



GROENEWOUT

## Agfa future-proofs its distribution network

Interview with Christiaan Geeve, Manager European Logistics Operations Agfa, by Marcel te Lindert.



WE EMBODY PRINT

**The Agfa-Gevaert Group, a leading manufacturer of analog and digital imaging systems, was keen to investigate whether its existing distribution network was still equipped to cope with the changing**

**market situation. A network study by Groenewout confirmed the manufacturer's gut instinct: the center of gravity is shifting towards Eastern Europe, making it interesting to open a second distribution center (DC) in Wiesbaden in addition to the existing one in Antwerp. Whether and how that will actually happen is still under discussion.**



Christiaan Geeve

The Agfa-Gevaert Group's current range of imaging systems is the result of almost 150 years of experience. Today, the products are mainly used in the printing industry and the healthcare sector. The company's range, which includes printing plates for commercial printing companies and radiography equipment for hospitals, generates a total revenue of over EUR2.6 billion per year. More and more of those products are shipped to major

markets in Eastern Europe such as Poland and Russia.

"That led us to wonder whether our current distribution network is still optimal. The contract with our logistics service provider was due to expire, so we contacted Groenewout to ask them to perform a network study," says Christiaan Geeve, Manager of European Logistics Operations at Agfa.

### Business case

The current distribution network comprises a central distribution center (DC) in Antwerp that has been outsourced since 2006. That 86,000m<sup>2</sup> DC holds stock from the company's European production facilities in Belgium, Germany and France. From Antwerp, goods are shipped all over the world. Each year, the DC handles 500,000 order lines and almost 90,000 shipments to 8,000 destinations. Geeve: "We're seeing a shift in the center of gravity from Western Europe to Eastern Europe, especially in the printing industry. So does it still make sense to first ship the printing plates made in Wiesbaden to our DC in Antwerp? That's why we decided to investigate the business case for a second distribution center close to Wiesbaden."

P.O. BOX 3290

4800 DG BREDA

THE NETHERLANDS

NIJVERHEIDSSINGEL 313

4811 ZW BREDA

T +31 (0)76 - 533 04 40

MAIL@GROENEWOUT.COM

WWW.GROENEWOUT.COM

GROENEWOUT B.V. TRADE REG.

NR. CH. OF C. 20009626.

ESTABLISHED 1966. ALL ORDERS

ARE ACCEPTED AND CARRIED-

OUT ACCORDING TO THE

GROENEWOUT GENERAL TERMS

AND CONDITIONS 2012.



Page: 2/4  
Our ref.: 9024D429/IS/ | September 2017

### To the point

Agfa contacted various consultancy firms, including a number of major names from the 'big four', for this project. The company's reason for choosing Groenewout was largely due to the logistics specialist's pragmatic approach. "We wanted to tackle this in a 'lean and mean' way, but the large firms immediately turned up with a sizable delegation of consultants. Groenewout is a to-the-point consultancy firm that has both feet firmly planted on the ground, and that approach suits us best. Besides that, Groenewout could meet our requirements in terms of the lead time for the study. In view of the expiration of the contract in Antwerp, we wanted to see results within the space of three months," states Geeve.

### Four scenarios

Based on the data gathered, Groenewout investigated four different scenarios: the existing scenario with one central DC in Antwerp, a scenario for relocating the entire DC eastwards, a scenario based on two DCs (one in Antwerp and the other in Wiesbaden) and a scenario featuring those two DCs plus crossdock functionality.

"The fourth scenario enabled us to explore whether it would be smarter to ship two separate consignments to the same customer from two DCs or whether to consolidate them first," explains Geeve. "The study confirmed our suspicion that it makes sense to move at least some of the stock from Antwerp to Wiesbaden."



*Agfa Graphics - Anapurna H3200i LED  
The Anapurna H3200i LED is a high-speed hybrid UV LED-curable inkjet system with a printing width of 3.2 m for indoor and outdoor applications.*

**Issuing a tender**

Despite the clear findings from the network study, the future of Agfa's European distribution network is not yet certain. The company first discussed the possibility of opening a second DC in Wiesbaden with its existing logistics service provider. Agfa then decided to issue a tender for the project. "We've approached several logistics service providers. They are currently submitting their responses, and we are still in discussion with our existing logistics service provider. Ideally, in view of the integration of processes and IT systems, we would prefer to work with just one service provider for our entire distribution network," says Geeve.

**Increased pressure on delivery times**

The decision-making process is complicated due to the complexity of the distribution network. Agfa first wants to gain insight into all the possible consequences associated with every decision. "Our customers in the printing industry source not only printing plates from us but also chemicals. The printing plates are produced in Wiesbaden, but the chemicals come from our plant in Antwerp which is right next door to our existing distribution center. The network study showed that it would be best for us to store the printing plates in a DC in Wiesbaden and the chemical products in Antwerp, but that would make it necessary to consolidate the shipments to customers in the printing industry. And if we do that, it increases the pressure on our delivery times."

**Savings of seven to eight percent**

The huge complexity actually made Groenewout's input even more valuable. "Our distribution network costs tens of millions of euros each year. The network study has shown that we can achieve cost savings of seven to eight percent, and that makes all the efforts worthwhile. Furthermore the study has confirmed our gut instinct, so we're now in a much stronger position when talking to logistics service providers," continues Geeve, who has since also asked Groenewout to investigate the distribution situation in the UK. "Due to recent acquisitions we now have seven facilities, and we're wondering whether we could consolidate any of them. Our experiences with Groenewout have been so positive that we have every faith in their ability to help us answer this question too."

Page: 4/4

Our ref.: 9024D429/IS/ | September 2017

**Text by Marcel te Lindert**

*Marcel te Lindert is a journalist with over 13 years of experience in logistics. He was editor-in-chief of the Dutch magazines Transport+Opslag and Logistiek. Nowadays he works freelance for trade magazines including Supply Chain Magazine and Logistiek Totaal.*

**More information**

*If you would like more information about this project, please contact Alain Beerens, [beerens@groenewout.com](mailto:beerens@groenewout.com) | tel. +31 76 533 04 40.*