



DISTRIBUTION MANAGEMENT | OIL AND GAS

## LEAN WAREHOUSING AND DISTRIBUTION DRIVES IMPROVED EFFICIENCY AND COST SAVINGS FOR A LEADING OFFSHORE DRILLING CONTRACTOR




### BACKGROUND

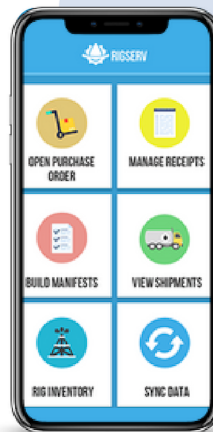
A major offshore drilling contractor was looking to **drive efficiencies in their shipping and receiving process** in Gulf of Mexico and reduce the workload for their storekeepers offshore. They sought RIGSERV's help to outsource their shipping and receiving operations. RIGSERV's extensive functional experience and technical expertise put them in a unique position to ensure success.

### SOLUTION

RIGSERV got to work by developing a **custom distribution model for the customer** which involved redesigning their shipping, receiving, labeling and quality control processes. This was done by incorporating RIGSERV's own **Warehouse Management System (WMS)**, **SAM (Storage and Movement)**, and deploying a **custom barcoding solution**. RIGSERV also used **SMART packing solution** to consolidate packing and reduce the shipment footprint. This redesigned process helped identify, capture and resolve OS&Ds earlier in the shipping process.

### SUMMARY OF AVERAGE ANNUAL KEY METRICS

-  \$11.6 million in direct cost savings
-  3.9 million items handled
-  47% reduction in shipment footprint



SAM, our custom-built WMS application simplifies quality control, receiving, labeling and manifesting processes. This can be used on handheld devices or on a desktop and has a direct integration with the client's ERP system.

### RESULTS

These ongoing optimization efforts have resulted in significant cost savings and improved efficiency for the customer.

- 26%** Increase in inventory efficiency
- 47%** reduction in container usage
- 21%** Reduction in freight costs

The customized barcoding solution has **improved inventory counting efficiency by 26%**, while shipment consolidation and new packaging processes have led to a **21% reduction in freight costs**. Space utilization and standardized packing procedures have also **reduced container usage by 47%**.