

Cementos Argos, Colombia



Cement customers cannot afford to run out of cement in their production operations. Cement Customers would initiate a purchase process when they needed cement. **Argos** would then enter the order through a call center into its **ERP** system, provide an order number to the customer and initiate a process of scheduling and delivering the order. In some cases the customers would use physical observation methods to determine the level of bulk cement they have in inventory. This leads to frequent order changes and cancellations.

Predictive orders, often placed for extended periods of time, do not reflect the real inventory situation resulting in waiting time for silo space for unloading trucks at delivery time. This in turn leads to underutilization of the trucks, and in general to higher logistic costs. **Juliana Muñoz** responsible for **Logistics at Argos**, determined that state of the art solutions were required to solve these problems and achieve significant process improvements and cost optimizations beneficial both for Argos and its **customers**. She identified Electronic Enabled Vendor Managed Inventory as a unique

effective way to quickly achieve results. A pilot project was initially implemented to prove the benefits of the system.

Orbit Logistics was selected to implement an electronic enabled Vendor Managed Inventory System. Orbit provides real time stock measurement information which enables Argos to see the cement inventory levels at its customers, project the tendencies, view historic values and receive alarms at critical inventory levels. This information is also made available in a **web portal** through Orbit's hosted solution requiring limited hardware investment and **no software investment**.

As a result of the vendor managed inventory **Logistic costs were significantly reduced**, particularly Argos managed to avoid the cement trucks idly waiting for silo space to unload. Normally 35 to 40 ton trucks are sent directly for each delivery. With the advance Orbit VMI system information routing and transportation times are optimized and wait times eliminated. At the same time associated direct costs of truck operation are also optimized.

Case Study

Industry: Cement

Cementos ARGOS implements first eVMI



Reduced Logistic costs significantly

The truck utilization goes up because trucks never have to wait for silos to empty out for unloading, as the system allows for orders to be placed only when enough silo space is available. This increased truck utilization is reflected in decreased number of trucks needed and correspondingly reduced direct costs such as drivers, fuel and maintenance.

The sales area of **Argos** has created **increased value** in the Supply Chain for its customers by using the Orbit electronically enabled Vendor Managed Inventory System. The system produces an alarm to Argos which allows it to generate the replacement order in time so that the customer will always have cement for its production needs.

Future implementation of additional phases and features of the **Orbit system** will result in **additional reductions** in order entry, loading and unloading times and increased collaborative Planning and Forecasting Replenishment for Argos and its customers.

ARGOS CEMENTOS is
.....we should get from Argos

Orbit Logistics is one of the leading international solution providers for remote, real-time data acquisition, processing and management. The company specializes in end-to-end solutions for inventory control and management. Real-time remote monitoring and control solutions for plants, and systems for improving plant operation and service are other areas of expertise offered by Orbit Logistics.

Orbit Logistics has offices in Europe and North America. Orbit Logistics Europe GmbH, located in Leverkusen, Germany and Orbit Logistics Americas LLC in Buford/USA utilizes an experienced team of about 40 highly trained Engineers and Technicians to offer a broad and comprehensive solution to the process industry.

Customers of Orbit Logistics are international Corporations as BASF, Bayer, Dow Chemicals, Evonik-Degussa, Johnson Diversey, Lanxess, Omya, Rheinkalk, Rhodia etc

The major benefits that Cementos Argos realized were:

- **Reducing the number of trucks**
- **Lowering management costs**
- **Decreasing paperwork**
- **Increased the service level at customer silos**



Juliana Muñoz interview; Friday 1.29.2010

Through visits to different suppliers at trade shows we met the supplier Orbit Logistics and realized that through this technology we could achieve lower costs and higher levels of service in this division of the company. For this reason we decided to use the services of Orbit Logistics and we have achieved excellent results at very important Cementos Argos customers.

