

# VOLKSWAGEN – SPARE PARTS DIVISION

## Spare Parts Division cuts Costs and improves Efficiency with Wireless Stock Management System

Volkswagen's Original Parts Center (OTC) in Kassel-Baunatal is at the center of its spare parts division – the OTC prepares and dispatches 45,000 orders every day to locations across the globe. It has 130,000 square meters of floor space, storing 60,000 of the most commonly needed spare parts. In the spare parts department, inventory management is critical to achieving operational efficiency.

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### The Challenge

Volkswagen cars are famous for the high-standard of their engineering, design, practicality, and, most of all, reliability. Volkswagen felt that its spare parts operation should reflect these values. The organization felt that better inventory management in the spare parts department was vital to achieving its desired operational efficiency. Volkswagen wanted a system that could track the real-time progress of every order through the various divisions of the OTC, and one that was compatible with, and could report back to its central SAP® R/3® management system in Wolfsburg.

### The Solution

Volkswagen selected Psion Teklogix to build a wireless solution because the physical size of the OTC setup meant that cabling the entire site would be massively impractical and enormously expensive. Psion Teklogix implemented a system based upon radio frequency technology that incorporated handheld and vehicle mount terminals at the user level, and TekRF middleware at the management level.

Over 800 handheld and vehicle mount terminals are now in use – recording, tracking and handling more than 900 tons of spare parts every day. Warehouse workers receive information on their vehicle mount terminal regarding which container is required, and when a container is scanned, it becomes linked electronically to a particular order to reduce chances of mistakes in the delivery process. The vehicle mount terminals even print an order label that is firmly attached to the package to further reduce chances of error.

Each distributor serviced by the shipping department is allocated a grid box with an identification number that can be scanned by the handheld terminals, together with the items ordered. As such, the contents and the destination of the order are linked in the system, again working to reduce the scope for error.

Complimenting the effectiveness of the new system is that both handhelds and vehicle mounts are designed with functionality and ruggedness firmly in mind. The keypads have excellent grip and the keys are purposely large, since they are often used by workers wearing gloves. Furthermore, since the terminals are to be used in an environment where heavy-duty

equipment is in constant use, rugged construction is vital.

All information gathered during the warehouse processes is fed back to the management system via the TekRF middleware to update stock data and order more parts as necessary. When stock becomes insufficient, staff members can communicate this directly to the SAP system, resulting in a truly holistic, real-time network.

### The Benefits

Volkswagen now benefits from a stock management system that is fully transparent at all levels. As the data is in real time, every link in the network has access to the same, up-to-the-second information and decisions can be made accordingly. As such, actions that once involved lengthy checking procedures can now be completed immediately and, since the system is fully integrated into the SAP management set up, with a full record of each procedure.

This framework lends Volkswagen far greater flexibility in the way it works. Urgent orders can be prioritized, without the need to go through needless admin-

istrative bureaucracy, and heavy items are automatically allocated special transportation containers when being loaded. The benefits are twofold: a reduction of the overall operating cost and greater all-round speed and efficiency – which in turn benefits the customer enhancing Volkswagen's good name and reputation.

Stefan Boshold certainly sees the benefits of the Psion Teklogix design: "The new data transfer solution has increased our productivity tremendously. The enor-

mously time-consuming and costly process of reporting back to the central system has been eliminated. The system is now far more accurate, efficient and, crucially, flexible." He adds, "Our systems are in use around the clock, so naturally ruggedness is a major issue for us. The equipment supplied by Psion Teklogix not only fulfils this requirement but, with self-explanatory displays and menus, it is also easy to use. It has been a big hit with our employees."

Volkswagen has already begun implementing plans for further technological expansion, with Psion Teklogix as a firmly established partner. The Volkswagen logistical team's immediate goal is to integrate the newly opened Original Teile Center 2 (OTC2) into the distribution center, and plans are also in the pipeline for OTC3 and OTC4, also in Kassel-Baunatal.



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