

## Press Release

### **New eruption of Icelandic volcano likely, but no Threat to Global Supply Chain**

**Companies can avoid disaster by putting right systems in place, says AEB (International) Ltd**



The Eyjafjallajökull volcano. Picture: Brynjar Gauti

**Warwick, 4<sup>th</sup> November 2010 – Earlier this year, ash clouds from Iceland's Eyjafjallajökull volcano slowed down the pace of trade and severely affected business supply chains. Revenues were lost, and costs mounted for storing unshipped products. With news of the likely eruption of yet another Icelandic volcano, there is a very real risk of further disruption to the global economy. How can companies prepare themselves for the worst case scenario and minimise the damage?**

The Eyjafjallajökull eruption led to the closure of airspace over the UK and other parts of Europe for six days in April 2010. Now this scenario looks likely to repeat itself, with news breaking that another Icelandic volcano could be about to burst into life. The Grímsvötn volcano lies at the northwestern side of the Vatnajökull glacier and is said to be the country's most active volcano. Its last, week-long eruption took place in November 2004. Recently, water from an icy lake in the Grímsvötn's crater has been flooding into the Gigja river, which scientists say may be a precursor to an eruption.

This is may well lead to a repeat of flight restrictions and disruptions to the global supply chain. Companies will need to allow for longer lead times associated with transporting goods by other means and explore options for sourcing products from other areas. The good news is that international trade relies more heavily on road, rail and sea freight than it does on air freight. However, many companies depend upon air travel to shorten lead times.

Some companies will be disproportionately affected by any disruptions, particularly those trading perishable goods, such as food and flowers that depend on air freight. Other sectors may also face difficulties. During the Eyjafjallajökull's eruption, carmaker Nissan, for example, had to temporarily suspend production of three of its models in Japan because it was unable to import parts from the Irish Republic.

So what lessons can be learnt from the problems created by volcanic eruptions? Mark Brannan, General Manager of AEB (International) Ltd, thinks having the right systems in place is key to ensuring supply chain management is carried out properly and efficiently.

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“Very often global supply chains do not provide the transparency required to ensure a continuous flow of goods or parts under changing circumstances”, Brannan says. “It is important that companies are able to view all of their warehouses in a single system and to manage all logistics processes outside of those warehouses – whether relating to the inbound or the outbound supply chain. Any modern supply chain management solution has to offer large firms visibility and control beyond the individual warehouse.”

AEB (International) Ltd's ASSIST4 Monitoring & Alerting software does exactly that. It can proactively alert a company when delays and disruptions occur, provide users with visibility on their supply chain options and enable them to assess alternatives. For example, if inbound flights from the US are cancelled, the user can look at sourcing the same product via their Scandinavian supply chain route using road and ferry transport. The system could even be set to automatically trigger a replacement order from an alternate supplier by an alternate transport route based on the incident that has occurred, and without losing any time or requiring user interaction.

As Monitoring & Alerting is a central platform that not only connects all parties in the supply chain, but can also be accessed by e.g. customers and suppliers, it is possible for them to get a view on the situation without having to call the administrator or service provider in the event of a crisis. If transports need to be rearranged urgently, the ASSIST4 system can be used to assess, share and - based on stored tolerances and preferences - even initiate available options quickly. So, if outbound flights to Eastern Europe are not possible, then the system can quickly calculate the costs and duration of available road transport options, and proactively inform the user accordingly to make a timely and informed decision.

There is of course no telling what catastrophe might next befall the aviation industry, but supply chain managers would do well to prepare a contingency plan for air shipment disruptions, be they due to an Icelandic volcano or other natural disasters. What we can learn from Eyjafjallajökull is that supply chain risk can't be anticipated, but it can be managed. That's more than can be said about the 130 volcanic mountains in Iceland.

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### **Contacts**

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## **Notes to Editors**

### **About AEB (International) Ltd**

AEB is one of Europe's leading providers of supply chain logistics software and has been delivering solutions to customers for over thirty years.

The company has over 5000 customers worldwide supported by offices in the UK, Germany, Singapore, and the US. AEB's Warwick office celebrates its 10th Anniversary this year.

AEB's core product - ASSIST4 - is the comprehensive solution suite for all logistics processes in global business. ASSIST4 offers a complete set of business services for end-to-end logistics, including international goods movements, making it possible to standardise and automate business processes in supply chain execution. ASSIST4 also creates transparency and provides a reliable basis for making the right decisions about the planning, monitoring, control and continual optimisation of supply networks - even beyond the boundaries of the business.

The ASSIST4 suite offers comprehensive functionality via a wide range of modules including Warehouse Management, Freight Management, Transport Management, Customs Management, Monitoring & Alerting and Compliance.

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