

Samsung Electronics

improving profitability

METTLER TOLEDO Cargoscan helps Samsung reduce their shipping costs through process improvements.

With 55.3 bil USD in sales in 2004, Samsung is one of the world's leading consumer electronics manufacturers. However, this image is very different from its humble beginnings as a trade export business selling dried Korean fish, vegetables and fruit to Manchuria and Beijing in 1938.

Such a transformation is based on Samsung's ambition to continuously identify opportunities to improve the financial structure and profitability of its 27 production subsidiaries, 37 sales subsidiaries, 2 logistics subsidiaries, and 11 research centres.

Two such facilities that have dramatically improved their profitability are Samsung-Tianjin and Samsung-Suzhou. As the main distribution centres for Samsung's Chinese operations, Tianjin and Suzhou are important components of the firm's global supply chain shipping thousands of consumer electronics products annually.

However, shipping this many products presented Samsung with an old-age challenge: how to lower their ever-increasing shipping costs.



CS9000

Dynamic Data Capture Solution

Reducing shipping cost discrepancies

Although these warehouses were fitted with automatic material handling equipment and high-bay racking serviced by pallet trucks, Samsung was consistently receiving shipping invoices stating discrepancies between what they were charged by their transport firms and what they were charging their customers. Totalling nearly four per cent of its total logistics costs, these discrepancies were unrecoverable from its customers and increasingly taxing on the firm's bottom line.

To address this issue, Samsung carried out an internal investigation and identified that unlike their transport firms they were not using dimensional weight to calculate their shipping costs. This study further disclosed that these same transport firms were using METTLER TOLEDO's dimensioning, weighing and identification solutions to charge Samsung. With this knowledge in hand, Samsung realised that their shipping costs could be dramatically reduced by having a similar solution capable of measuring 3000 items per day.

Fully-automated solution

Today, when an order is received employees are instructed to pick items and place them on a conveyor fitted with METTLER TOLEDO's CS9000. Dynamically, the weight, dimensions and identification of these items are then captured and automatically sent to Samsung's host system, reducing the need for human intervention and guesswork. A bar code label is then generated and affixed to each item. An employee then consolidates the measured items in the shipping area.

The non-intrusive, two-belt design of the CS9000 meant that no major re-engineering work had to be carried out, and the end result has improved Samsung's order fulfilment process and significantly reduced its shipping costs.

The success of this installation exemplifies METTLER TOLEDO's commitment to helping customers achieve cost-justifiable process improvements.



Samsung-Tianjin