

Simplot Australia goes live with i2 Supply Chain Management

Major Australian packaged foods manufacturer achieves its expected ROI at current stage of its i2 implementation

i2 Technologies today announced that Simplot Australia, a major Australian manufacturer, distributor and marketer of packaged food products, has gone live with i2 Supply Chain Management (SCM). This implementation is part of its strategic supply chain project, which aims to reduce inventory levels, improve customer service and reduce supply chain costs. Simplot Australia and i2 used i2s Business Release Methodology to help Simplot Australia realise value from the implementation quickly. The project encompassed the incremental rollout of i2 Demand Planner and Supply Chain Planner simultaneously across the business. Both solutions are now live. Jeff Phipps, chief information officer, Simplot Australia said, In parallel with the i2 SCM implementation, Simplot Australia has independently attained MRPII/Class A accreditation and the institution of Sales and Operations Planning processes. Simplot Australia has improved delivery in full and on time (DIFOT) by five percent and reduced finished goods inventory levels by 20 percent. Weve reduced the amount of obsolete stock by more than 50 percent and are realising savings of eight percent on warehousing costs and 10 percent on transportation. We now have a much greater understanding of our customers requirements and are better positioned to meet their needs without large amounts of safety stock. Operational efficiency for competitive advantage The key business driver for the combined business process changes, and i2 implementation, was the need for operational efficiency as a means of competitive advantage. Before we initiated these changes, we didnt have total visibility of planning across the different functional units of our business. It was difficult to operate as a single company when sales, manufacturing and distribution each had their own planning processes. We needed a consolidated planning system to enable us to run the business efficiently, said Jeff Phipps. We also wanted the ability to continuously improve our business processes, to not only operate more efficiently, but smarter. This is important in a highly competitive industry such as ours. Forecasting for improved customer service i2 Demand Planner was initially rolled out in the Fast Food area of the business and then expanded to include the rest of the Food Service and Retail businesses. Simplot Australia reports that it can now more accurately forecast customer demand for its products, including brands such as Birds Eye, Edgell, Fourn Twenty and Leggos. It has fully integrated all planning functions across the businesses with the aim of providing much greater visibility. Through significantly improved modelling, demand forecasting and business processes, Simplot Australia reports it has been able to better service its customers and reduce storage and transportation costs, inventory and waste. The company says it expects additional value from i2 Demand Planner, as promotions and scan data from retail customers is incorporated. Anticipating constraints for better planning The initial stages of the i2 Supply Chain Planner implementation focused on improving distribution planning and then expanded to include production planning across Simplot Australias eight manufacturing plants. Constraint based planning is now being done at some plants, with all plants expected to incorporate constraints into their planning processes by the end of the year. Simplot Australias key constraints include production and warehousing capacity and distribution constraints. i2 Supply Chain Planner is being used to generate weekly plans, which are used by plant planners for tactical execution and managers for strategic management by exception. Jeff Phipps said, Now that we have greater visibility of potential business problems, we can spend more time solving problems instead of wasting valuable time searching for them, or fixing things up after theyve occurred unexpectedly. For example, we now know when there may be a problem delivering a certain shipment on time and we can make alternate arrangements to ensure that the shipment is not late. Beforehand we wouldnt know there was a problem until we received an irate call from the customer. Adopting a total business approach Change management has been very important to the success of the project. Jeff Phipps said, Its not just about implementing the best technology and expecting that things will improve overnight. Its a process of continuous improvement, with many factors contributing to bottom-line improvements, including changes in organisation structure, business processes, performance management, data integrity and user education. Weve already achieved our expected return on investment (ROI) at this stage of our i2 implementation, and expect to achieve further business benefits as we make additional enhancements and theres continued uptake by the business, said Jeff Phipps. Rodney Boyle, managing director of i2 Australia and New Zealand said, Simplot Australia is recognised as a leader in the Australian consumer goods industry. With a lot of experience in the consumer goods and retail industry in both Australia and globally, i2 is well positioned to help Simplot Australia achieve its objectives. We place a lot of importance on the Simplot Australia partnership and this go-live is a significant milestone in the relationship. We look forward to continuing to deliver value for Simplot Australia in the future. -ENDS- 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 Managementsolutions 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 \$US75 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 may contain forward-looking statements that involve risks and uncertainties including forward looking statements regarding the customer's ability to implement i2 solutions successfully and in a timely fashion or to achieve benefits attributable to i2 solutions. These forward-looking statements involve risks and uncertainties that may cause actual results to differ from those projected. 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 November 14, 2001. i2 assumes no obligation to update the forward-looking information contained in this news release.