



CASE STUDY

VALUE OPPORTUNITIES

- REDUCE DELIVERY TIMES
- IMPROVE DELIVERY RELIABILITY
- COST REDUCTION: ELIMINATE INEFFICIENCIES AND DELAYS, OPTIMIZE INVENTORY MANAGEMENT

TXT E-SOLUTIONS RESPONSE

- OPERATIONS PLANNING & SCHEDULING

RESULTS

- ONLY FEW MONTHS AFTER THE IMPLEMENTATION, THE NEW SYSTEM BROUGHT TANGIBLE IMPROVEMENTS TO ELICA SUCH AS:
 - + 10% OF CUSTOMER SERVICE LEVEL
 - + 10% OF USE OF THE PRODUCTION SYSTEM (INTERNAL AND EXTERNAL)
 - 10% IN INVENTORY VALUE
 - 30% IN PLANNING COSTS



Elica

BETTER PRODUCTION PLANNING WITH TXT E-SOLUTIONS

COMPANY PROFILE

Founded in 1970 in Fabriano, Italy, Elica (www.elica.com) is the world's first producer of recirculating cooker hoods and holds more than 30% of the European market share. Under its own brand name, Elica is present in Italy and Europe, in the Middle and Far East and in the Americas. The acquisitions started in 2000 have led the group to extend its activity to electric motors and electronics.

In 2004, the Elica Group recorded consolidated revenues of more than €360M, registering a growth of 20% compared to 2003.

SUPPLY CHAIN CONTEXT

The project with TXT involves Elica's cooker hoods division. What does it mean to be world leader in the sector? Consider the group's numbers: with 600 clients among the main producers of home appliances (*Whirlpool, Electrolux*, etc.), 7,000 different finished products, Elica is able to satisfy the most disparate needs in functionality and style – as a result, a volume of 4,735,000 units produced in 2005. Of course, such a level of service and volume is reflected into the supply chain: a network of 250 suppliers, 30 production plants of selected

subcontractors plus 6 own production plants are Elica's credentials. To remain competitive and flexible in such a complex and dynamic context, a major prerequisite is an accurate management of logistics networks – especially when production is largely outsourced. The goal of the collaboration with TXT has been precisely that of further improving the efficiency of the Supply Chain, with a project developed around three objectives:

- Reducing delivery times and, therefore, the length of production cycles;
- Improving the reliability of delivery dates to clients, to achieve a more accurate and precise production plan;
- Reducing costs by eliminating inefficiency and delays and a better management of inventory.

THE CHALLENGE OF ELICA

In order to reach these objectives, Elica decided to concentrate on issues related to short-term production planning. Elica intended to replace the Business Planning and Control System that provided "classical" Material Requirement Planning (MRP) with an Advanced Planning & Scheduling (APS) solution. The goal was to reach a more advanced

"In TXT we have found a reliable partner, capable of supporting our Supply Chain Management requirements in the long term. The preference given to TXT has proven to be a winning choice and was justified by a number of factors: the comprehensiveness of the solution, the solidity of the company and its dual role as software vendor and consultancy company, capable of providing assistance with the redesign of our processes."

Renato Giovannini, IT Director - Elica

and faster production planning, namely: graphical information management (by means of dashboards and intuitive views), simulation capabilities and fast definition of the best production plan with guarantee of its feasibility.

WHY TXT?

TXT was chosen after a careful selection process that evaluated a number of vendors with respect to various criteria. Elica was not just looking for a production planning tool. With an eye to future expansion, the company wanted to adopt a complete supply chain management solution that would provide end-to-end coverage of business processes. A prerequisite for the success of the project was the presence of a reliable, constantly available partner, capable of offering both the service of a software vendor and that of a consulting firm, helping the Group in process redesign. The strong presence of TXT in Europe and in Italy has been one of the elements that led to Elica's choice. This guarantees high flexibility and speed in responding to customer requests.

THE SOLUTION

The solution implemented has been TXT's Operations Planning & Scheduling

(OPS). The application supports more than 30 users (central and factory planners) in short, medium and long-term production planning. The OPS system enables the definition and optimization of production plans with respect to constraints in a multi-plant environment. With the solution, Elica manages about 100,000 production orders and 85,000 transfer orders between production plants, including orders coming from subcontractors. Advanced scheduling algorithms, management by exception, user-configurable dashboards together with an advanced graphical interface: all this has allowed for a drastic reduction in planning times and greater responsiveness to unforeseen events. Through the use of the OPS system and in synergy with other initiatives, Elica has fully reached all of the objectives it set. Beyond dramatically reducing planning times, the group recorded more timely deliveries, better use of productive capacity and a reduction in inventory levels. A further benefit has been the possibility of redesigning and rationalizing the planning process through the definition of logics and methods shared by central and plant planners. Formalizing the process represents not only a guarantee of uniformity, but also the

certainty that established logics are really applied. In the wake of the success obtained with OPS, Elica gave the go-ahead for TXT's Demand Planning solution as well, currently in deployment. The demand planning process is indeed particularly critical for Elica. On the one hand, continuous product innovation – more than 30% of Elica's products are redesigned or replaced each year. On the other, the constant development of the group and its own brand name products on international markets. This strategy put the issue of demand planning on the foreground. Indeed, as an OEM (Original Equipment Manufacturer), Elica can rely on the commercial forecasts carried out by every manufacturer of home appliances it supplies. Besides, producing and marketing "own-label" products requires internally processed forecasts. By using Demand Planning, Elica gets ever closer to the market and to customer requests, always improving its service level – one of the Group's distinctive features, together with the particular attention paid to the quality and design of its products.