

# Transimeksa

## Charts Expansion, Diversification With New 3PL Facilities and AccellosOne Warehouse Software

*Some 16 years into the freight forwarding business, the Lithuanian Logistics operator charted a new course, finding immediate success.*

The Republic of Lithuania separated from the Soviet Union in early 1990 and quickly transitioned from an imposed, centrally controlled economy to one that encourages and fosters independent enterprises like UAB Transimeksa, a fast-growing logistics firm with far-flung operations headquartered in the capital city of Vilnius.

Transimeksa serves clientele throughout Western, Central, and Eastern Europe, and as far to the southeast as Euro-Asian Kazakhstan. From its origins in 1994, the company operated as a freight forwarder, establishing its own transportation fleet the following year and launching sea transport support services in 1998. Its carrier capabilities and customs services bridge shippers and customers in the European Union states with counterparts in Belarus, Russia, Ukraine and beyond, over well-developed transportation corridors.

In mid-2011 the company broadened and heightened its business prospects with the completion of a modern logistics terminal and distribution center in Vilnius, managing it with an AccellosOne warehouse management software solution. With the new facility and the powerful warehouse management software, the company was poised to become a full-capability third party logistics firm. By year's end that vision was realized: the company had acquired thirteen 3PL clients, among them Emitazas, Lithuania's second-largest supermarket chain.

"Transimeksa is now focused on providing all logistics services, and we are ready to serve all types of clients – those who work only in the local market and those who deal with import and re-export of goods," says Operations Director Vaidotas Vysniauskas.

### **Firm Foundation in Forwarding**

As of early 2012, Transimeksa operated a total of six freight forwarding and/or transportation companies at locations in Lithuania, Latvia (Riga), Moscow and the Baltic Sea exclave of Kaliningrad. Plans call for its 150-unit truck fleet to grow to 250 units by the end of 2012.

The company facilitates commerce between eastern and western Europe not only in the handling of physical product but also in dealing with its complex customs paperwork. The European Union is economically borderless with no customs processes required, enabling free movement of goods between the 27 member states, Vysniauskas points out. But that

is not the case in shipping goods to the eastern nations, where customs clearances still apply.

Most of the eastbound shipments Transimeksa handles originate with shippers in Germany, Italy and the United Kingdom, comprising a variety of industrial products and general cargo -- household goods, air conditioners, motors, construction equipment and chemicals in barrels -- virtually anything except food. Depending on the Russian terminus, trucks either are sent back empty, in the case of short hauls, or with full truckloads destined for Lithuania or other European Union Countries. Most stop in Vilnius only for customs clearance.

"We are situated on the main traffic routes to the primary markets so for many shippers it is more convenient to work with us than with forwarders in the originating countries, such as in Germany," Vysniauskas says. "Moreover, we have developed expertise in dealing with the unique conditions and requirements of the individual countries, which can be very difficult."

This awareness is critical, for mistakes can be costly, he says: "If a shipment for Moscow is misidentified and misdirected to Minsk, for example, there is no way to correct the problem. It is probably gone forever."



# AccellosONE Warehouse

## COMPANY

Vilnius-headquartered Transimeksa has been bridging shippers and customers in the European Union to counterparts in Belarus, Russia, Ukraine and beyond over well developed transportation corridors since the early '90s. Committed to further growth, management sensed new opportunities in the field of third party logistics.

## SITUATION

Transimeksa's 4,500 square meter facility was fine for freight forwarding, with product floor-stored and usually held for only a day or two. 3PL operations would call for a much larger facility and a software system that would provide the controls, efficiency and security to assure both high-level performance and profitability.

## SOLUTION

As construction got underway on a new 12,500 square meter (134,500 s.f.) 3PL warehouse, Transimeksa began evaluating its 3PL software options, settling on AccellosOne WMS.

The software solution couples advanced warehouse management capabilities with a third party logistics module, an alerts/reporting tool, web-based client inventory visibility and EDI integration.

## RESULT

In less than a year, Transimeksa had already acquired thirteen 3PL clients, among them Lithuania's second-largest supermarket chain. Business in the new enterprise was so brisk that the company was already planning for a second major warehouse. The Accellos software is used to manage both the 3PL operations and the in-house aspects of freight forwarding sector.

