

## Logistics visibility Services

## Fuji Xerox

## Customer

- Fuji Xerox Co., Ltd.

## Industry

- Manufacturing - Minato-ku, Tokyo, Japan

## Challenges

- Delivery inquiries from distributors had to be manually associated with order information and container B/L documents. Response to delivery inquiries was slow and delivery date estimates inaccurate because Fuji Xerox had to contact each transportation carrier for shipment status updates before warehousing dates could be estimated.
- Manual handling of an average of 1,800 inquiries a month created an excessive workload for staff.
- Distributors had begun securing extra stock in a system known as “just-in-case inventory” to prevent inventory shortages at hub warehouses in each region, leading to chronic over-inventory.

## Solution

NEC implemented a cloud service that provides visibility in global logistics and connected with GXS Managed Services, a suite of services from GXS Worldwide, Inc., that enable data orchestration for transactions between businesses based on international standards such as EDI, thereby introducing visibility into the customer’s global supply chain and enabling effective tracking of global product distribution.

## Results

- Visualization of shipment status has enabled the whereabouts of products to be tracked in real time, leading to faster inquiry response times and improved deadline compliance.
- The new system has helped to reduce staff workloads by automating processes such as collecting information from factories and logistics partners and manually associating this data with each order. Fuji Xerox is aiming to eliminate inquiries to head office by rolling out the new system to distributors.
- The whereabouts of shipments during transportation can be tracked in real time, eradicating the practice of just-in-case inventory and helping to reduce inventory costs.

## Visibility in global logistics NEC delivers a logistics solution that eliminates delivery inquiries and streamlines inventory

### Overview

Fuji Xerox manufactures multi-function printers and office machines and provides a suite of solutions that enable customers to centralize document management. Fuji Xerox supplies products to Xerox Corporation in the United States and its OEM partners, and oversees sales and services in Japan and the Asia-Pacific region. In addition, Fuji Xerox is in charge of production and development for the entire Xerox Group.

“At Fuji Xerox, we manufacture all our products at our factories in Japan and China and ship them to our hub warehouses in North America, Europe, Singapore, and Australia where they are distributed by our sales partners Xerox Corporation in the United States and Xerox Europe,” says Kikuo Nakazawa, manager of the supply chain strategy group at Fuji Xerox. “But with the recent expansion of markets in developing countries, we have often bypassed our hub warehouses and shipped products directly to distributors or customers in each region.”

### Challenges

There were a number of issues with the current transportation system. Transportation data was managed centrally by head office in Japan, but it was impossible to track goods once they were shipped out. Also, goods were not associated by a unique control code in documentation such as order forms received by the distributors, production information managed by head office, and container bills of lading handled by the transportation carriers, making it difficult to provide accurate delivery estimations in response to inquiries.

“When we received a delivery inquiry from a distributor, we had to manually associate each code and then email or phone the transportation carrier in order to report back on the delivery status,” says Nakazawa. “We were also relying a lot on experience and educated guesswork to forecast warehousing dates. And because of time differences, we were often unable to respond to inquiries until at least the next day. So not only was our staff having trouble responding quickly and accurately to inquiries, they also had to cope with almost 1,800 inquiries a month, which is a lot of work.”

These issues were also impacting inventory management and transportation costs.

Fuji Xerox information process innovation group leader Atsushi Isogai explains. "Afraid that transportation delays would lead to stock shortages, many of our hub warehouses found themselves adopting a just-in-case inventory approach, and were relying more often on costly air transportation."

The situation reached crisis level in the aftermath of the Great East Japan Earthquake and flooding in Thailand in 2011, as Fuji Xerox struggled to source vital parts and found themselves unable to respond to delivery queries since they could not ascertain production or shipping statuses. This experience brought home the importance of being able to track products quickly and accurately across the entire global supply chain from order to delivery. A new system was urgently needed.

## Solution

After considering submissions from a number of vendors, Fuji Xerox settled on NEC's proposal, a cloud service that provides visibility in global logistics.

