

Air Freight Optimization for an Indian Pharmaceutical major

About the company

The client is one of the largest Pharmaceutical generics manufacturer with export operations spanning North America, Europe, Russia and other emerging markets. Export business caters to about 40-50% of the overall business and has a high management focus for future growth

Business Objectives

Optimize the sea freight component for export dispatches while ensuring timely availability of stock at customer locations and reducing overall transportation costs

Business Situation

- Business spanning several geographies and regulatory requirements varying across these geographies
- Lack of tools and techniques to plan for the export freight movements with a holistic view on service levels, inventories, stock in transit, costs and warehousing space available at customer destinations

The solution

- Stock Simulation done for the destination locations considering on-hand stocks, in transit stocks, expected stock from manufacturing plants and vendors
- Visibility of shipments across various legs of the transportation for effective decision making and incorporating the real time visibility provided by shipping liners and airlines
- Prepared a log for the planning team to enable root cause analysis of failures to achieve high percentage of sea shipments
- Estimated the sea freight increase targets from existing ~35% to potentially 65% of the total freight volumes considering practical constraints in production, inventory holding at various locations and shipping costs across various modes (Sea, Air etc.)

Business Benefits

- Decision making tools for freight planning developed on the SAP platform
- Business case for the deployment of decision making tools with potential savings estimated at ~\$ 10 Million