## FEATURES/BENEFITS

- Multi-client inventory management
- Interface to AGNUM business software
- Server-to-server communication with key client
- EDI availability as needed
- Alerts/notification module
- Customer self-service module
- Key Performance Indicator tool
- Web order entry
- RF-directed putaway/picking
- Integration with shipping operations
- Easy implementation of new 3PL clients
- Freight forwarding operations support

## Growth and Expansion

The company's core facilities in Vilnius now comprise more than 18,000 square meters (193,750 s.f.) of ambient-temperature warehouse space, including the new, six million euro, 12,500 square meter (134,500 s.f.) warehouse, the older 4,500 square meter (48,500 s.f.) import-export terminal, and a 2,000 square meter (21,500 s.f.) airport location for air cargo forwarding and customs clearance.

The new warehouse is configured with 34 aisles with about 300 Euro pallets in each. It comprises four main levels of racking, with bin addresses following the standard Accellos recommendation: e.g. H21B2: H -aisles; 21 -column; B - level of racking (A = 1, B = 2, C = 3, D = 4). The facility has eight main zones: Receiving zone; Shipping zone; Non-Standard zone; Racks in Open Zone – Picking; Racks in Open Zone – Overstock; Rack in Customs Zone; Customs Floor, Working Zone.

## Challenges of Change

Given the in-out nature of most of the shipments the company handles for freight forwarding customers, floor-storage in the past has been adequate – product typically didn't remain in-house long enough to get lost. A relatively small warehouse was sufficient for the limited amount of time the company normally needed to distribute products that it held in-house for shippers – usually one or two days.

The nature of the freight forwarding business also minimized the need to track inventory, and the absence of automated handling and formal physical floor layout presented few problems. Transactions were processed via paper tickets, with records maintained on spreadsheets. Most shipments arrived at the facility palletized and clearly marked.

Very few in-house services were required, and when shipments had to be broken out for multi-point distribution, the process was simple and easily controlled. Fewer than 20 workers were required to physically manage the cargo, with about a dozen others assigned to customs clearances and to dealing with the complex of international laws and regulations that differ from country to country.

When Transimeksa began considering new areas of growth, settling on the related field of third party logistics and a largely new emphasis on consumer goods, Vysniauskas and his associates knew that the business would have to change dramatically. The new direction would require two fundamental elements: a large warehouse that could accommodate the rapid receipt, storage and shipping of complicated, large-scale client inventories; and a software solution that would provide error-free management of many SKUs of multiple clients in a single warehouse.

## Finding the Solution

Transimeksa's custom-programmed accounting system from Lithuanian software vendor AGNUM had sufficed for the freight forwarding operations and management of the business but it would no longer be adequate for the company's more complex new business operations. Inventory volumes would be high, with potentially thousands of SKUs to track and maintain. Moreover, with multiple clients' inventories housed within the same building, the opportunities for inefficiency, loss of stock and missed or delayed shipments could be significant – and costly.

With these factors in mind, Vysniauskas looked for a warehouse software solution that could take over from the Agnum system and provide concurrent, end-to-end multi-client inventory management – establishing a separate virtual warehouse environment for each inventory owner within a single logistics software system. Transimeksa considered a locally developed warehouse management solution but found that it lacked the power and flexibility that management felt it needed to execute 3PL operations.

The new warehouse was already under construction at the company's 25-acre site in Vilnius when Vysniauskas received a call from Alex Pavul, Director of European Operations for Accellos, Inc. Pavul had been informed by Gintaras Naudziunas of Accellos' Lithuanian partner DS Projektai that the operations director was already working with a warehouse design consultant to structure the new facility's zone-aisle-bin layout and that launch of 3PL operations was projected for January 2011.

### New Methods for a New Enterprise

When Pavul and DS Projektai presented the AccellosOne WMS solution, Vysniauskas observed that the software could be configured easily to the company's precise needs, literally module-by-module. AccellosOne WMS is a scalable and flexible real-time warehouse management software system that streamlines operations and inventory management through the use of automated, paper-free processes and radio frequency (RF) communications.

