2icpallets

case study **oxford cold storage, melbourne, australia**

driving efficiency

introduction

Oxford Cold Storage is Australia's leading privately owned cold storage company running multi shift operations with in excess of 350 staff. It is a member of the Oxford Logistics Group whose members specialise in operations and warehousing, transport based computer hardware (Radio Terminal Systems Pty Ltd) and transport software (Fleet Management Systems).

Oxford's main site in Laverton North, Melbourne is Australia's largest cold storage complex, currently with some 706,000 cubic metres of available storage space and with construction of a further building about to begin.

It is ideally located 15 minutes from the major Melbourne wharves and container terminals – which are Australia's busiest – with fast direct access to the Port of Geelong and the Tullamarine and Avalon Airports. It is situated close to most major transport routes and is only 10 minutes from the Melbourne CBD.

Oxford offers racked storage for over 90,000 pallets and bulk storage for approximately 20,000 pallets, at temperatures between +18° & -29°. The facility has the capacity to freeze 12,000 cartons, carcasses and quarter beef daily.

Major customers include Nestle, Fonterra, Don Smallgoods, McCain, Simplot, Midfield Meats and Tasman Meats.

pallet control objectives

- Install comprehensive pallet management software that would fully integrate with the company's warehouse management system.
- Ensure all pallet transactions were being properly recorded.
- Streamline pallet reconciliations.

background

As a highly technology savvy company – it has two sister subsidiaries engaged in RF terminal manufacture, RFID, POD and fleet management systems – the application of IT to pallet management had long been considered by Oxford.

In the early 90s, for example, when it was among the first organizations to introduce advanced warehouse management systems, it had been hoped that the WMS would itself deliver these capabilities.

However as Operations and Marketing Director Paul Fleiszig explained, "the warehouse system we selected was unable to do the pallet work. And so our initial plan was to write this ourselves as part of a range of WMS modifications we were planning to make. Continued and solid growth, however, saw us having to focus on other computing priorities. Although, some 18 months ago, that same growth meant that effective pallet control was now high on the agenda.

As Pallet Controller Trevor Gobbi added, "we have a substantial number of major clients, a very large facility, over 110,000 pallets on site and numerous dockets a day coming in and going out. These volumes made it

very difficult to ensure we were properly covering all of our bases all of the time. And so an appropriate system had become a necessity.

“For instance, we were manually writing 300 pallet dockets every day, which were then taken to the office before being forwarded to our pallet supplier at week’s end. It was clear that this way of working presented far too many opportunities for individual dockets to go astray. And there were insufficient safeguards to ensure that what should have been sent to CHEP and Loscam had actually been sent.

“Our overall objective, therefore, was to use the WMS to capture all relevant pallet movement data and to then link this to appropriate pallet management software. The latter being responsible for highly automating the reconciliation process and for, equally automatically, exchanging data with our pallet suppliers’ own billing systems”. Thus a principal concern was that any pallet software needed to fully and seamlessly interface to the warehouse management system.

Such interfacing issues, among others, resulted in Oxford determining that the CHEPMate and Loscam HMS IT tools were not a viable solution. Other identified options could only be used at a single physical location or demanded that Oxford would need to install an entire new computer network. As Oxford was not prepared to do this, and because it needed to raise dockets at multiple sites, with multiple PCs and with multiple people, these solutions too were deemed inappropriate.

A final alternative was to have the pallet system developed in-house. Although it was recognized that such an initiative would present substantial cost and timing challenges.

the solution

After discussing its objectives and concerns with consultant John Stuart of JV Pallet Control, Oxford elected to carry out a detailed evaluation of the 2ic Pallets solution designed, supplied and supported by Adelaide headquartered 2ic Software.

This solution, it was quickly determined, could readily interface to the WMS, was deployable across multiple sites, PCs and users and required no changes to the company’s current corporate IT systems. As such 2ic was installed, in mid 2005, and went operational immediately.

Pivotal to the company’s new pallet control processing is the role played by the WMS. This has been adapted to ensure that all pallet movements, in and out of storage, are fully recorded, including those that involve both full and split pallets. To ensure all data is captured, no paperwork can be produced by the system until all relevant data fields have been completed including that required for the pallets themselves.

The WMS also validates all input and, when required, prints all pallet dockets, stores a record of these and automatically emails detailed summary reports to pallet coordination on a daily basis. Its final function is to then transfer all relevant information to the 2ic system, which then directly exports transfer details to CHEP and Loscam.

With the interface, data only has to be entered once, ensuring both internal systems are totally in tune and avoiding any need to re-enter information with its inherent risk of error.

Importantly, its use of 2ic, allows Oxford to carry out reconciliations on a daily basis, without now having to wait for the pallet suppliers’ invoices to arrive at the end of the month. The system automatically imports the pallet hire invoices electronically, reconciles the bill and reports exceptions. Oxford can then accept or reject these exception transfers on or off their pallet account as required.

As Mr Gobbi notes here, “it’s the electronic reconciliation that is the vital benefit we receive from 2ic. With that, and daily reconciliations, we now have the time to exercise real control. Which means that we no longer have dockets we can’t explain, we are no longer waiting for dockets and we don’t reject dockets that are valid. The efficiencies also ensure we have ample time to resolve queries including invalid items that appear on our accounts.

“It is also significant that 2ic manages both CHEP and

Loscam accounts jointly and on a single screen".

the 2ic contribution

- 2ic automatically and seamlessly interfaces with the Oxford WMS and the CHEP and Loscam billing systems.
- Enables reconciliations to be made on a daily basis.
- Reconciliations are done automatically with only exceptions needing to be manually addressed.
- Provides the time to effectively follow up queries.
- Substantially increases control.

the final word

"With continued business growth, traditional methods of managing pallets were no longer going to cut it."
Mr Trevor Gobbi, Pallet Coordinator, Oxford Cold Storage