



## Case Study – Sandvik Mining Corporation

*“Indigo now manages the entire materials management process from receiving a purchase order, processing the order, picking from the works order, sales order creation and replenishment.”*

*Tero Lehtinen, Process Support Manager - Assembly, Sandvik Mining Corporation.*

### Challenge

Sandvik has global operations that span over more than 130 countries with 44,000 employees. Given the complexity and diversity of Sandvik’s product range, the most important factor in determining the success of the assembly plant is materials management.

### Solution

Sandvik selected Indigo’s Warehouse Management System based on its capabilities to improve inventory cycles, as well as its ability to integrate easily with Infor ERP System21.

### Results

Sandvik have seen major improvements to their inventory. All materials management is undertaken in real time using accurate, up to date information. Full traceability enables Sandvik to quickly investigate any problems or issues with stock down to the precise time, location and picker.

*“Indigo’s consultants have been second to none and their commitment, dedication and knowledge has enabled this project to run smoothly, quickly and deliver business benefits from the outset”*

### The Company

Sandvik is a high-technology, engineering group with advanced products and a world-leading position within its field. Its global operations span more than 130 countries and 44,000 employees and sales of approximately SEK 72 billion.

Sandvik’s operations are based on unique expertise in materials technology, extensive insight into customer processes and comprise three primary areas.

Sandvik Mining and Construction produces tools for metal cutting in cemented carbide and high-speed steel, as well as components in cemented carbide and other hard materials. Sandvik Tooling provides equipment and tools for the mining and construction industries.

Sandvik Materials Technology produces niche products in advanced stainless materials, titanium, special alloys, metallic and ceramic resistance materials and process systems.

### Setting the Strategy

Sandvik Mining and Construction (SMC) is the biggest division within the Sandvik group and a decision was made to open an assembly plant in China to capitalise on growth – both in the Far East and globally.

Opened early in 2009, Sandvik Mining and Construction’s assembly plant in China is 130000 square metres, and produces 3500 units per year, making it Sandvik’s largest assembly plant worldwide. The operation works with all Sandvik’s other production units across the world, sub-contracting all assembly work.

The plant produces a wide range of products, from volume products such as crushers which take just a few days to assemble, to bespoke products such as loaders, which can take up to a month.

Given the complexity and diversity of Sandvik’s product range, the most important factor in determining the success of the assembly plant is materials management. In order to meet demand while keeping inventory to a minimum, processes must be slick to facilitate efficient flow of materials

within the warehouse and to maximise profitability.

### Business Specifics

Sandvik uses Infor ERP System21 as its core enterprise resource planning (ERP) software platform, and having worked with the system for many years, approached Infor partner, Indigo Software to look at its specialist warehouse management solution. Sandvik selected Indigo’s Warehouse Management System based on its capabilities to improve inventory cycles, as well as its ability to integrate easily with Infor ERP System21.

As part of the evaluation process, Sandvik looked at numerous sites where Indigo was deployed and was impressed with the scope of what it could achieve. “Indigo’s Warehouse Management System was by far the most cost effective, functionally rich and fastest way of streamlining our warehouse management,” comments Tero Lehtinen, Process Support Manager - Assembly for Sandvik.



## Seeing Results

Sandvik have been live with Indigo's Warehouse Management System for System21 Interactive Warehousing for over a decade.

"The consultants involved in the project were excellent, and their dedication, knowledge and commitment were second to none," Tero Lehtinen continues. "As the vision for all the requirements was clear at the outset, the implementation itself ran very smoothly. Indigo ensured that the transition was seamless, and integrated the solution with our existing Infor ERP System21 enterprise resource planning software without any hitches.

Since going live with the software, Sandvik's inventory accuracy has increased substantially. "While it is a little early to report figures, anecdotally, we have seen major improvements to our inventory. All our materials management is undertaken in real time using accurate, up to date information. This removes the dependency on people as repositories for key information and intelligence.

"This is a key benefit for us, as staff turnover in China is high at approximately 25%. Previously, excessive levels of time and investment were incurred in training new recruits. With Indigo, the system

holds the knowledge therefore eliminates the need for excess training resources." Indigo now manages the entire materials management process from receiving a purchase order, processing the order, picking for the works order, sales order creation and replenishment. With this comes full traceability so Sandvik can quickly investigate any problems or issues with stock down to the precise time, location and picker.

"Ultimately the system enables us to pick the right items to the right place for the right order. And through using the Intermec handheld RDT scanning devices from Indigo, we have eliminated stock accuracy problems entirely. The barcode readers remove any scope for manual error and provide us with 100% visibility of our stock position. Crucially, the system enables users to be proactive rather than reactive," Tero adds.

Indigo's Warehouse Management System for System21 Interactive Warehousing runs on an IBM System i server.

## Doing Business Better

"We are continuously looking at how we can improve our operations, and our next project is likely to be the adoption of Indigo's Warehouse Management System for System21

Perpetual Inventory module, which monitors inventory continuously. The key benefit of this is that it averts the need to do a bi-annual stock take which is potentially disruptive to business operations.

"We are also expanding our operations to an additional production unit and will extend Indigo's warehousing solution to the new site. While we have seen significant benefits already, we are keen to extrapolate even more functionality from the system to optimise materials management across both sites," Tero continues.

"Following the success of our warehouse management project in China, we would like to take this best practice to other sites around the world. Indigo's consultants have been second to none and their commitment, dedication and knowledge has enabled this project to run smoothly, quickly and deliver business benefits from the outset. With their continued support we are looking forward to enhancing our warehouse management operations to become a centre of excellence which can be replicated elsewhere within Sandvik globally."

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