Supply Chain and Industrie 4.0 Hyperconnected SC in different industries

Input Prof. Dr. Martin Tschandl

Room: HS I

Plenary keynote: Challenges and opportunities for a 3PL Keynote speaker: Pablo Gomez

Innovation Director and Iberia General Manager FM Logistics

Session 9: Supply chain and Industry 4.0

Room: VIII

 Keynote 9: How to successfully manage Industry 4.0 along the supply chain and what it will mean for the industry by 2035
Keynote speaker: Prof. Michael Henke - Director of the section Enterprise Logistics, Fraunhofer Institute for Material Flow and Logistics, Germany

Workshop 9.1: Hyperconnected SC in different industries Leader: Martin Tschandl - Professor and head of department for management, FH Johanneum, Austria

Contributions:

0:20

- Towards Hyperconnected Resource Requirements Planning; Raphaël OGER -
- Ph.D. Candidate, Industrial Engineering Center, Mines Albi, Toulouse University, France
- Lean thinking to foster the transition of the traditional logistics towards the Physical
- Internet; Luis López- Molina Professor; Universidad de Cádiz, Spain
- Hyper-connected Modular Renewable Energy Production; Suzanne Marcotte -Professeure, Department of Management & Technology, Université du Québec à Montréal, Canada / Changliang Liu - Founder & CEO, McGili, Canada
- Industry 4.0 and IoT: enabling technologies and approach for fast and efficient door to door supply chain; Simone Siria - Analyst and Consultant, Log@Sea – Circle srl, Italy

Supply Chain and Industrie 4.0 Hyperconnected SC in different industries

Digitalisation...

...implies the integration of digital technologies into everyday life by the digitization of everything that can be digitized. **Digitization** means the transformation of analog information into data which can be processed electronically.

Internet of things (IoT)...

...Internet of everything and everywhere, connecting everything to the internet.

Industry 4.0...

...integrates manufacturing with state-of-the-art information and communication technology.







Supply Chain and Industrie 4.0 Hyperconnected SC in different industries

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...integrates manufacturing with state-of-the-art information and communication technology.

The **digital Internet** transmits data in standardized packets via a global information network at high speed. The **Physical Internet** will transmit products in standardized packages via a global transportation network with great efficiency.



14.0 & Smart Topics @ Industrial Management



Zukunftsprojekt Industrie 4.0-

Abschlussberich)

machine tools - are transformed by smart, digital networking into cyber-physical systems (CPA). They form the basis of the smart factory of the future.

Supply Chain and Industrie 4.0 Hyperconnected SC in different industries

Benefits of Industry 4.0

- Efficiency: lower costs by benefits in the vertical and horizontal integration
- Effectiveness: individual products (ideal: lot size 1) at the cost of mass products
- New Business Models: often IoT-based
- Global economic policy: "We must...deal quickly with the fusion of the online world and the world of industrial production. In Germany, we call it Industrie 4.0. Because otherwise, those who are the leaders in the digital domain will take the lead in industrial production." (Angela Merkel at the 2015 World Economic Forum in Davos, Switzerland)

Before Industry 4.0: Balance?



With Industry 4.0: Imbalance?





Lean thinking to foster the transition from traditional logistics to the Physical Internet

4th IPIC TU GRAZ 2017

López-Molina, L; Cervera Paz, A; Popa, A.C.; Rodríguez Cornejo, V.M.; García García, R; Pérez Fernández, V; Buiza-Camacho, G.

University of Cadiz







Today's world is hyperconnected and this reality is only expected to increase in the future (Coe & Yeung, 2015).

Connections extend to people, institutions, companies and countries, affirming that it is difficult to progress whilst remaining isolated (Dasgupta & Sanyal, 2009).

PI is a true revolution applied to physical objects (Pan et al, 2017).

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1.- Since 2016 year we are trying to show the benefit of Physical Internet to different companies in Cádiz (South Spain)

2.- But the companies are "skeptics"

3.- We were thinking the way to explain the PI using Lean.

Due to since 2012 we are doing each year a Conference for free for companies about this concept that now is known.

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This study "as a Literature review" aims to highlight the close relationship between the PI and Lean paradigms and the added value that is therefore applicable when they are jointly considered in analysing and enhancing logistical networks.

