



Case Study

Leuze electronic

Leuze electronic GmbH + Co. KG

Unified interactions for lower stocks and more performance

- Multiple ERP solutions as a challenge
- Optimized demand planning processes
- Predictive planning for practitioners

Leuze was looking for a way to make the trends on stocks more transparent than before in relation to the required delivery performance. The aim was to relate the two key performance indicators (KPI) 'stock level' and 'service levels' much better than in the past and to manage them transparently and comprehensibly. The company's already high delivery performance could be further optimized without having to tie up too much capital in stocks.

Migrating to SAP gives a chance

After the decision to migrate to SAP at his company headquarters, **Leuze** could well have used an SAP planning module. Since the ERP system used to date already had weaknesses in, among other things, the forecasting procedures provided, the team members in the responsible SCM department focused on advanced functionalities and methods, such as simulations and automation of planning. In line with the planning strategy, the aim was to display dynamically and transparently which materials were to be kept in stock and in what quantities for an higher service level.

Simulations reveal potentials

The SCM team found what they were looking for in so-called "Advanced Planning and Scheduling" software, APS for short. With a solution suitable for **Leuze**, SAP could be equipped with a "suitable brain" that would be adapted to the practical requirements and rules of day-to-day business at **Leuze**.

DISKOVER proved to be ideally suited for **Leuze** to put the required KPIs in relation to each other and to simulate scenarios on the basis of numerous forecasting and safety stock methods and to automate them through clever rule sets. Data tests made it clear that this will lead to decreasing inventories while maintaining or increasing service levels. Based on these results, **Leuze** implemented SAP and DISKOVER in parallel at its Owen headquarters.

„The launch of DISKOVER was much easier than the ERP roll-out.“
Michael Schüler, Head of Supply Chain Management at **Leuze**.

On the one hand, because the APS software only has to map a partial function of the entire operational process. On the other hand, due to the high flexibility of the APS experts, who responded quickly and agilely to **Leuze's** requirements during the implementation. About six months before the SAP project was completed, DISKOVER went live via interface. In this way **Leuze** started to lift potentials for further inventory optimization. For this purpose, the way the potential is displayed in the APS solution was adapted exactly to **Leuze's** needs.

About...

The **Leuze** portfolio includes switching and measuring sensors, identification systems, solutions for data transmission and image processing as well as components and systems for occupational safety. The focus of its work is on the fields of intralogistics and the packaging industry, machine tools, the automotive industry and laboratory automation.

Leuze was founded in 1963 at its headquarters in Owen/ Teck, Southern Germany. Today, there are over 1200 Sensor People worldwide who, with their extensive experience and great commitment, ensure that their customers enjoy lasting success in a changing industry - whether in the technological competence centers or in one of the 20 sales companies, supported by over 40 international distributors.

- DE-73277 Owen
- Sensoric technologies
- www.leuze.com

Cross-site and inter-company networking

The inter-company planning functions for Leuze subsidiaries are now also of great benefit to Leuze. The transparent data exchange can be organized between different ERP solutions as if everything is a single factory that seamlessly synchronizes its scheduling methods within DISKOVER.

In all related companies, the top level (primary demand) of planning is now consistently based on the item number forecast of products sold in the future. Based on part lists, these create dependent requirements for housing parts or plugs, for example. Forecasts are seamlessly transferred from the parent company and are drilled down to all individual parts to be manufactured.

In the future, **Leuze** intends to transfer the S&OP process into the integrated module of DISKOVER. The sales department will enter its data directly in DISKOVER and thus automatically enrich forecasts with sales planning. This is advantageous for specific promotions, new listings or major changes in customer relationships, among other things.

Personas

"As a result, thanks to DISKOVER's comprehensive rules-sets and simulation functions, we now have a much more accurate forecast as a basis for planning and can accurately evaluate how stocks would change with changing service levels. We can do this in a standardized process with the same tools across all related companies and independent of the ERP solutions used."

- **Michael Schüller**
Head of Supply Chain Management
bei Leuze electronic

Synchronized planning and operating

Today, **Leuze** can react more flexibly to changes in sales on a daily basis. By concentrating on important exceptions, the total effort required to compare sales planning with material planning can be significantly reduced. Purchase requisitions and production requisitions are synchronized automatically, taking into account desired quantities and customer deadlines as well as turn-around-times and minimum orders. Production planners and purchasers benefit from a proven material and machine availability of all production requisitions within the planning horizon. From then on, SAP is working as usual.

Stocks sustainably reduced around 14%

In just a few months, **Leuze** was able to sustainably reduce its stocks by around 14 percent while maintaining the same service level. Automation through rule-sets or parameter adjustments significantly reduced the effort involved. DISKOVER provides intelligent hints for specific tasks, e.g. the request to report special requirements or to check expensive minimum stocks.

With setup of an archive of key indicators, the most important logistical KPI's can be regularly reported to the management, always using unified investigation methods. If there are deviations from threshold values, these are also sent event-driven. This also considerably facilitates controlling of the MRP management.

Leuze is planning to establish a logistics hub for the Asian region in Singapore. The new logistics hub can be optimally equipped with data from DISKOVER right from the start, since the rules and regulations for appropriate minimum stock levels can be adopted almost automatically.