

Incitec develops supply chain further with i2

Incitec aims for substantial savings from the second phase of its supply chain management improvement project

Incitec today announced that it plans to expand its inventory and supply chain management capability during phase two of its large scale i2 implementation - moving Incitec closer to online collaboration with its suppliers and customers. Incitec, majority owned by Orica, manufactures and distributes a range of fertilisers and industrial chemicals to Australian agricultural and industrial businesses. Incitec first implemented i2 Supply Chain Management (SCM) in its Fertiliser and Industrial Chemical business units in November 2000 and expanded the project into its crop protection business, Crop Care soon after. In just ten months of this first phase, Incitec reports that it is on track to achieving its targeted savings of AUD\$3 million. These cost savings are expected to be achieved using the forecasting power of i2 SCM, which helps to ensure it has the right products at the right place at the right time. In the process, Incitec reports that overall forecast accuracy has improved, forecast variability has decreased by half, customer service has improved and supply chain costs have been reduced. John Warnock, logistics manager for Incitec said, Based on the success of phase one, which enhanced our demand planning, we are now launching into phase two of the supply chain improvement program. Phase two, constraint based supply planning, will employ i2 SCM in an effort to improve supply chain and inventory optimisation, helping Incitec to achieve more responsive, leaner operations and better supply processes. Incitecs operations comprise manufacturing and importation facilities. These facilities are located in North Queensland, Brisbane, Newcastle, Geelong and Adelaide. Incitec produces 50 per cent of its product locally, with the remaining 50 per cent imported from a variety of overseas manufacturers. The fertiliser business is highly seasonal. The market is also cyclical with impacts from weather and commodity prices. The combined variability presents a challenge within Incitecs supply chain to continually balance the dual goals of customer satisfaction and shareholder satisfaction. John Warnock said, Phase two will couple the demand forecasting, supply chain planning and network planning capabilities of i2 SCM with existing ocean freight optimisation models. It will be closely integrated to Incitecs SAP R/3 enterprise resource planning (ERP) system for execution of the plans. This is intended to allow the business to regularly and rapidly re-balance its extended supply chain, covering inbound shipping, manufacturing, storage and land freight, taking into consideration market demands and all known constraints. Production rates, transportation capabilities and storage capacities are among the supply chain constraints to be addressed. i2 SCM will help Incitec calculate the most cost effective, efficient means of ordering, transporting and storing products throughout its supply chain, said John Warnock. This second phase of the project will be designed to help to reduce overall stock levels without compromising customer service levels, by regularly re-calculating optimal safety stock levels based on analysis of actual demand and supply performance throughout the supply chain. John Warnock said There was a compelling business case for the next phase of the project and we expect substantial additional savings in excess of what we already have achieved. i2 SCM suits the nature of our business and the specific requirements within our supply chain. The i2 implementation helps to proactively manage constraints to fulfill our motto, certainty in an uncertain world, said John Warnock. With i2 SCM now in its second implementation phase, the next anticipated step is to upgrade demand fulfillment processes. Once completed, Incitec will have a solid foundation for Internet-enabled supply chain collaboration and e-commerce with its supply chain partners both upstream suppliers and downstream dealers. About Incitec The Incitec Fertiliser Business serves markets in all states of Australia (except Western Australia), as well as some export markets in Asia and the Pacific. We are supported by major facilities in all of our markets. Through our Dealer Team, we supply a comprehensive range of fertilizers and support services to a wide variety of cropping and livestock enterprises in eastern and southern Australia. About i2 For more than a decade, i2 has been a leader in supply chain management. i2 has extended its technology and expertise to Dynamic Value Chain Management solutions to help companies collaborate on decision-making processes not only across functions within a single company, but across multiple companies. i2 solutions span the value chain interactions, including customer relationship management, supply chain management and supplier relationship management. Established in 1988, i2 is the only software solutions provider that measures, audits, and reports total value provided to its customers, with a mission to deliver \$75 billion in value by 2005. Learn more at www.i2.com. i2 is a registered trademark of i2 Technologies, Inc. and its subsidiaries. i2 Cautionary Language This press release contains forward-looking statements, including forward-looking statements regarding anticipated benefits and improvements from the implementation of i2s software solutions. These forward-looking statements involve risks and uncertainties that may cause actual results to differ from those projected. The risks and uncertainties include the customer's ability to implement i2 solutions successfully or to achieve benefits attributable to i2 products. For a discussion of factors which could impact i2's financial results and cause actual results to differ materially from those in forward-looking statements, please refer to i2's recent filings with the SEC, particularly the Form 10-K/A filed August 7, 2001 and Form 10-Q filed August 14, 2001. i2 assumes no obligation to update the forward-looking information contained in this news release.