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The Toyota Production System (TPS) (Liker, 2004)

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A Toyota leader's view of Toyota Production System (TPS) (Liker, 2004)

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The Toyota Production System (TPS) (Liker, 2004)

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Our work is located

In the 1st Roadamap Alice basic, 2016: Sustainable, Safe and Secure Supply Chains:

The effects of the strategies proposed in this roadmap are measured using the following objectives: Transport reduction (percentage of overall value), Improved carrier/ULD utilisation (volume/weight), Emission reduction, Increased re-use, Supply chain cost reduction and Supply chain service improvement (quality and due date reliability)

In The second principle of Lean Map the Value Stream (Womack et al 2003) – keep it simple & involve those who work the process...help them to see

& Foundation of **PI**: Logistic Web (Montreuil, et al. 2012)

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Interaction between LEAN en PI = VSM



The 5 Principles of Lean Thinking - James J. Womack and Daniel T. Jones

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Value Stream Mapping



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VSM in Logistics

VSM, a LEAN tool used in logistics, illustrates in a single document a map of the process from supply to customer. This technique can find activities that are NOT adding value.

Some of these activities are: excessive storage, overproduction, excessive and unnecessary waiting times, defects, rejections and reprocessing and unnecessary transport and movement.

Storage, waiting times and unnecessary transport and movements are at the heart of the PI.

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This study reveals the close relationship between **Physical Internet** and **Lean paradigms**; and the added value that they jointly contribute to analysing and enhancing **logistical networks**.





Basically, applying Lean Thinking will get the right quantity of the right things in the right places at the right time, minimising waste and being flexible and open to change.

As a consequence, applying Lean helps reduce costs, creates value for the company and improves results across the supply chain from manufacturing to the customer.

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Other waste which could be included and located using VSM are: empty transport and unnecessary CO2 emissions.

This proposal offers a tool to achieve the objectives set out in the first roadmap which ALICE designed to achieve the PI.

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Future Work

The main limitation to the conclusions in this study are found in its theoretical character as it is based on a systematic bibliographical revision of the theme covered.

For this reason, the research team proposes carrying out a future research project focusing on adapting at least one company in the logistics sector to the **PI** concept,

including applying Lean techniques, such as VSM.

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Thank you very much!

4th IPIC TU GRAZ 2017

López-Molina, L; Cervera Paz, A; Popa, A.C.; Rodríguez Cornejo, V.M.; García García, R; Pérez Fernández, V; Buiza-Camacho, G.

University of Cadiz



Georgia Tech



ARMINES





With the support of the industrial research chair



4th IPIC Conference July 6th 2017 *Graz, Austria*

PHYSICAL INTERNET FOUNDATIONS FRAMEWORK

Focus on the Logistics Web

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A network of interconnected agents: physical, digital, human, organizational and social.

"A web aiming to serve logistics needs"

Montreuil, B., Meller, R.D., Ballot, E., 2013. Physical internet foundations, in: Service Orientation in Holonic and Multi Agent Manufacturing and Robotics. Springer, pp. 151–166.



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Chain Agile Pierre Fabre

LOGISTICS WEB

Interconnected physical, digital, human, organizational and social agents



4

Operational

At this time Physical Internet research efforts have been focused on: How to manage the Logistics Web operations (physical, information and money flows)?





LOGISTICS WEB

A constantly evolving network over time



FROM OUR CHALLENGING QUESTION TO OUR RESEARCH QUESTION

6



How

to help the Logistics Web actors

to make good strategic decisions

to mitigate the risks to be unable to meet the demand in the

forthcoming years

?



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CHALLENGING THE "MRP II" METHODOLOGY

Strategic Business Planning & Sales and Operations Planning



CHALLENGING THE "MRP II" METHODOLOGY

Strategic Business Planning & Sales and Operations Planning



CHALLENGING THE "MRP II" METHODOLOGY

How MRP II addresses the research question?





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Why scenarios?

Why do we need to make scenarios for the forthcoming years?



