



An **ids** Success Story

# FULLY INTEGRATED GLOBAL LOGISTICS – THE PROMISE DELIVERED

**You'll hear talk about "end-to-end integrated supply chains" from a wide range of companies in Asia. Most are simple transport operators. A very few of them are pure-play logistics providers. Many claim to offer end-to-end logistics services. But none will be able to present you with a successful fully integrated value chain example in Asia. None that is, except the IDS Group.**

IDS Logistics International is a specialist unit of the IDS Group whose mission is to help multinational companies optimize and fully exploit their global supply chain for competitive advantage. For most companies this is a massive endeavor. Asia is a complex patchwork of various nationalities, languages, countries and cultures. Not only is it the most populated region on the planet, it is the fastest developing. Asia provides the greatest long term market potential in the world, but this opportunity also creates unique challenges.

IDS Logistics International is uniquely qualified to help multinationals bring their products to the Asian consumers. Our knowledge has been tested because it

comes directly from the experiences of the three core businesses of the IDS Group: IDS Marketing, IDS Logistics and IDS Manufacturing. Every day, these companies manufacture, market and distribute thousands of product lines. All of that experience can be leveraged by your company too through IDS Logistics International.

The following pages provide an example of how IDS Logistics International successfully made truly integrated end-to-end supply chain logistics a reality for a Fortune 200 FMCG brand, and is one of many instances where IDS Logistics International has re-defined and exploited the value chain for global companies operating in Asia.



A member of the Li & Fung Group



# A LEADING FMCG COMPANY LAUNCHES A NEW SUPPLY CHAIN MODEL FOR ASIA

IDS Logistics International was approached by a leading FMCG company for assistance with its pan-Asian supply chain. The company was experiencing considerable demand for its products, but the long supply chain was resulting in high costs and excess inventory in each country. They issued a challenge: if IDS could create a significant impact to a single one-dollar value product, they'd allow us to integrate and manage their entire supply chain for their wider product categories. IDS Logistics International took the challenge, costs were reduced and the product became the market leader in sales.

## THE SITUATION

IDS Logistics International's customer operates across eleven Asian markets. Each market was importing inventory from factories in Europe and storing more than three months of inventory due to long lead-time, resulting in uncompetitive costs.

This arrangement meant that both the in-country warehouses and the wholesalers were storing far more

inventory than necessary. The inventory problem was compounded by a five-week delivery lead-time between order and delivery. Import duties in each destination country had to be paid on the full buffer stock, further adding to product costs. If sales grew faster in one market and slower in another in a particular month, new product would have to be ordered from the European source as Asian inventory was trapped in each country.

# IDS LOGISTICS INTERNATIONAL AND THE CUSTOMER DEVELOPED A NEW BUSINESS STRATEGY

## THE SOLUTION

IDS Logistics International was asked to take on the challenge to integrate and optimize the customer's global supply chain. Starting with a one-dollar value product, IDS carefully analyzed the customer's entire supply chain and recommended creative ways in which each area along the chain could be optimized – sourcing, manufacturing, shipping, distribution, inventory planning against forecasts, warehousing costs, interest on capital, etc.

After benchmarking the prices for global shipping, documentation and other costs, the IDS Logistics International team established targets to squeeze costs in each segment, consolidated orders across multiple countries, and also changed the load plan of product for each container shipment. This had the effect of reducing European and Asian trucking, shipping, and documentation rates as the first step.

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The next step was to establish a regional distribution hub in a duty free destination in Asia. From this hub each country would be supplied with product on a just-in-time basis with guaranteed lead-time for deliveries. Each country could have visibility of product in the hub with orders to Thailand fulfilled in three days, to Hong Kong in five days, to Shanghai in seven days, and Tokyo in nine. At the same time, product could be relabeled or re-packaged from the hub creating an instant response when sales orders surged. Not only did country wholesalers get their orders faster, they no longer needed to store large volumes of product within the country.

IDS Logistics International also deployed state-of-the-art technology providing on-line visibility of product moving across the global distribution chain.

### THE RESULT

By fully integrating and optimizing the customer's supply chain, IDS Logistics International achieved over a third of

a million US dollars of savings the first year with a tripling effect the second year – on a single one-dollar value product line. Thanks to an advanced IT system running parallel with every operation, the customer retained full visibility of all costs, inventory levels and consignment status. Sales rose 300% within twelve months and the product gained market leadership. Now many other products are being merged into this solution creating greater savings and resulting in a unique competitive advantage for the customer. Now products are being sourced from across Europe and within Asia (including India and Indonesia) and then being dispersed through the regional hub to eleven countries.

Financial procedures have become much simpler too. IDS Logistics International is streamlining invoices and providing management performance reports, resulting in one invoice for all services each month instead of hundreds previously. IDS is now handling many more supply chains for this same company through a dynamic partnership model.



*Integrating and exploiting value across the supply chain*

#### Key impact on the supply chain:

- Average lead-time to market reduced from 35 days to five
- Direct logistics cost savings of over 20 percent
- Load optimization resulted in 30 percent savings
- Monthly streamlined invoicing and management reports
- On-line product tracking including cost component visibility
- Reduced working capital due to reduction in inventory
- Flexibility to shift product between multiple countries in the region

# IDS LOGISTICS INTERNATIONAL OFFERS A WORLD OF EXPERIENCE

When it comes to solving logistics and supply chain problems in Asia, IDS Logistics International has taken the lead. Here are just a few reasons why multinationals turn to us for help:

- We bring over 150 years of experience in pan-Asia logistics
- We put together small, dedicated, experienced teams with the know-how, resources and entrepreneurial attitude necessary to enhance your business
- All our operations are supported by a sophisticated and transparent IT network that provides customers with complete visibility into every aspect of their logistics operations
- We own no brands nor produce any products of our own – all our resources and knowledge are dedicated to enhancing our customers' businesses
- We tailor our services to fit your needs. And we don't just consult, we execute too. That means you can be sure we will come up with realistic and workable solutions because we have to live with them

## INTEGRATED-DISTRIBUTION SERVICES FROM THE IDS GROUP

The IDS Group provides our business partners a menu of Integrated-Distribution Services in three core businesses across Asia:

### Marketing, Logistics, and Manufacturing

Logistics is the fundamental enabler, connecting each into an end-to-end value chain from raw materials to consumer.

We call this unique proposition

### Value-Chain Logistics

