Leading lithium producer SQM enhances warehouse efficiency with Westernacher Consulting and SAP EWM.

Narrator:

Founded in Chile in 1968, Sociedad Quimica y Minera de Chile, one of the world's largest lithium producer, is at the forefront of the global energy transition with a total revenue of 4.5 billion dollars in 2024.

To maintain market leadership SQM's challenge was to transform its warehouse operations from a manual to an automated system to improve efficiency.

Working with Westernacher Consulting, they embarked on a transformational journey.

Fernando:

The SAP lithium project consisted of the implementation of several SAP modules. These were the Product Planning (PP) modules, the Extended Warehouse Management module, which is Warehouse Inventory Administration, and the Quality module, the Quality Management module.

Narrator:

The need to streamline operations has never been more critical as the demand for lithium continues to soar. The SAP EWM solution, implemented by Westernacher, meets these challenges entirely in the warehouse, where all the lithium produced is stored.

Pedro:

Regarding the implementation, It was a long learning process, with very good collaborators from Westernacher, where we learned many things about projects as complicated as this one, where many areas of the company were involved.

Regarding the benefits, there were quite a few. Initially, the areas when changing from a very manual system we had to a quite automated system.

Fernando:

The fact that there is a system, which is EWM in this case, the Extended Warehouse Management module, through which the operator is told where to take the product once it is packaged in the warehouse, has generated a lot of process optimization for us. On the other hand, the operators themselves know exactly where to store the product because it appears on the screen of the handheld.

Also, when executing shipments, meaning a truck at a dock that needs to take the cargo either to an intermediate warehouse or directly to the port to load it onto a vessel and export it to its final destination, which in most cases is the Asian market, the operator knows exactly where the product is located, the square meter where each of the bulk bags that must be loaded into the container is.

Narrator:

Westernacher and SQM have set the benchmark in terms of storage and loading preparation times for the produced lithium and in addition to that they reduced operating costs. The results of the project speak for themselves.

Pedro:

Today we have visibility of everything that is happening.

We have achieved that the areas communicate with each other to perform good tracking from the beginning, from packaging to dispatch at the port.

Fernando:

We went from 15 to 20 HUs stored incorrectly to none. Our rate of erroneously stored HUs is currently zero.

Also, we significantly reduced the preparation time for a container, meaning the time it takes us to load all the cargo a container will carry, and therefore, the minutes a truck is parked at the dock waiting for the container to be filled with the product to be dispatched to the port or an intermediate warehouse. Before, the data download time from an old inventory data system we had was 30 to 40 minutes. Currently, we can download inventory data in just one minute from a SAP transaction.

Also, the automatic release of batches according to their chemistry, meaning the analytes that allow us to know if a product should be sold or not, and its chemical specification aligns with the quality required for sale, for battery manufacturing, for example.

Before, the release of these batches to know beforehand if they were feasible to sell or not, was 45 to 60 minutes per day, currently it is an automatic process, therefore, it has decreased from 45 to 60 per day, to 0 minutes per day.

Narrator:

Integrating new technology into existing processes is never just about the software or hardware. It's fundamentally about the people who use it every day. For SQM, it wasn't just about implementing the system - it was about making sure their team was ready and able to embrace the change.

Fernando:

Traceability consists of knowing exactly where this bulk bag is located once it is transported from the silo area to the storage area, where other picks also occur when the product is exported, meaning when it is sent to port to the final customer.

The creation of the finished product in SAP, within the PP module, occurs at the moment of packaging, when lithium is expelled from a silo and an operator packages it next to the silo, whether through manual or automatic storage, the same operator scans the label with a QR code, which is when the first traceability milestone for lithium can be seen in SAP, that is, when it is packaged by scanning a barcode.

Subsequently, all traceability of what happens inside a warehouse can be done when it is picked again, when the bulk bag arrives at the storage warehouse, when it is dispatched, or when it is taken to a container to be dispatched to the port or an intermediate warehouse.

Narrator:

Westernacher helps SQM achieve significant improvements in the warehouse. Expert execution is evident, setting the stage for future innovation and continued partnership.

Fernando:

A complex project, not only because of the technical aspects, for which Westernacher helped us and was a tremendously efficient company in consulting management.

They knew how to carry out and solve different problems that arose along the way, that at the beginning of the project we were not able to foresee.

CTA:

Start building your warehouse of the future. With Westernacher.