CHALLENGING THE "MRP II" METHODOLOGY

Few problems with S&OP scenarios



CHALLENGING THE "MRP II" METHODOLOGY

A need to adapt the S&OP process

Georgia

Tech



RESEARCH PROPOSAL

Georgia

Towards a methodology and platform to support PI Logistics Web strategic decisions



Focus on the Realization web

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How to help the <u>Realization Web</u> actors to make good strategic decisions to mitigate the risks to be unable to meet the demand in the forthcoming years

Montreuil, B., Meller, R.D., Ballot, E., 2013. Physical internet foundations, in: Service Orientation in Holonic and Multi Agent Manufacturing and Robotics. Springer, pp. 151–166.



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Realization Web modeling



Available Supply Chain Processes deduction





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Logistics Web Simulations



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Ended at		22/03/2017 à 11:4	8:23			8200 -	
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RESEARCH AGENDA

Tech





CПаСИБО GRACIAS 谢谢 THANK YOU ありがとうございました MERCI DANKE むって可て のBRIGADO



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Realizing Edison's Vision in the 3D Modern Era: Hyper-connected Modular Renewable Energy Production

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4th INTERNATIONAL UQA PHYSICAL INTERNET CONFERENCE





In Clarins I beints

4th-6th July, 2017 in Graz: Graz University of Technology, Austria

Agenda

Introduction

- * Problem statement
- * Brief history of RE

* Analysis

- * RE Supply chain
- Cases study
- * Obstacles and challenges
- * Related Work
- Future research

Energy Internet Core Elements





Problem Statement

- * Problem
 - * Mismatch supply and demand
- * Objective:
 - How to optimize the network flows
 Constraints
- Research
 - * Study pros and cons
 - Describe the network
 - Cases study

Early Times: Sources of Energy



Characteristic of Renewable Energy

- It was almost all local
- It was almost entirely renewable
- Would sustain a limited population indefinitely



Conventional Energy Dilemma

- Weather and human error blackout
- Mismatch supply with demand
- End-consumers' little control
- Delayed maintenance response
- Huge cost from macro-grid network





Era of Base-Cost Renewable

Weakness of capacity market (central planning)

- » Over procurement:
 - * inaccurate predictions of supply and demand
- Political risk aversion
- Innovation suppressed by: Artificially-shaped demand
- Bias towards incumbents
- Picking of winners

Era of Base-Cost Renewable

Strength of Demand-led flexible market

- Competitive, technology-neutral, liquid markets across location and time
- Reliability standards at the retail level
- Carbon regulation via carbon price, carbon intensity or retirement schedule
- Flexibility costs charged to those who cause them
- * Certificates of origin for imported power
- Cost of stability-related ancillary services borne by TSOs and DSOs

Plural Economics Emerge

Plural economics

- Moving away from purely public infrastructure
- Technology is moving faster than regulation

E-mix Times

- Sharing micro-grid
- Macro-grid on demand



Circular Economy and Sharing Economy

Raw materials

1150

Circular Economy

- Regenerative system
- Products designed to be reusable
- Products and raw material reused

Respect of the environment

Sharing Economy

- Economic system
- Assets or services shared between private individuals
 - Either free or for a fee,
 typically by means of
 - the Internet

The Internet's' and Industry 4.0



Original schematics from Benoit Montreuil, 2010, Physical Internet Manifesto, www.physicalinternetinitiative.org

Energy Internet Core Elements

Collaborative Commons

Jeremy (2014) defines the Energy Internet:

A dynamic, distributed, redundant and multi-participant energy network built around clean energy generation, storage and delivery and serving as the foundation in the zero marginal cost society.

Energy Prosumers & Storage

ZERO MARGINAL COST

THE DIGITIZATION OF TRANSPORT, ENERGY AND COMMUNICATION

By the digitalization of communication, energy, and transport you can manage power and move economic activity across every value chain and create your aggregate energy efficiency.



