

Posti Group Implemented RouteSmart to Realize Significant Cost Savings

Posti Group began its successful route improvement project by integrating RouteSmart into its operations processes to improve geographic data and learn to better handle variations in daily volume. The results of the project more than achieved the required minimum 5% cost savings across the board and showed positive returns much faster than expected.

THE COMPANY

Posti provides businesses and consumers with delivery services for letters, direct mail, newspapers and magazines throughout Finland and 11 other countries. The state-owned postal service of Finland has been operating for nearly 400 years and achieved 2020 net sales of EUR 1.6 billion.

Posti's five divisions include Postal Services, Parcel and eCommerce, Transval, Aditro Logistics and Itella Russia. Through its 20,000+ employees, 1,000 post offices, and 400+ parcel stations, Posti serves 5.5 million locations and delivers 9 million sendings every day.

THE CHALLENGE

Business challenges for Posti included measuring and increasing delivery efficiency, improving operating scenarios and increasing cost savings throughout the organization.

From an operations perspective, Posti needed to measure, plan and optimize its routes, as well as perform analytic modeling in order to more effectively react to changing delivery volumes. To start, Posti first had to integrate RouteSmart into its existing infrastructure and improve geographic data such as delivery location information and street data for all of their service areas.

Posti's ambitious goal of 5% targeted cost savings at each delivery center needed to be met by decreasing total travel distances, effectively modeling the proper number of routes based on delivery volumes and increasing vehicle utilization. In addition, Posti desired to achieve even higher service reliability.



“RouteSmart plays a big role in Posti’s future to meet coming business needs and operational challenges.”

THE SOLUTION

Posti built a team of experts and spent time and resources to become proficient in the operation of RouteSmart and ArcGIS. The company was able to integrate RouteSmart into its operations and improve the quality of geographic data. This served as a critical base for the project.

RouteSmart also worked with Posti to create custom tools to allow for leveraging business processes, especially for newspaper delivery operations. Taking into account other components, like sorting systems, and defining those processes as they relate to RouteSmart has been a key to the success.

Posti also had a need to design routes for changing daily volumes, but other factors, including existing sorting systems, put boundaries on this ability. With RouteSmart customized tools, Posti was able to create modules that could be managed — increasing or decreasing the number of modules per route on a daily basis — while still being able to use existing mail sorting systems.

Once key components were in place, the team began to optimize and improve operations.



Before one full year in the production phase, the project already showed a positive return.



THE WORLD'S
MOST INTELLIGENT
ROUTING SYSTEM

THE RESULTS

On completion of Posti's initial RouteSmart project, the organization achieved their minimum 5% cost savings from delivery costs per delivery center. In many delivery centers, Posti well exceeded those savings.

Posti was also able to create equitable compensation terms for delivery operations because of the improved geographic information and measurement. Juha Tolvanen, Head of Network Design with Posti Operations, stated, "In many instances, the new compensation model enabled delivery personnel to improve their own compensation."

Tolvanen also affirmed, "RouteSmart helped us to fully utilize our service time window and to make routes even more balanced. In newspaper delivery we have also designed multiple route scenarios for different volume days, which brings savings."

5% ADDITIONAL SAVINGS

The project began to pay for itself while it was still ongoing. Tolvanen notes, "We had a one-year development phase and went into production even though we were still in the development phase to start gaining savings. Just before one full year in the production phase, the project had already shown a positive return."

Posti's route optimization project remains one of the fastest when measured by ROI-over-time. The Posti team built confidence in themselves and proved RouteSmart's effectiveness to the organization. The team continues to make route improvements and model new scenarios to handle dynamically changing delivery scenarios.

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