

■ Critical Issues

■ We'd like to strategically outsource our logistics work.

We want to select the best outsourcer for us which has advanced techniques and networks in order to achieve further cost reductions and improvement of customer service.

■ We aim to realize larger and more continuous cost reductions.

We'd like to receive a cost reduction proposal from a partner to utilize their refined techniques and network. For partner selection, we want to adopt the principle of competition and rein in cost increase.

■ We'd like to make our logistics costs completely variable.

To adapt to drastic changes in the business environment, we should reduce our fixed costs and change our logistics costs to be variable.

■ JMAC Concept

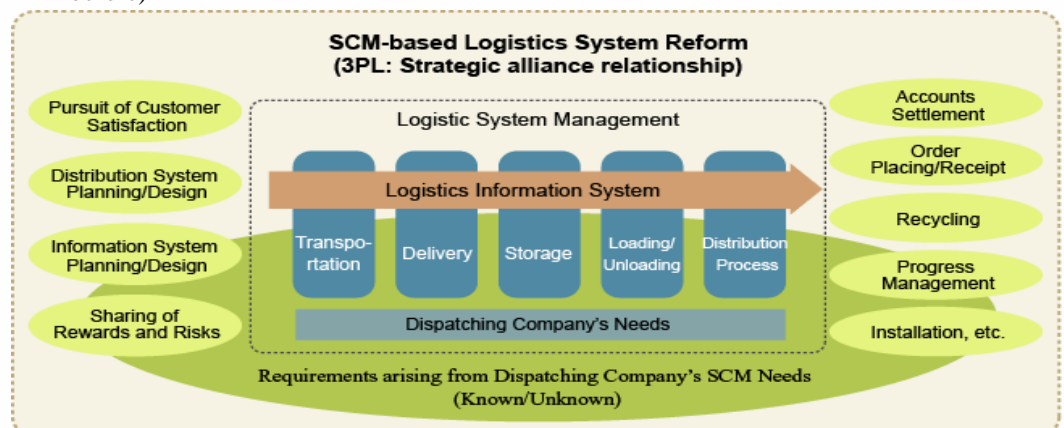
■ Necessity for 3PL

In the rapidly changing business environment, a fixed logistics system has become of no value, which has weakened response capabilities to customer needs and disrupted effective SCM development. With the increasing penetration of IT technology, customer delivery requirements are becoming more and more demanding. Within such an environment, delivery has become a key competitive factor. In order to respond to these various changes, it is critical to shift from the current prime contract system to a Japanese-style 3PL.

■ What is the 3PL that JMAC recommends?

A service that comprehensively covers all required activities necessary for building strategic alliances between companies and industries, using logistics services, and continual development of logistics system reform proposals aimed at increasing the supply chain efficiency of such companies and industries.

- ◆ Reform proposals from the logistics service users' point of view/ reform implementation in partnership with logistics service users
- ◆ Demonstration of system planning and design ability that matches the logistics users' SCM
- ◆ Total service covering logistics and related functions
- ◆ Sharing of rewards and risks (a new payment system, different from what has been used before)



3PL Introduction Program (3rd Party Logistics)

Strategic outsourcing of logistics function

GL-SC003



JMAC Features

Development of 3PL basic structure that supports your company's business and logistics strategies

Discussion of operation structures, such as establishing subsidiary strengthened 3PL and restructuring the logistics department.

- Ideal logistics system and target cost setting
- Clarification of partner requirements

Completion of partner selection process

As a third party organization, JMAC manages the overall partner selection process. Regardless of previous business relationships, we select the best partner based on fair judgment.

Detailed work process design through cooperation between the logistics service user, logistics partner and consultant

Utilizing the network and know-how of the partner company, we will conduct detailed work design in order to achieve the necessary basic structure.

Transit and Implementation

JMAC will carry out transit planning, trial planning, evaluation criteria setting, and evaluation of trial performance.

Management system building and operation evaluation

In order to build a relationship of trust between the logistics service user and logistics partner company, JMAC will build a system for evaluating operation performance, and facilitate mutual communication and understanding. In addition, JMAC will regularly carry out evaluations, and support continuous improvement cooperation.

Basic Framework Development	3 Months	From 3PL concept setting to clarification of qualifications required for inclusion in partner selection process
Partner Selection	2 Months	From creation of partner selection specifications to evaluation of potential partners and final partner selection
Operation Detailed Design	4 Months	From work system design to operation framework building, CR target setting, contract creation
Transition/Start-up	6 Months	Transition and solution of longstanding issues
Management System Building	3 Months	Management system building for achieving the targets, operational support
Operation Performance Evaluation Improvement Support	As Required	From development of a reciprocal evaluation system to result measurement and improvement support

Results

Distribution costs reduction: 30 %

Fixed costs compression

- ◆ Independence of distribution division (Joint business establishment with partner)
- ◆ Logistics service external sales utilizing distribution assets of dispatching company

Improvement of Logistics Services

- ◆ Order cut-off time extension
- ◆ Order receipt to delivery LT shortening
- ◆ Improvement of accessorial service at delivery
- ◆ Improvement of specified time observance
- ◆ Improvement of delivery process service response