Renewable Energy Supply Chain Process



Renewable Energy Generation Flow



Key Findings across RE Value Chain

	Supply	Production	Distribution	Demand
Input	Technology	O & M costs		Government
(constraints	limits	High		policy
and	Intermittency	investment		Substitution
characteristics)	Variability	Cost too high		effect
	Maneuverability	Technology limits		
Indirect goals	Land usage Water consumption	Employment	Employment	Social impacts
Direct goals		Location Conversion efficiency	Distribution efficiency Storage	Environment impacts



China & US: Cases Study



China

- Global Energy Interconnection Initiative (macro-grid) Building Global Energy Interconnection for a community of common destiny for all mankind
- Himin Micro-emission Earth Strategy (micro-grid)

Climate Mart worldwide chain for the blue sky and white cloud

USA

- TESLA vertically Energy Network & Giga-factory Electricity produced by utility-scale solar facilities is now as cheap or cheaper as new gas or coal-fired facilities
- * Brooklyn Micro-Grid (BMG)

A network of energy relationships that supports locally generated renewable energy

E-macro vs E-micro vs E-mix

China	China	USA	USA
Geidco	Himin	Tesla	Brooklyn Microgrid
High voltage transmission	Sustainable lifestyle on solar	Giga-factory within solar industry	Co-op business model across micro-community
NGO	Private	Private	Private
One Belt One Road	Micro emission Earth Strategy	Solar energy with EV and Smart home	DRE practice based on bottom up approach
Macro-grid	Micro-grid	Macro-grid	Micro-grid
Global Energy Interconnection Development and Cooperation Organization 全球能源互联网发展合作组织	Hi-MIN — SOLAR —	<pre> T ≡ ⊆ L Fi % SolarCity</pre>	

Obstacles & Challenges in USA

- The outdated transmission system.
- Peak output (solar and wind farms) often wasted.
- More and better electricity storage urgently needed.
- US federal efforts to thwart clean energy programs, numerous Republican-controlled state legislatures are considering legislation to reduce or eliminate funding for renewable energy incentives and initiatives.



Obstacles & Challenges in China

Mindset shift

- Prosumer as a partner
- > Deliver the service rather than product
- The Transformation from Ownership to Access

Technology evolution

- Artificial Intelligence in the energy service supply chain
- Redefine the market and revolutionize with collaborative commons mindset



Obstacles & Challenges in China

Policy upgrade

 Energy industry is moving away from purely public infrastructure and technology is moving faster than regulation in the 21st century







RE Market & Business Model

RE Market

- More for less as the story of RE in 2016
- RE (excluding large hydro) accounted for 53.3% of the new electricity generating capacity added worldwide in 2016
- Sitting of two different technologies (hydro-solar, wind-solar and PV-solar thermal) in the same location

Business model

- Energy management and utilization improvement solutions
- Decentralized energy production in mobile and open-fabs
- Not-for-Profit Business Model: A system based on shared interest, not self-interest

ISO & Major Debates in Energy Industry

ISO 50001

An energy management systems standard to reduce costs and carbon emissions

Major debates

Technocratic side: about tweaks and modifications to the current regulatory system

ISO & Major Debates in Energy Industry

Existential side: Nature of deep re-regulation required to meet the long-term challenge of the energy trilemma:

- provide cheap, clean, reliable power in the face of new technologies
- new types of user behavior and the all-encompassing need to address climate change

The key to cheap, resilient, clean energy lies in the ability to put together the perfect portfolio of different types of power

Clean Energy Internet System Architecture

Layer 1: Infrastructure: distributed renewable resources

Layer 2: Networking of energy internet

Layer 3: Energy router

Layer 4: Smart energy management system

Layer 5: Smart terminals
Dashboard for Prosumers



RE Network Optimization

Renewable Energy Network Optimization Tool (ReNOT)



Decentralized Energy Infrastructure Emerges



McGili R&D Pilot: Exploiting Physical Internet for RE

Research

- Fundamental research
- Think Aggregation, think bigger
- Modeling the price in electricity markets must consider the physical impact on the grid



McGili R&D Pilot: Exploiting Physical Internet for RE

Development

- Solar energy system (Himin & Renewz)
- Electric vehicles & energy storage (UoM)
- Artificial Intelligence (MILA)

Think smooth, faster, higher and stronger!



