



GIS DELIVERS THE GOODS

VILNIAUS DUONA SHAVES COSTS AND OPTIMIZES TRUCK USAGE WITH ARCLOGISTICS

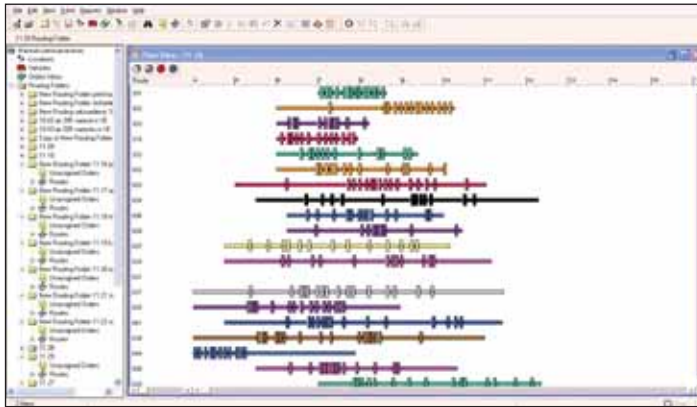
Bread is big business in Lithuania. Most bread in the country is supplied by UAB Vilniaus duona (Vilniaus duona), the oldest and largest bakery in Lithuania. Now owned by the Vaasan Group, the leading bakery company in Finland and the Baltic region, Vilniaus duona runs three bakeries and two logistics centers. Wheat and rye breads and bakery goods such as crumbs, crunchy sweet 'chips' that come in flavors such as vanilla and poppy and wafer cookies, are produced and delivered to 2000 stores.

While Vilniaus duona is the most popular bread producer with a market share of 34% and 2008 revenues of EURO 34.5M, there is room for growth in the marketplace. To accomplish this, Vilniaus duona realized that optimizing delivery of its products would be very important. Skyrocketing logistics costs in the last few years from increasing fuel prices and the rising costs of vehicles and other delivery assets mean that having a clear picture of the amount spent on product delivery can contribute to a healthy bottom line.

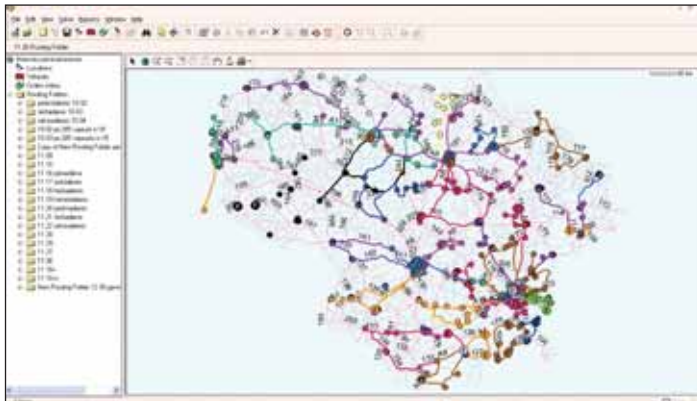
Bringing Product Delivery into the 21st Century

The company runs up to 100 routes each day with an average route distance of 130 kilometers. These routes have been organized manually with paper maps. Dainius Buknys, logistics manager at Vilniaus duona explains, "Our transport manager looked like a chieftain staring at a map containing multitudes of flags, notes, post-its, and dots. And with so many routes, you can imagine how many maps he had and how often he had to change them. The maps would wear out quickly and have to be replaced."

To optimize the routing process and ensure they have a handle



Timing view for the multiple routes



Overview of the routes and interconnections

on costs, managers at Vilniaus duona set out to find a delivery route simulation program that provides accurate information to everyone, from managers and employees to the contractors delivering products. Another requirement was to see the routes on a map, not just a spreadsheet of delivery stops.

ESRI ArcLogistics software was chosen after an intensive survey of available logistics solutions. ArcLogistics is a desktop software that helps organizations like Vilniaus duona solve scheduling programs through route optimization. The software does this by creating dynamic routes that are available to view on a map for further analysis. These can also be changed manually, which further helps with scheduling, cutting fuel costs and improving customer service.

Vilniaus duona chose ArcLogistics because it provides a simulation of routes that isn't too complicated for anyone in the company to understand and use.

Adds Buknys: "As a profitable company, we didn't want a solution that would take a long time to be implemented, we wanted to move fast once our decision was made,"

Not only was the implementation of the ArcLogistics solution short, it was completed in two hours. Training employees was finished after only two days and the estimated budget for implementation was met with no cost overruns.

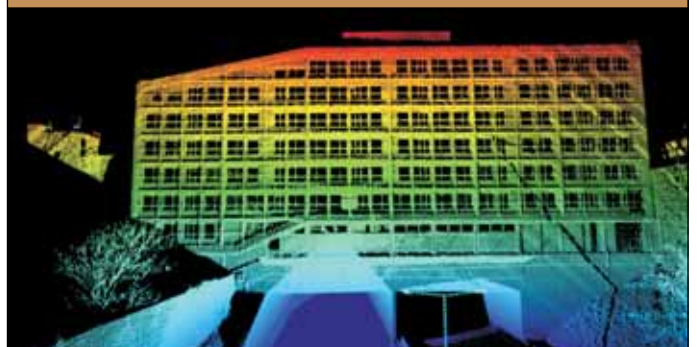
Quick Implementation and an Easy Workflow

The workflow for the company today is straight forward. Order information is stored in a Movex business system, which is a common enterprise information technology system found in manufacturing and distribution companies in the Nordic region. During the ArcLogistics implementation process, all client locations were geocoded and those X,Y coordinates have been imported into Movex. When routing is needed, such as creating a new route, or reviewing existing routes, Movex information including the coordinates of client locations, delivery volume, delivery time and route number is imported into ArcLogistics. A variety of different reports can then be created internally for the transport managers directly from the software.

