

VIN vidi vici

Three years ago Union Pacific created Insight Network Logistics to help Chrysler overcome issues in finished vehicle distribution, particularly VIN-level visibility. **Anthony Coia** looks at INL's progress

When Chrysler wanted to generate some more speed and efficiency in its North American finished vehicle distribution, it turned to railroad provider Union Pacific to help it out. A new subsidiary, Insight Network Logistics (INL), was formed and three years later that company is looking to commercialize, banking on its experience to show that the role of a logistics service provider is essential in delivering efficient rail services to the automotive industry.

DaimlerChrysler's vision of collaboration through technology and extended enterprise were key concepts in shaping the INL business model. Ed Sprock, logistics director at DaimlerChrysler, says that his company wanted to improve its logistics efficiency in a number of areas. "First was speed, which is not just moving vehicles faster but also the quickness of implementing new processes. Second was technology for analytical purposes and third was consistency of service."

Underlying this was the need to improve visibility. "Before, we had after-the-fact visibility through the payment process," says Sprock. "But we wanted to know where the vehicles were, the rate of speed and estimated time of arrival (ETA) at different junctions in case there was transloading."

Step forward INL, a wholly-owned subsidiary of UP. The company has evolved to perform logistics services from vehicle supply chain operations management and shipment exception management to logistics consulting, network analysis and solution engineering. Crucially, these services have enabled DaimlerChrysler to reduce its transit time as well as its inventory.

One of INL's main products is VinVision, an internet-based application that gives visibility of vehicle shipments and inventory for automotive manufacturers from scheduled build to final dealer delivery. Roland Fortner, INL general manager says: "VinVision facilitates internal OEM collaboration by enabling users to reference a shared resource to rapidly locate orders, shipments or fleets for a variety of business needs." The system also helps users to identify shipment exceptions that need corrective action and provides alerts around operational issues that affect supply chain performance. Fortner says that a key feature of VinVision is network alert mapping. The system provides a network map display of the vehicle supply chain with real-time alerts covering a variety of operational conditions.

Another service is VinLogic, a PC-based, vehicle supply chain

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simulation model, designed to work in conjunction with VinVision. "VinLogic uses active inventory, performance and distribution history from VinVision, along with production forecasts, to generate detailed simulations of shipments flowing through the network. The model produces detailed forecasts that can be used for resource planning or scenario simulation, to anticipate network bottlenecks or to test the performance of new network designs," says Fortner.

Fortner says that DaimlerChrysler and INL made significant progress in 2002, improving total performance by reducing plant-to-dealer transit time, by 25%, and simultaneously switching transport from road to rail and vessel to reduce average transportation cost per unit.

By mid-2003, DaimlerChrysler delivered total visibility of its vehicle supply chain through INL and its VinVision software to more than 4,100 Chrysler group dealers and 11 regional business centers.

Through INL, DaimlerChrysler now also provides detailed business volume forecasts to every service provider in its vehicle logistics network. Fortner says that Insight enhanced VinLogic in 2003 with improved logic to support new product launch planning. "In 2003 and 2004, DaimlerChrysler has focused on delivering nine new products. Therefore, the focus over the past year for INL has shifted more to strategic inventory management at origin," adds Fortner.

INL has only recently begun to explore business growth opportunities with other customers. This year, for example, INL will expand its service offering and implement VinVision in Mexico for DaimlerChrysler de Mexico, comments Fortner.

"After 9/11, soft demand and heavy discounting in the automotive industry forced many manufacturers to turn their attention to quick-hit, cost control and cost-reduction efforts," he says. "But we are confident that OEMs will again focus their energies on this important challenge and opportunity." ●●●

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