With these technologies, it enables merchandise to be tightly managed from receipt to shipment, streamlining and verifying processes with each touch of the goods. For inbound product, it facilitates receiving up to full containers, coordinating breakdown and putaway activities. For picking and shipping, it facilitates order receipt and fulfillment using paper pick tickets and/or wireless RF terminals, generation of customer compliant labels, and real-time exchange of data with the AGNUM business management software.

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*Operations Director Vaidotas Vysniauskas*

### Implementation

Transimeksa purchased the Accellos software in late 2010 and Accellos' Andrew Dorosenko and DS Projektai began implementation of the system in November as construction of the new logistics facility proceeded. Implementation responsibilities were split, with DS Projektai concentrating on hardware implementation, translation of the user interface into the Lithuanian language and end user training. Dorosenko focused on Accellos software implementation and provided project management expertise.

“We had to consider the existing warehouse and the planned new facility in our business process research,” Dorosenko says. “We obtained a copy of the new warehouse plans and set up the aisle, rack and bin numbering system using the old facility as a model.”

The existing warehouse had a single rack that Dorosenko was able to use as a working model to recreate the local warehouse consultant's physical zone, aisle and bin layout in the location lettering/numbering scheme in the software. It also provided an effective training base for the staff, who previously had experience only in a paper-based warehouse environment.

As Dorosenko moved forward with the implementation, Transimeksa's technology consultant developed an interface to enable seamless communication between the warehouse software and the AGNUM accounting system.

“This was not a pilot operation,” Pavul points out. “We were able to install a fully operational, working system that accommodated 100 percent of Transimeksa's business needs in the company's original warehouse, and we were able to pick it up and put it in place in the new facility as soon as the building was ready.”

The DS Projektai team had recommended a wireless communications system for the facility, based on an HP 802.11 wireless network and Opticon handheld wireless devices. Accellos, DS Projektai and Transimeksa extended the Accellos solution to the newly constructed site in June 2011, with EDI also enabled for customers whose volume justifies its use.

Now, using the handhelds, every step in the entire door-to-door flow of inventory is captured automatically in the Accellos software, minimizing the possibility of error and maximizing the overall effectiveness of the facility and its staff. Transimeksa also purchased Accellos' Pulse Key Performance Indicator tool, which will allow the company to develop both global and detailed perspectives on its operations.

### Modifications and Additions

“The implementation went well and in most cases, what was standard within the Accellos software was sufficient,” Vysniauskas says. Importantly, this included the activation and implementation of Accellos' 3PL module, which was pivotal to the company's move into management of multi-client inventory in the new facility.

Some functionality was added through customization, primarily to conform the software to specific Transimeksa requirements. Among the modifications were the ability to track expiry dates and the incorporation of additional fields to optimize the system to unique elements of the company's planned operations.

Too, where value-added services were not supported in the software, Dorosenko and DS Proektai created capabilities to support them, such as unique sales and service orders and the additional reports. Accellos' web order entry was a key feature, requiring only minor modifications to conform to the company's unique procedures.

### Workflow - Ermitazas

At move-in, the company occupied about 40 percent of the new facility, but within a very short time, it was 85 percent occupied, largely through the acquisition of the country's second-largest supermarket chain, Ermitazas, as a third party logistics client. Transimeksa provides both inventory management and distribution services for Ermitazas. The company expects the chain's inventory to reach some 15,000 SKUs, product arriving from various EU countries for delivery to Ermitazas-owned stores in Lithuania, Latvia and Russia -- largely using the Transimeksa fleet.

Transimeksa relies heavily on direct server-to-server information exchange between the Accellos system and Ermitazas' management software -- from notification of incoming shipments to instructions for outbound shipments. (Most communications with other clients employ conventional means -- email, fax and phone -- followed by web order entry.)

The software provides rich reporting capabilities, and the Accellos Pulse Key Performance Indicator (KPI) utility will allow the company to extract and measure operating data in various areas and levels of detail, displaying the information in several chart/graphic formats. Besides the

standard KPIs, Accellos supports the company in developing others that are specific to its operations.