Solution:

RE System + Energy Storage + AI

- Integrating intermittent renewable-energy supplies into existing electricity grids in a stable way _____ AI
- RE power integration into the power system
 presence of other technologies
- Grid response to occur within seconds

Embedded AI will analyze and model these consumption data



Towards Demand-led Flexibility Society



Thanks for Attention

OR

Continue relying on traditional centralized energy of the 20th century



Begin to make the long term transition to the distributed energies of the 21st century

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Industry 4.0 and IoT: enabling technologies and approach for fast and efficient door to door supply chain

Simone Siria, Log@Sea - Circle

Graz, 6 July, 2017





Digital disruption and IoT scenario in the logistics industry

Circle IoT approach & solution

Circle successful IoT projects:

- B2MOS international Ro-Ro transport in import from Rades to Leghorn
- Italian Car Manufacturer Company export flow from the production plant to ports of Civitavecchia and Salerno



Digital disruption in logistics industry

Maersk's CEO has recently declared «we are *embracing the age of digitalisation*... systems that offer the chance to **reduce costs by up to 30%** by **better coordinating** the interaction of ships and shore... collect more real time data.. Offer **new services**... **predictive** approach»

Several IT Platforms have been recently launched on the market with new business models and services. Nowadays, the most clear example of this process is the collaboration between **IBM** and **Maersk** with the **Blockchain Technology**. Other solutions are: INTTRA, GT Nexus, xChange, MixMoveMatch...



Also Hapag Lloyd, MSC, CMA CGM have announced similar investments on Big Data and IoT solutions. "Digital Disruption is ongoing".

Touch vour ideas

Supply chain operators approach

To get aligned with **ever-changing logistics scenario**, the logistics operators along the supply chain need:

A clear vision of the entire supply chain in a Door To Door perspective – to have a complete picture up and down their supply chain at international level (MED area, etc.)

IOT opportunity exploitation – possibility to amplify the opportunities by implementing IoT solutions



Italian logistic scenario

Private sector: multinational companies, Port and Logistics Operators, etc.

Ports' congestion Increasing risks of supply chain disruption

Loose of competitiveness



Public sector: Italian Customs Agency and other administrations



A shared vision with Italian Customs: Industry & Logistic 4.0

terconnected

stems

Fully digital Integrated Supply chain

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MILOS IoT Solution

MILOS IOT allows authorized companies and authorities (shippers, port Authorities, logistics terminals, Customs Administrations, etc.) to access *status information* of monitored units (such as container, cars, trainers, etc.), matching *logistics data with security information*, supporting the related changes in business processes and the opportunities for process automation.



MILOS IOT has a special focus on the integration of GPS, *RFID active and passive* technologies (tags and eSeals) into the full logistic chain business processes.



Circle Successful IoT projects







RFID Passive eseal in a RO-RO transport from Rades (Tunisia) and Leghorn (Italy) with a Preclearing customs procedure

Italian Car Manufacturer Company Project





Tag RFID in a car transport from the production plant to ports of Civitavecchia and Salerno with the innovative "fast export procedure" - ongoing

B2MOS Project

The pilot involved an international *RoRo trasport* of trailers between the ports of Rades and Leghorn.

A *preclearing procedure* using passive *eSeals* and a *Corridor Management Platform* were tested for the first time, integrating logistics and Customs aspects.

Private actors involved:

- Port Terminals of Leghorn and Rades;
- Importers;
- Exporters;
- Shipping Company;
- Shipping Agency;
- Freight Forwarders.

varders.

Public Institution involved:

- Leghorn and Rades Port Authority;
- Italian Port Captaincy;
- Italian Customs Agency.

B2MOS Project: Operative flow



Italian Car Manufacturer Company

The project involved an international *export transport* of new vehicles between the production plant and the ports of Salerno and Civitavecchia, to the final destination.

A *fast export procedure* using passive *RFID Tags* and a *Corridor Management Platform* were implemented, integrating logistics and Customs aspects.

Private actors involved:

- Italian Car Manufacturer Company;
- Freight Forwarder;
- Circle;
- Grimaldi Lines;

and Salerno;

• Grimaldi Terminal of Civitavecchia

Public Institution involved:

- Port Authority of Salerno;
- Port Authority of Civitavecchia;
- Italian Customs Agency.

Italian Car Manufacturer Company



Loading of the transported

units on the board of ship

ircle

Touch vour ideas



Transportation by truck or rail of new vehicles to the port of departure





Automatic Gate-in inside the port area thanks to RFID antennas



IoT application in logistics industry - Benefits

More **security and visibility of goods** for both private and public operators;

Reduced transit time and dwell time at the various checking points;

Possibility to exploit the benefits of simplified Customs procedure.



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Thank you

