



Reducing Freight Costs by Millions at CEMEX

Faced with the challenges unique to the cement industry, CEMEX partnered with supply chain solutions provider i2 to enhance the company's service capabilities and increase its competitive edge. By implementing i2 solutions, CEMEX reduced its freight costs by \$4.5 million and has leveraged its supply chain to change the way the company does business.

Knowing that the product they purchase from any supplier is virtually identical, customers of commodity products will establish a preferred vendor based on superior service and lower prices.

With this dynamic in mind, CEMEX, the third-largest cement producer in the world, strove to provide excellent customer service and maximum value for its customers. But company executives believed that a supply chain solution could further enhance its service capabilities and give the company a greater competitive edge.

"Because the cost structure of the cement industry forces us to keep looking for distribution optimization opportunities, CEMEX started to develop some home-grown supply chain tools," said Juan Carlos Gutierrez, CEMEX's Project Manager—Logistics. "But we couldn't get the kind of integration or collaboration environment that we wanted—and that's why we started to look for a technological solution provider."

In addition, the company had embarked on a corporate effort to standardize all of its processes, tools, software, and technology, and to identify the best practices in its worldwide operations, which would require significant support from an experienced solutions provider.



Challenges

- Standardize worldwide operations
- Provide superior customer service
- Develop new business strategy

Solutions

- Utilize "what-if" scenarios to make more informed supply chain decisions
- Tightly integrate demand and master planning processes
- Optimize transportation process through trip consolidation

Results

- Reduced freight costs by nearly \$4.5 million
- Improved forecast accuracy
- Increased availability of product to meet customer demand

Company Description

CEMEX is a leading global producer and marketer of cement and ready-mix products, with headquarters in Monterrey, Mexico, and operations across four continents. With a capacity of nearly 80 million metric tons per year, CEMEX records annual sales of more than \$6 billion.

"CEMEX has experienced the majority of its cost reduction in freight. Since our implementation of i2 solutions, we have captured close to \$4.5 million."

**—Juan Carlos Gutierrez
Project Manager—Logistics**



Why i2?

Because of its extensive international operations, CEMEX needed a solutions provider with the global reach necessary to help it achieve its supply chain goals.

"We chose i2 because we were searching for a partner, not just for a software vendor," Gutierrez said. "We were looking for a provider who could help us develop a strategy to transform ourselves. The worldwide coverage that i2 could provide was very important to us. We wanted to have the same kind of support, processes, and tools all over the world."

i2's Contribution

Beginning with its operations in Mexico, CEMEX implemented i2 Supply Chain Strategist,[™] i2 Demand Planner,[™] i2 Master Planner,[™] i2 Transportation Modeler,[™] i2 Transportation Manager,[™] and i2 Transportation Planner[™]—solutions that are designed to create value by synchronizing the critical transportation and distribution business processes, resulting in optimal cost and service performance.

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CEMEX is utilizing i2 solutions to generate “what-if” scenarios to help gain visibility into supply chain decisions.

“We have been using Supply Chain Strategist to redesign our supply chain,” Gutierrez said. “Periodically, we run different scenarios when we feel like the model is changing or when we identify a certain opportunity that should be quickly evaluated to get the value as fast as possible.”

The company also is using i2 solutions to achieve better forecasting and transportation capabilities.

“CEMEX uses Demand Planner each week for collaborative forecasting for cement, as well as for the rest of the products that we are distributing,” Gutierrez said. “Master Planner and Demand Planner help CEMEX to achieve the benefits identified by Supply Chain Strategist. Transportation Manager and Transportation Planner have been very useful in generating a high level of trip consolidation and transportation optimization.”

Prior to implementing i2 solutions, CEMEX tried to leverage portions of its homegrown tools for master planning and demand planning processes, but they were not delivering workable plans.

“We had no integration or collaborative tools at all,” Gutierrez said. “We had only the optimization engine to calculate our plans. CEMEX was releasing unfeasible plans because the tool and the process were not fine-tuned. i2 has helped us to obtain tighter integration between the demand and master planning processes and to gain a lot more detail on the planning side.”

CEMEX’s Results

CEMEX sees its tremendous financial savings as the clearest indication of the value that i2 solutions have delivered.

“CEMEX has experienced the majority of its cost reduction in freight,” Gutierrez said. “Since our implementation of i2 solutions, we have captured close to \$4.5 million.”

Implementing i2 solutions has enabled CEMEX to restructure its entire supply chain to help solve its business problems.

“CEMEX does not feel that it’s using only technological tools,” Gutierrez said. “We feel that we have changed the way we do business. And, CEMEX has changed the way people inside the business think, because we’ve given the CEMEX team a new set of tools to provoke questions and to find different answers to day-to-day problems.”

The next step for CEMEX is to take the benefits it realized from implementing i2 solutions and direct them toward another part of its business.

"With our implementation of i2 solutions, CEMEX has been focusing mainly on the cost-reduction side, in which we have been very successful," Gutierrez said. "We've already realized benefits in generating a better forecast and master planning process, and also assuring that the product will be available when we need it. Our next goal is to move those benefits on to the service and execution side to make it even more tangible to our customers."



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