

CASE STUDY



FP Corporation Achieves \$28M in Recurring Benefits with New Supply Chain Solution

"What the AspenTech solution brings to FPCO is something that other supply chain management vendors do not: an optimized plan to move our 6,000 molds between factories. This is a very challenging task."

- Mr. Morimasa Sato, President and COO, FPCO



Japanese manufacturer turns to aspenONE® Supply Chain to reduce planning cycle and solve a highly complex, near-term distribution problem.

FP Corporation (FPCO) is Japan's largest manufacturer of plastic trays for food service packaging in supermarkets. FPCO sells more than a billion containers monthly in 10,000 styles and colors.

FPCO realized that their current forecasting, planning, scheduling, and distribution processes needed improvement. With 88 manufacturing locations, the process used to determine at which plant to manufacture their products to optimize transportation and inventory costs was extremely complicated. This resulted in significant excess inventory country-wide. The use of contract manufacturers to meet seasonal demand only added to the complexity of FPCO's supply chain.

CUSTOMER PROFILE - FP Corporation - Plastic Container Manufacturer

CHALLENGE

High cost of transportation, seasonal demand spikes, and allocation strategy for placement of molds.

SOLUTION

aspentech ONE Supply Chain to optimize product and mold movements, inventory, and use of contract manufacturers.

BENEFITS

- Save \$15M/yr in reduced inventory costs
- Reduce product and mold transportation costs by \$8M/yr
- Eliminate \$5M/yr in third-party warehousing costs
- Reduce product run-outs during peak demand by more than 70 percent

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After a detailed evaluation, FPCO implemented the aspenONE Supply Chain solution by AspenTech. Mr. Morimasa Sato, FPCO's president and chief operating officer, said, "AspenTech's solution was the only solution that could manage FPCO's complex supply chain requirements." After implementation, FPCO achieved reductions in planning cycle time, costs, and inventory.

COMPLEX SUPPLY CHAIN REQUIREMENTS

The goal of FPCO is to maximize profit through optimization of its supply chain. Their 88 production sites across Japan include company-owned and outsourced factories. Business conditions include a low cost of goods, short lead time for customer orders (days), and a seasonal business that experiences a huge spike in demand during the August vacation period and the New Year's holiday season.

FPCO must either ship the product (plastic trays) or ship the capability to make the product (molds). Their products are very light and inexpensive, but are voluminous, making physical distribution cost very high. Therefore, their key challenge is to optimize mold movements to ensure that products are manufactured at the factory closest to the place of consumption. To accomplish this, they need to develop:

- An inventory strategy for their highly seasonal demand
- An allocation strategy for high-cost contract manufacturers
- A near-term distribution plan for short lead time customer orders

CONQUERING COMPLEXITY

FPCO realized the need to provide better visibility into their complex supply chain and improve the accuracy of product demand to make more profitable decisions, especially in the near term. The integrated aspenONE Supply Chain solutions implemented at FPCO include demand management to help reduce uncertainty in anticipated demand, weekly enterprise planning with optimization to help FPCO be more responsive to short-term changes in demand, daily finite scheduling for each sales region with visibility into open customer orders, and a weekly distribution plan that is based on actual orders and the current manufacturing plan.

SIGNIFICANT BENEFITS WITH A HIGH ROI

aspenONE Supply Chain delivered impressive benefits in the areas of demand management, supply chain planning, plant scheduling, and near-term distribution scheduling — totaling \$28M in recurring benefits for a project in which the total cost was only \$3M.

Another major benefit for FPCO has been the ability to shorten the planning cycle. With their previous process, it took them seven Excel spreadsheets and three weeks to develop a monthly plan. Now, thanks to AspenTech solutions, they develop a plan every week.

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AspenTech is a leading supplier of software that optimizes process manufacturing—for energy, chemicals, engineering and construction, and other industries that manufacture and produce products from a chemical process. With integrated aspenONE® solutions, process manufacturers can implement best practices for optimizing their engineering, manufacturing, and supply chain operations. As a result, AspenTech customers are better able to increase capacity, improve margins, reduce costs, and become more energy efficient. To see how the world's leading process manufacturers rely on AspenTech to achieve their operational excellence goals, visit www.aspentech.com.

Worldwide Headquarters

Aspen Technology, Inc.
20 Crosby Drive | Bedford, MA 01730 | United States
phone: +1-781-221-6400 | fax: +1-781-221-6410 | info@aspentech.com

Regional Headquarters

Houston, TX | United States
phone: +1-281-584-1000

São Paulo | Brazil
phone: +55-11-3443-6261

Reading | United Kingdom
phone: +44-(0)-1189-226400

Singapore | Republic of Singapore
phone: +65-6395-3900

Manama | Bahrain
phone: +973-13606-400

For a complete list of offices, please visit www.aspentech.com/locations