This proposal combined NEC's cloud-based multilingual solution with GXS Managed Services, which uses proven EDI connectivity to track shipments between Fuji Xerox and more than 1,600 carriers worldwide. By enabling smooth orchestration of data throughout the supply chain, the solution from NEC and GXS allowed Fuji Xerox to introduce visibility into its global supply chain so that the company could effectively track global product distribution in real time, contributing to more efficient transportation operations and streamlined inventory management. Also, as the solution was based in the cloud, it could be implemented quickly and at low cost.

Toshio Koyama, a member of the information process innovation group, describes the reasons for selecting NEC.

"What impressed us the most was the sophisticated user interface. We only needed to input data in one place. We could retrieve all the information we needed just by entering the order number, container B/L or control code in the search box. It was so easy to use. Also, we liked how quickly and inexpensively

we could get the system up and running. GXS also has an excellent record in the global EDI market, so we felt that their experience would allow us to achieve smooth data orchestration between all our transportation carriers."

## Results

Fuji Xerox is already utilizing the system for shipments between China and Japan. Regional shipments between China, Europe and the United States are also live. Nakazawa was impressed with NEC's technical expertise. "We had an urgent timetable for system implementation, but NEC had the knowhow and top-to-bottom support system to do it."

In addition to setting up the system, NEC also helped Fuji Xerox configure connections with their transportation carriers. "Not having to connect individually with each carrier has kept our development costs down, which we are very happy about," says Isogai.

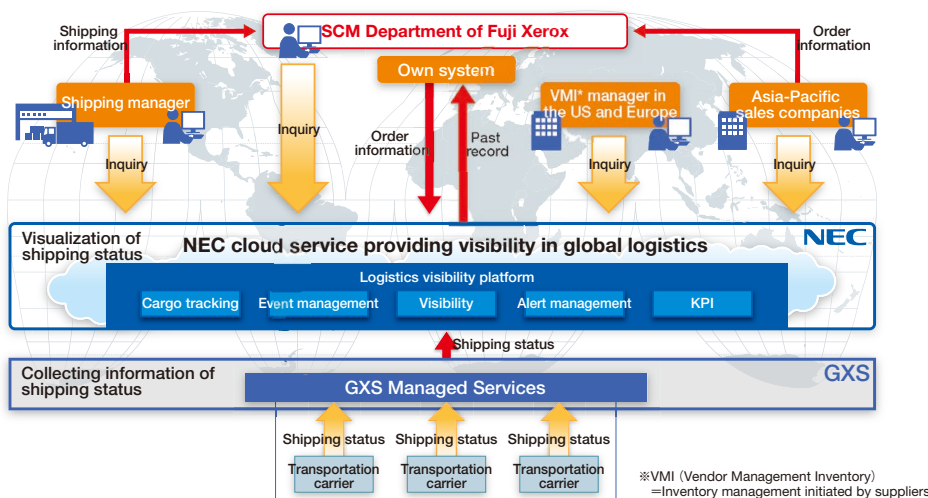
The visualization of shipping status has launched a new era in Fuji Xerox's global logistics services. "We can now provide accurate information to our distributors as soon as they ask for it," says Nakazawa. "Also, because we know exactly where our shipments are at all times, goods being transported can be counted as offshore inventory. Our warehouses will no longer need to carry out wasteful just-in-case inventory or urgent air shipments, so we'll be able to slash distribution costs."

The way transportation carriers are selected is also changing. Whereas before carriers were selected mainly based on cost, the new system allows Fuji Xerox to find out which carriers provide the most up-to-date and accurate information. "We can use these new criteria to evaluate the service level of each carrier and choose only the best carriers. This will lead to a tremendous improvement in service quality," says Nakazawa.

Fuji Xerox is planning to roll out the system to other distributors in the near future. "We expect that distributors will be able to use the system to directly confirm shipping statuses, eliminating the almost 1,800 inquiries we receive at head office each month," says Koyama.

In addition to routes to hub warehouses in Europe and the United States, the system is also being used for routes to the Asia-Pacific region, moving Fuji Xerox closer to achieving visibility in all its global logistics operations.

The visualization of shipping status is a major step in Fuji Xerox's plan to revolutionize the logistics processes that form the foundation of global supply chain operations. The ability to track products being transported in real time is a strength that Fuji Xerox can now leverage to improve its deadline compliance rate and streamline logistics and inventory management, reinforcing the company's management base.



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