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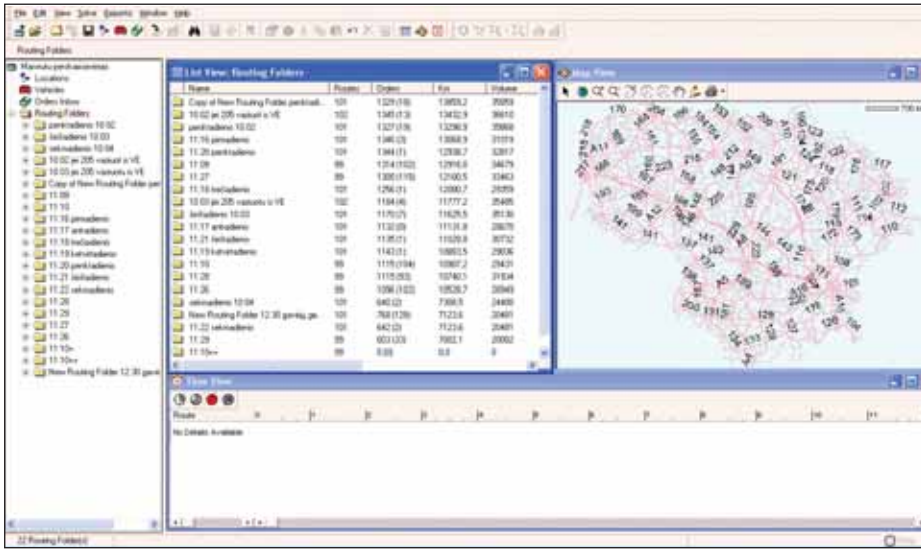
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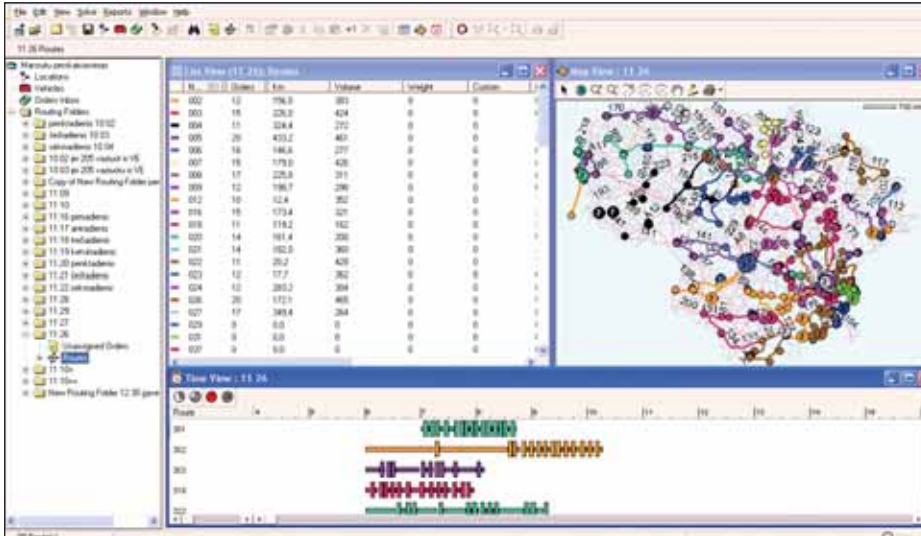
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Route details accompanying graphic display of routes



Combined information view

ArcLogistics optimizes routes automatically. For example, running the software decreased a route in Utena by 70 kilometers per day. Staff can also look at the maps, simulate potential routes and change them if necessary. For example, when looking at routes in the city of Vilnius, two were found to go to the same destination. It was an easy decision to cut one of these routes saving time, resources and money.

To make product delivery even more complicated, Vilniaus duona needs to ensure that their breads and bakery goods are fresh when delivered. The company is visionary in its use of six cross-dock stations, facilities that transfer goods between vehicles so a warehouse is not needed. Using ArcLogistics, it was discovered that a cross-dock station in Taurage could be closed while still serving the same amount of customers. In another instance, logistics managers placed a new cross-dock station that eliminated 900 kilometers per day.

GIS Leads to Logistics Efficiency
ArcLogistics gives Vilniaus insight when

negotiating with partners. Since the routes can be seen on a map, everyone is on the same page, with all the information they need to make informed decisions. Information about current situations in



logistics is more objective and finding new transport providers is now easier because the company knows exactly what they need.

"The software gives us the feeling that everything is under control and there is nothing that will happen unexpectedly," says Buknys. "The managers are happy knowing this, and the employees are happy because they have tools they can use to fulfill their tasks."

Vilniaus duona has received many financial benefits since implementing ArcLogistics. The distances of all routes have been decreased by 5,800 kilometers per day, or 175,000 kilometers per month, 25% less than before using the software. Thirty routes or 25% of routes were eliminated. The main logistics efficiency metrics were increased by:

- Average crates per route: August 2008 – 256 ; September 2009 – 410
- Average customers served per route: August 2008 – 9,5; September 2009 – 11,8
- Trucks' usage: August 2008 – 60%; September 80%.

Just as important, the software gives employees the empowerment to find solutions. "All these changes were made not only because we had ArcLogistics," says Buknys. "The software is a great tool to help us look at problems quickly and find more accurate results." Vilniaus duona found the payoff of using a geographically-based logistics package was worth the effort, and they found that out very soon after implementation. "We began using ArcLogistics in June 2008," says Buknys. "The software paid itself back within two months."

For more information please contact Dainius Buknys,, + 370-682-601-91 or email Dainius.Buknys@vduona.lt.