilities, but also a very conscious strategy to develop solid business knowledge and work processes that represent best practices for our target markets. Short time to implement is a key differentiator for us, and together with Aptean we have been able to define these as templates in the standard product, which makes it easy for us to take on new business.”

Mats Olsson  
Managing Director  
DB Schenker Logistics Region North

## RESULTS

### A strategic partner

When you enter into a new geographical market, a natural move is to use a third party logistics service provider (3PL) to deliver the basic services for warehousing and distribution. DB Schenker Logistics has succeeded to go far beyond that, and helps also established local companies to improve their supply chain operation in their very home market. Strong supply chain know-how paired with software solutions means that DB Schenker Logistics can be more efficient than their clients would be on their own.



More than 9,000 customers around the world rely on us to give them a competitive edge. By providing innovative, industry-driven enterprise application software, Aptean helps businesses to satisfy their customers, operate most efficiently, and stay at the forefront of their industry.

For more information, visit: [www.aptean.com](http://www.aptean.com)

### Improved performance

iWMS has helped DB Schenker Logistics achieve better resource utilization and reduce operational costs. Standardized process flows that are based on best practices for the targeted verticals has lead to improved results for the clients and also improved bottom line results for DB Schenker.

### Enabling growth

Flexibility and responsiveness to meet client needs is manifested by increased market share and growing business volume. Equally important is the scalability of the solution. DB Schenker Logistics runs the entire operation in one single system instance of iWMS, and new sites and clients can be added 'on the fly' just by configuration.

The proven track record and business results have allowed DB Schenker Logistics to make additional investments in new facilities to further strengthen the performance of the operation and the position in the market.

“When we implement a supply chain operation for a new client, we have a model for integrating with their ERP, to accommodate specific product data, and tailor workflows and reports. Most of this we can do without customizations, so the flexibility of iWMS and the team at Aptean has proven to be a key competitive advantage.”

Fredrik Hedlund  
Manager Solution Design/IT  
DB Schenker Logistics Region North