

## “ORTEC provides us with the tools necessary to optimize our distribution operations and challenge our transportation providers”

Michelin is committed to serving its 60.000 customers – specialized dealers, franchises, and garages operating in the replacement market throughout Europe – with next-day delivery. “Optimizing our distribution operations, challenging our transportation providers and reducing costs – those are the challenges for Michelin’s European Logistics division,” the company’s European Purchasing Director Gérald Bourlon explained. “ORTEC Shortrec helps us meet those challenges.”



Market:  
**Transportation and Distribution**

ORTEC solution:  
**ORTEC Shortrec**

User:  
**MICHELIN**

Number of European clients to be served:  
**60.000**

Number of deliveries: 12.000 to 30.000 per day throughout Europe, covering 68 production sites in 19 countries and 30 general stores

### About Michelin

As the leading global manufacturer of original equipment and replacement tires, Michelin operates 68 production sites in 19 countries, 32 of which are located in Western Europe. Its customers are automobile manufacturers, specialized dealers such as Euromaster, garages, and franchises.

### The context

To serve its 60.000 European clients, Michelin works in partnership with external transportation companies and logistics service providers. Logistics managers need to challenge their transportation providers at the tendering stage and during the contract lifecycle, as well as in the event of any key changes in the logistics network.

### The solution

Michelin uses ORTEC Shortrec, the vehicle routing and dispatch solution, as a strategic tool to assess the relevance and effectiveness of its transportation providers’ tenders in terms of feasibility and cost. Taking into account a wide variety of data and restrictions, the tool provides scenarios that are used as a reference to assess the current transportation schedules or those proposed by provider partners.

### The benefits

ORTEC’s vehicle routing and dispatch solution allows Michelin to achieve the following results:

- Savings of 5% in time/kilometers and the number of vehicles in use,
- Savings of 2%, which equates to cost savings of €2 million for strategic analysis for Europe,
- Additional time, money and resources available for planning and scheduling,
- Realistic and optimized recommendations based on relevant, simplified data.

"In order to ensure next-day delivery throughout Europe, we rely on a network of transportation partners," European Logistics Purchasing Director Bourlon explained. "Our providers are committed to quality standards, control, and providing quality equipment (such as experience in handling tires, TMS software, etc.) as well as knowledge of local markets."

Michelin uses ORTEC's vehicle routing and dispatch solution as a decision-making tool in its selection process. The tool allows the analyst, i.e. the expert in charge of analysis, to suggest a technical support system to the buyer:

- During the tendering process: the software allows users to analyze the transportation plans proposed by providers and assess the relevance and effectiveness of the tenders in terms of feasibility and cost.
- During the contract lifecycle: analyses conducted using Shortrec Distriplanner allow users to evaluate the provider and its level of flexibility based on shifts in its activities or economic fluctuations.
- As soon as any significant changes occur in the logistics network, the tool simulates new, optimized distribution plans.

Analyst Sébastien Questel said: "This is really the tool I have been waiting for. I needed an automated support tool to help me implement the recommendations and back them up with exact numbers."

### **"A solution in line with our objectives"**

"We used to create our strategic transportation plans using MS Excel, and although the results were reasonably satisfying, the system wasn't adequate for use in manufacturing environments". Gérald Bourlon added: "That realization led us to search for a more sophisticated software solution that was more in line with our objectives". ORTEC's solution currently offers:

- An increased level of detail and reliable results,
- A larger number of scenarios analyzed,
- Faster execution.

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### **Why ORTEC's solution?**

"We have chosen ORTEC's vehicle routing and dispatch solution because, in addition to its calculation performance, it perfectly matches our needs. The tool allows me to match to the situation at each site we analyze as closely as possible," Sébastien Questel explained. "The software takes into account a variety of data and restrictions, for example clients' restrictions, the types of vehicles used, the hours and fees of the drivers, and so forth." In addition, the results achieved by the tool currently already in operation have facilitated the selection process for Michelin. "At our site in the Netherlands, the software has allowed us to implement dedicated deliveries that are much more cost-effective. We have saved approximately 5% in time, the number of kilometers driven in the number of vehicles used."

### **€2 million in savings**

Michelin's European distribution costs total approximately €150 million, and the company estimates that strategic analysis conducted using ORTEC Shortrec has resulted in an average cost savings of 2% – which equates to a minimum of €2 million. In addition, Michelin has already noticed that additional time, money, and resources have become available for planning and scheduling.

### **Future projects**

"We intend to optimize our upstream distribution processes," said Gérald Bourlon. "By this we mean deliveries to our general stores, the distribution of raw materials and components between our various manufacturing facilities, and the delivery of supplies to our automobile manufacturer clients. In addition, we are considering implementing ORTEC's distribution planning software at several of our warehouses."

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