

XL Axiata, Indonesia

Fuel Maintenance & Management

PT. Excelcomindo Pratama Tbk (XL) was established in 1995 and is a cellular provider in Indonesia with a majority ownership by Telekom Malaysia International (83.8%). XL is the third largest company in the Indonesian Telecommunication market in terms of subscribers and one of the most profitable operators.

"I have found Renoir's approach to be professional, successful, and at times enjoyable and have no hesitation in recommending that you give them the opportunity to present to you the benefits of their program in more detail."

Dian Siswarini
Director of Network Services

Key Results

15% reduction in fuel consumption

Significant improvement in closing alarm calls

36% reduction of maintenance visits

ANALYSIS

The telecommunications industry in Indonesia is very competitive and dynamic, posing specific challenges for the operators. Key success factors for growth are a clear strategy and effective execution.

XL has engaged Renoir since 2007 to undergo projects in Supply Chain, Network Service, Field Operations and Sales & Channel.

In August 2008, XL and Renoir embarked on a Project to improve control over the regional performances focusing on Fuel Management (the usage of diesel to power remote mobile base stations and for emergency back up), Preventive Maintenance and Manpower Requirements. The initiative started with a Pilot Region and was then rolled out nationwide within 6 months.

The initial assessment revealed that:

- Fuel supply and consumption were not properly controlled creating room for waste and theft
- There was no accurate historical records of fuel usage and consumption
- There was no standard or target to improve performance
- Planned Preventive Maintenance (PPM) was too rigid and excessive
- The Alarms Restoration (corrective maintenance) performance management was not standardized and KPI's were inadequate
- Inter-Regional communication and sharing of Best Practices were not systematically done allowing gaps and duplication of work
- Workload and the corresponding required manpower was difficult to quantify, generating unbalanced demands in the regions

PROJECT APPROACH

The first phase of the Project (14 weeks) was spent in a pilot Region (Kalimantan) to better assess, qualify and quantify the extent of the problems so that suitable solutions could be developed with the regional XL management.

The second Phase (28 weeks) was to roll-out nationwide the new Performance Control Systems as well as all best practices.

At Headquarters, Steering Committee meetings were held, attended by the Director of Finance, the Director of Commerce, the Director of Network Services as well as all the Regional General Managers, to report on the installation progress and results. Regionally, "Management Action Teams" (MAT's) were set up to perform weekly review meetings with all the area managers responsible.

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PROJECT RESULTS

Fuel Management System

The first critical step was to install all the required components and processes to allow proper measurement, monitoring and control over all fuel tanks and gen-sets. A nationwide tank calibration exercise was conducted along with the installation of logbooks and fuel distribution reports. All engineers and managers in each region were properly trained on the calibration techniques as well as the use of all new reporting tools.

Within a matter of weeks, regional managers were able to understand and monitor their region's fuel consumption. In some regions such as Kalimantan, the reduction in fuel consumption (litres/ hour) was reduced by 20% (from 3.56 l/hr to 2.96 l/hr.), despite the fact that even more gen-sets were being added and the reliability of electricity supply continued to degrade. Nationwide, a 15% decrease (from 3 l/hr. to 2.54 l/hr) was observed as of January 2009, equating to several hundred thousand US dollars savings per year.

Preventive & Corrective Maintenance

The Preventive Maintenance planning was drastically re-designed to introduce greater flexibility in its realization as well as removing all unnecessary/non-core maintenance activities. In order to reduce the excessive number of visits to the network infrastructure, a rule of "always doing maintenance activities when already on site" was adopted. This enabled more man-hours to attend the growing number of system alarms. At the end of this work 87% of alarms were being closed within the 4 hour SLA, representing a significant improvement over base performance. Furthermore there was a reduction of 36% in the number of maintenance visits (from 11.35 visits per Net. Elements / year in 2007 to 7.32 in 2008).

Manpower Calculator

The Manpower Calculator tool was implemented in all regions to allow managers to better understand, monitor and act upon their staff workload and activities. This tool allowed them to identify trends and separate structural effects from periodical activities thus better allocating their manpower to balance the workload in their region as well as nationwide without additional resources.

THE RENOIR GROUP

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