



THE ABSOLUT COMPANY'S INCREASINGLY COMPLEX PRODUCTION MADE MORE EFFICIENT

An increased production complexity made The Absolut Company look for a better and more efficient way to manage the production of the most exported food and beverage product in Sweden. With the purchase of the company from the Swedish government in 2008, Pernod Ricard initiated a transformation of the brand. This had a large impact on the manufacturing process.

The Challenge

For five years, the number of SKU's rose by 19% as the number of core flavors increased from 11 to 18 and the number of limited editions went from 2 to 12, an increase by 600%. In contrast to the highly automated production process, production planning process was a manual task. Forecasting and production planning was performed by only one planner, with the help of spreadsheets. But as complexity rose, a change was necessary, and The Absolut Company started to look at alternative set-ups.

Peter Neiderud, Director Supply Chain and QE, understood that this was a major project, necessary in order to move to a new era of Absolut Vodka while honoring traditions and continuing the manufacturing in Åhus.

The Journey

The Absolut Company chose Optilon as a partner after a thorough evaluation of several candidates. A key factor was Optilon's ability to integrate best-of-breed solutions for production planning, demand forecasting, inventory optimization, and replenishment into a seamless process. Along with this, a key criterion for a new way of working was the ability to automate business processes.

Challenges:

- Increased production complexity
- Limited resources for planning tasks
- Pressure to secure availability towards the Pernod Ricard Market Companies
- A need to ensure lean principles in production, minimizing environmental impact

Solutions:

S099+. Compass

Results:

- Optimized production sequences
- Increased overall production efficiency
- Increased product availability
- Highly automated end-to-end process

About The Absolut Company

Absolut Vodka is the world's largest locally produced vodka, fully based on Swedish winter wheat. Since the start in 1879, it has been manufactured in the small town of Åhus in Sweden. As 99% of the production is exported, it is also Sweden's single largest food & beverage exports, with 75% shipping from the small harbor of Åhus.

About Optilon

Optilon creates business value for companies in manufacturing, e-commerce, wholesale, and retail through independent application based solutions for planning and optimization of supply chains. The consultants are specialists in their field and work within three main areas: Supply Chain Design, Service Optimization, and Supply Chain Planning.

About ToolsGroup and S099+

ToolsGroup is the company for demand-driven supply chain planning. Its software S099+ analyzes demand history to obtain the best possible forecasts. Tools-Group's solutions span key supply chain planning areas such as Demand Planning, S&OP, Demand Sensing, Promotion Forecasting and Inventory Optimization.

About Plannet and Compass

Plannet is a leading provider of advanced software solutions for the manufacturing industry. Thanks to the technological excellence and versatility of its COMPASS software suite, Plannet is able to offer advanced purchasing and production planning, scheduling and execution systems.

Also, The Absolut Company had clear targets regarding service levels towards its parent company. Optilon proposed a solution that can guarantee product availability according to targets, with minimal investments in finished goods.

"Quality is paramount for us, especially when it comes to production as we leave nothing to chance. We have carried out a thorough evaluation of alternatives and view Optilon as an exceptional solution provider when it comes to improving our logistics and production processes."

Peter Neiderud, Director Supply Chain and QE, The Absolut Company

The Results

Through a high level of automation in planning, proactive decision making, and optimized production sequences, challenges were resolved. Service Optimizer 99+ from ToolsGroup was put in place for demand management, fulfillment and replenishment, while Compass from Plannet was implemented for production planning in Åhus. With a fully integrated yet user friendly solution, one planner is still in control of the entire forecasting and production planning process. The solution reduced the time needed for manual planning, while freeing up time for exceptions and decision making. At the same time Absolut now has a better overview of the bottlenecks and they can keep a higher deliverability when their inventories are temporarily low.

The new way of working did not come without challenges, but these were accounted for. "Don't underestimate the time and resources needed when implementing new software. Always expect problems with master data. Also make sure that you have good support, as great help makes it a whole lot easier", commented Peter Neiderud.

An ever-more demanding production planning process, and targets regarding availability were accounted for. Overall production efficiency and product availability improved. All of this did not require further investments in resources and competences, as one person still controls the whole end-to-end process.

"We went from a time consuming manual planning to full focus on optimizing. Now we can plan even further ahead and our next goal is to get a "GPS-function" for planning, we will tell it where we want to go and it will draw the map."

Peter Neiderud, Director Supply Chain and QE, The Absolut Company

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