

ADDITION SUMS

What do we really mean when we talk about cost? What is the true total cost of ownership?

What is the bottom line for a technological investment? Everyone would probably agree if it were summarised as: "Having high-functional materials at the lowest cost for the organisation." This sounds fine – and probably too obvious. But what do we actually mean when we talk about cost? When focusing on 'lowest cost', much more than the purchasing investment should be considered. Such costs involve all the post-delivery aspects: subsequent use, maintenance, assuring a sustainable level of performances and finally replacement. What we call the 'total cost of ownership' includes all these additional costs as well as the initial purchase price. The total cost of ownership should always be used to support decisions for all assets.

Postal organisations with a large investment in industrial infrastructure are especially sensitive to the total cost of ownership of their technology. This cost includes the obvious purchasing and classical maintenance costs as well as hidden costs, including downtime associated with poor performance, injury risk due to an increased need for technicians to intervene, unexpected breakdown losses, lost production opportunities (e.g. during shift change or other changes in operating conditions), quality losses (e.g. production that must be reworked or scrapped) and breakdown maintenance (e.g. maintenance people simply waiting until equipment actually fails). As a consequence the coming battle for reducing the total cost of ownership should be about focusing on productivity and eliminating process waste and falls in performance, rather than blindly cutting costs and resources.

Solystic offers a wide range of services that can help postal operators reach this target, adopting an optimised and sustainable post-delivery strategy. For example a first crucial point is to be able to know exactly, at any moment, how well equipment is working. This information

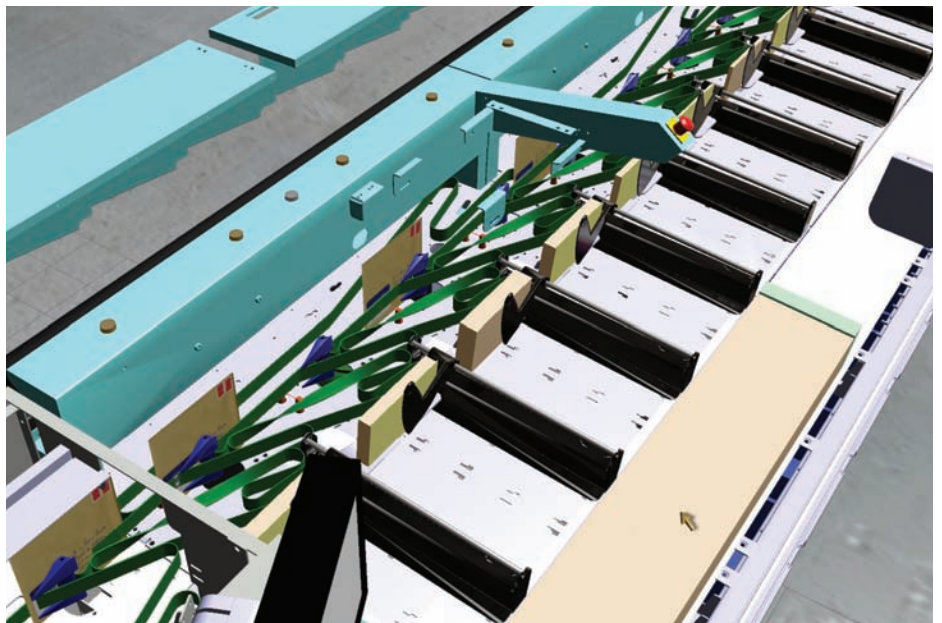
should be available without having to decode complicated reports with hundreds of values and graphs. Every manager, sooner or later, asks for a simple, clear, understandable metric of the efficiency of the process. This can be obtained by integrating into sorting equipment the Solystic solution for automatic calculation of the Overall Equipment Efficiency (OEE) index.

OEE is calculated from three intuitive factors: availability, performance and quality ratio. Availability is simply the percentage of time the system is operationally available. Performance is the ratio between actual and nominal (maximum expected) throughput. Quality, for postal equipment, is the ratio between objects not rejected to manual and the total volume handled. The OEE indicators are accessible as an offline report as well as an online display. The OEE index allows operators and management to report losses quickly and visualise the effect on daily production, so OEE becomes a key tool for

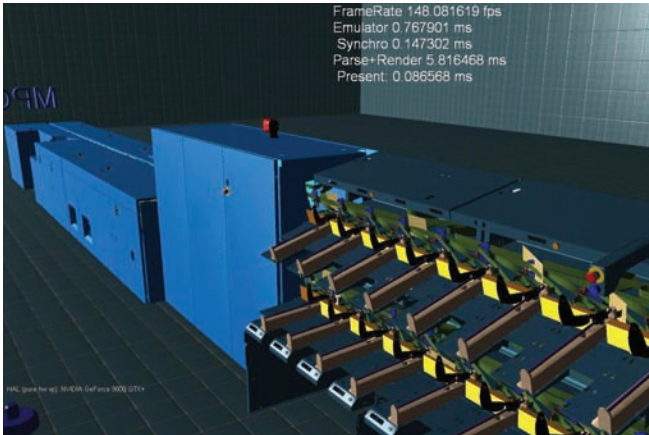
'total productive maintenance', to immediately identify errant behaviour, and to establish best practices so that full production potential can be reached.

Another key point is the possibility of avoiding any loss of performance due to the evolution of environmental parameters, for example changing applicative variables such as sorting schemes and address database, or technical components such as new releases of application software.

How can you perform a functional and/or non-regression validation of new conditions (applicative or technical) while avoiding any risk of affecting the production environment? Solystic proposes a 'serious game' approach with its SOSi solution – a virtual environment exactly reproducing the real behaviour of the sorting equipment and all its interfaces with the external environment. The behaviour of virtual machines can be directly observed in a simulation. Thus SOSi provide a pre-production environment that exactly reproduces the actual production



SOSi simulation tool for sequencing



SOSi – letter sorting simulation

environment, enabling the user to design and observe any ‘use case’ before putting it into operation.

SOSi enables the user to observe and analyse the behaviour of its system when using complex or rarely used sorting configurations such as a particular combination of sorting modes. It also allows the user to validate new releases of address databases without disturbing the behaviour of the production system. Many other examples could be given.

Another crucial point is that an optimised and sustainable maintenance strategy also depends on the fast detection and diagnosis of the root causes of poor performance and unplanned downtime. Solystic proposes a web monitoring solution that enables remote access of equipment supervision data through standard web browsers. The Solystic web monitoring solution is a software-only solution plugged into sorting equipment that allows authorised users to access online supervision data locally or remotely.

The ability to remotely access online equipment data is particularly useful for decentralised scenarios, where equipment is installed in operational platforms all over a country. The maintenance team will be able to optimise operations, for example avoiding useless intervention caused by lack of information about the correct spare parts to use.

Linear and simple metrics that indicate equipment’s efficiency; ‘serious game’ as a pre-production environment that avoids production losses when changing any parameters; and remote access for eliminating maintenance process waste – these are just a few examples of how Solystic can help its customers focus on productivity, eliminating process waste and falls in performance and thereby dramatically reducing the total cost of ownership.

FIND OUT MORE

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