Most of Ermitazas' merchandise arrives at the warehouse via truck, usually palletized and arriving with barcodes already affixed. If barcodes are absent, the Accellos software can generate them as the pallets are unloaded. Warehouse personnel equipped with handheld Symbol devices scan the incoming merchandise, updating the Accellos inventory records in real time over the wireless warehouse communication network. As the pallets are removed from their trucks they are confirmed against an inbound shipment manifest and staged for putaway.

A similar process takes place on the outbound side. Shipping orders are accessed via the interface between the two companies' software, with the Accellos software generating the necessary paperwork – normally a manifest, waybills and shipping labels.

The status of bin locations within the warehouse is recorded in the software as the bins are filled and emptied, with the empty locations in the various aisles and zones available to workers. Following rules within the putaway feature of the software, workers are automatically directed to available locations by their handheld devices.

Shipments to the Ermitazas stores normally are picked and moved at the pallet level. Picking is directed by the Accellos software, with instructions relayed via the Symbol devices. As merchandise is removed from its location, the software's inventory records are updated immediately over the wireless network. Shipments to other 3PL clients normally are picked and moved following the same process, and all can be managed down to the "each" level.

"There is little decision-making required of the warehouse staff," Vysniauskas says. "The process is fast, precise and easy for the workers to perform. We can replicate any or all of the Ermitazas implementation for any 3PL client, large or small."

### Outbound –Freight Forwarding

Orders from Transimeksa's forwarding department are placed directly into the Accellos system by the transportation management system. The forwarding department's volume is fairly consistent at about inbound 450 trucks averaging 750 shipments per month and about 480 outbound.

Operations on the freight forwarding side, already well-developed, changed but little under the new warehouse management software. But accuracy and efficiency have increased significantly through the assignment of warehouse zones for cleared and uncleared merchandise; through the ability of the Accellos software to maintain timely and accurate records of shippers' goods; and the facilitation of cross-docking for immediate in-out shipments.

Shipments for freight forwarding clients normally go out as they come in with the exception of pallets that are broken out for delivery to different destinations. In either case, the software provides the flexibility to conform to the individual client's needs. For example, Transimeksa provides limited value-added services such as breaking down pallets to the case level and boxing/wrapping eaches. For such activities, Accellos' service order feature records man-hour and material charges for billing by the accounting system.

The Accellos software prints the documentation required for each shipment, including labels with barcodes and tracking numbers as well as addresses (1) in Lithuanian, or (2) in any of three other languages needed by the customer. When shipments arrive at the outbound dock a free-standing shipping system takes over and the goods are loaded for delivery and dispatch, normally utilizing Transimeksa's own fleet.

### Outlook

As of spring, 2012, Transimeksa's 3PL operations were averaging four- to seven inbound trucks per day, receiving and picking orders for a like volume of outbound loads, more than half of them for Ermitazas.

Transimeksa is already making plans for further growth. Another large warehouse/distribution center was on the drawing board, and the company is relying heavily on the Accellos solution in realizing its growth plans, confident that the software will provide the necessary foundation.

"We had almost no statistics before, and since we didn't offer any warehousing services, there is no standard of comparison to use in evaluating impact, Vysniauskas says. "Simply said, with Accellos we were able to initiate full warehousing services, allowing us to become a full-capability logistics services provider. Now we are prepared for rapid growth."

## ABOUT ACCELLOS

Accellos is a global provider of logistics, warehouse, 3PL, transportation and mobile fleet management solutions. Accellos addresses the supply chain management and execution market with warehouse management systems for multiple environments; Microsoft Windows-based transportation management solutions; and in-field mobile resource management solutions. Accellos' powerful supply-chain execution solutions are easy to customize and implement, providing our customers with more innovation for less investment while producing significant savings and greater profitability. Through a culture of innovation, Accellos strikes the perfect balance of customer satisfaction, employee fulfillment and shareholder value, delivering greater profitability and rapid return on investment for our customers and accelerated logistics and warehousing services for the clients they serve.



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