

AKI Group transforms its transport operation with Paragon by dramatically improving productivity and reducing costs



At a glance

SECTOR: In-house distribution service for diverse business units including food, beverages, fashion and pharmaceuticals

COUNTRY: United Arab Emirates (UAE)

PARAGON SOFTWARE:

- Integrated Fleets routing and scheduling
- Route Execution
- Street Level Mapping
- Average Road Speed Data

Benefits

- Annual transport cost savings of \$1 million
- Increased average deliveries per vehicle by 164%
- Reduced fleet size by 38%
- Lowered the average cost per delivery by 65%

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Gary Grindlay, Group Head of Logistics

About AKI Group

Al Khayyat Investments (AKI Group) is a family-owned company that operates a diverse range of autonomous business units including retail, consumer, contracting, pharmaceutical, strategic investments and automotive. Founded in 1982, the AKI Group is now a \$1.6 billion business that has developed strong partnerships with leading international brands. With a strong workforce and state-of-the-art logistics centre, the company strives for operational excellence that helps build lasting relationships with its customers.

The AKI Group has an in-house transport operation that is responsible for providing delivery services across the business. Operating from its logistics centre in Dubai, it is responsible for all transport requirements to the UAE’s seven emirates – Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al Khaimah, Sharjah and Umm Al Quwain. Due to the diverse make-up of the business, the transport operation has to deliver to a wide range of customer locations including hospitals, pharmacies, shopping malls, retail stores and restaurants.

Transport optimisation

The AKI Group processes around 25,000 orders a month, typically equating to 12,500 deliveries each month to up to 5,500 customer sites across the UAE. The company recognised that manually planning such a large multi-drop delivery operation was resulting in inefficiencies. It selected Paragon’s routing and scheduling software to transform the performance of the distribution operation. The solution also included Street Level Mapping and Average Road Speed Data to achieve even higher levels of route accuracy, as well as Route Execution to provide real-time visibility of the operation.

Having implemented Paragon's routing and scheduling software, the AKI Group saw significant operational improvements across a number of essential transport KPIs. In particular, the company has been able to reduce the size of its fleet from 84 to 52 commercial vehicles, while average deliveries per vehicle increased from 4.7 to 12.4, a rise of 164 per cent. The solution is also enabling the AKI Group to better manage delivery volume peaks, which see around 45 per cent of orders being placed in the last four days of the month.

"By better managing our vehicles and drivers we have dramatically improved the productivity and efficiency of our transport operation, making annual savings of more than \$1 million," explains Gary Grindlay, Group Head of Logistics at the AKI Group. "Changes in the economy of the UAE are forcing supply chain operations in the region to get more focused on cost savings and improved productivity. We are bringing together the best technology solutions available to address these challenges, with Paragon's routing and scheduling software now a crucial part of our commitment to operational excellence."

Overcoming regional challenges

Within the UAE there are strict regulations governing commercial vehicle usage for food, non-food and pharmaceutical loads. The AKI Group operates a mixed fleet of 4.5, 10 and 12 tonne delivery vehicles – including a number of multi-temperature, compartmentalised bodies – to handle the needs of the different business units. The transport team is now able to use Paragon's routing and scheduling software to automatically factor in vehicle restrictions when planning deliveries, so the company can maximise capacity while achieving regulatory compliance.

The responsibility of the delivery staff extends beyond delivering goods to the unloading bay. Instead each vehicle is typically staffed with a two-or three-man team, made up of a driver along with support operatives that are expected to unload the order in a specified storage area. This added requirement not only creates an increased workforce overhead but can often result in unexpected delays or increases in vehicle waiting times. Therefore, it was imperative that the AKI Group was able to use the routing and scheduling software to identify where issues exist and address areas of underperformance.

"Economic changes in the region are forcing transport operators to focus far more on efficiencies than they have done in the past. By integrating our planning, transport management and supply chain systems we are leading the way in the region and ensuring we are best positioned for pressures such as fluctuations in the economy and rising wages," adds Grindlay.

Enhanced transport planning

Since the adoption of Paragon's advanced routing and scheduling software, the AKI Group has consolidated its planning resource into a single team, having previously operated four independent sets of planners. This has allowed the company to create a centralised planning function. The team is responsible for managing all deliveries, monitoring the transport in real time and analysing planned versus actual performance to target continuous improvement.



"In partnership with our business – and working closely with our planning, transport and IT teams – Paragon has helped us maximise the return on our investment. As a result, we have already achieved significant value and expect further gains moving forward. For me, Paragon is the number one provider of route optimisation software."
Gary Grindlay, Group Head of Logistics

About Paragon

Paragon Software Systems is dedicated to the continued development, implementation and support of routing and scheduling solutions that help businesses to cut transport costs, improve productivity, reduce carbon emissions and raise customer service levels. The Paragon support consultants have implemented more than 4,700 systems at over 1,400 client sites in 61 countries. Headquartered in Dorking, UK and with offices in Dallas, TX and Manchester, NH, Paragon is a respected pioneer in routing and scheduling with over 30 years of know-how.

Paragon



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