



Strategic partnership helps Eastman improve service while keeping costs competitive

EASTMAN

Case Study: Eastman Chemical Company, Asia Pacific

Challenge Summary

Eastman Chemical Company's Asia Pacific organization operates in a highly competitive market. To enable the company to focus on its core competencies, Eastman demands high quality service and resourceful solutions—not just capabilities—from its Logistics Service Providers (LSP)

Services & Technologies Used

- Imports and Exports Across Multiple Trade Lanes
- Freight Forwarding
- Warehousing & Distribution
- Global Documentation
- Data Management
- Customs Clearance
- Regulatory and Security Compliance
- Logistics Management - Lead Logistics Provider
- Supply Chain Solutions (Process Review & Improvement)

The Challenge

As manufacturers continually expand their operations, logistics service providers and freight forwarders must scramble to keep pace. Due to its continual growth and customers' demands, Eastman Chemical Asia Pacific can't afford to wait for its LSPs to play catch-up.

Eastman Chemical Company is one of the top 10 global suppliers of custom-manufactured fine chemicals for pharmaceuticals, agriculture and other markets. Headquartered in Kingsport, Tennessee, U.S.A., the company is the world's largest producer of PET polymers for packaging, provides key differentiated coatings, adhesives and specialty plastics products, and is a major supplier of cellulose acetate fibers. In Asia Pacific, Eastman requires its logistics partners to help manage the complexity and scope of its regional service offerings, and critical online visibility of inventory.

The Solution

Seeking a culture that goes beyond capabilities Located in Singapore, Eastman Chemical Asia Pacific Pte Ltd (ECAP) is the hub for Eastman Chemical Company's supply chain and logistics management in the region. Eastman relies on BDP service for select outbound logistics lanes from the U.S., and inbound/outbound logistics in Malaysia, China, Thailand, Singapore and Hong Kong, including warehousing in Shanghai, Singapore and Hong Kong.

ECAP's Director of Asia Pacific Customer Supply Chain Services, Tom Morton, is responsible for all supply chain and business operations support in the region. "Since we began working with BDP in Asia in 2000, we have seen fairly significant cost reductions and improvement from a service and reliability standpoint. We utilize BDP's expertise in documentation, freight forwarding, importing and exporting, Customs clearance, warehousing, as well as IT linkages to keep our processes flexible."

"In essence, BDP allows us to focus Eastman resources on the manufacturing and distribution of chemicals," added Capt. Raymond Heman, Eastman's Regional Logistics Manager. Morton added that, "As our marketing of chemicals, plastics and fibers in the region increased, BDP has played a strategic role in helping to continuously improve Eastman service levels while keeping costs competitive."

"In Asia, we look at BDP as a lead logistics provider (LLP) to manage other freight forwarders and carriers as an extension of Eastman's logistics arm."

- Tom Morton
Director of Eastman Chemical
Asia Pacific Customer Supply Chain Services



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At frequent planning sessions, Eastman and BDP partner to respond to specific issues on behalf of Eastman's clients. These are meaningful, objective discussions on how best to help Eastman help its clients. "We want BDP to be a part of that process," Morton said.

Keeping product moving

"BDP is able to provide Eastman with documentation on a global basis," said Capt. Heman. "This enables us to keep shipments moving throughout the region. We view BDP as an information provider, keeping Eastman current with our carriers, shipment confirmation and tracking. BDP systems manage the data and provide us with reports and oversight capabilities. This enables us to stay on course and continue to get product to our customers on a timely basis."

"Visibility is critical," said Tharin Walker, Vice President, Sales - North America. "Eastman can go online and view inventory levels at any of their storage locations in real time. We work closely with Eastman at many locations throughout Asia, so BDP staff at Singapore can, for example, see the status of import Customs clearance that BDP staff in Shanghai may be handling. We want to stay on top of everything that moves."

Stock and load

"Freight forwarding and warehousing go hand-in-hand in Asia," said Walker, "which is why much of our business services include warehousing elements. In Asia, countries are not linked by a common Customs zone, a common landmass. The 'common' inter-country mode of transportation is ocean."

"As Eastman's warehousing relationship with BDP expands, the twin issues of security and compliance are important to us," said Capt. Heman.

"In addition to Eastman's in-depth corporate and security compliance processes, BDP provides an additional check-step in the AP region to ensure that products moving in and out of Eastman warehouses conform to the regulations for each of the countries. We look to BDP to assist us in managing these critical processes."

While many providers may have regulatory compliance capabilities within the U.S., their expertise elsewhere is not as deep. "BDP is very up-to-date on regulatory changes," Capt. Heman emphasized, "which not only helps us to adhere to Eastman protocols but also with those of various countries in which we operate."

Keeping costs down and service up

Successful logistics management means minimizing disruptions, reducing risks and identifying solutions. It's also about controlling and reducing costs.

"We have realized certain savings from our warehousing operations where BDP has helped with benchmarking," Capt. Raymond said. "In addition to reduced costs with our LCL shipments, we are working with BDP to streamline some of our business processes. This includes letters of credit documentation." BDP is transferring the documentation and preparation of letters of credit from BDP's York, Pennsylvania facility in the U.S. to Singapore.

For Eastman, the benefits could be substantial: faster processing because

the complete document set gets to the bank more quickly and ultimately to the buyer faster; Eastman gets paid much earlier; savings in courier fees; and Eastman can get answers to any document questions they may have during the same business day.

No cookie cutters allowed

What does Eastman AP look for when selecting a provider? "Eastman looks for a common corporate culture that goes beyond just providing capabilities," Morton pointed out. "Our partner should be willing and have the ability to identify and recommend creative solutions that fit our needs, where we can look at improvements together. We want local knowledge for each country in which we do business, plus quality freight forwarding and documentation capabilities."

"Service from local BDP staff in the various countries has been very good," Capt. Raymond said. "We see a common culture within BDP's local offices that we want — they are very supportive and proactive, and are very willing to explore ways of improving processes and operations. In terms of skill sets, we have found that BDP hires people with local knowledge — a very sound knowledge of documentation and freight forwarding."

"Eastman says they do not want to build a supplier-vendor relationship," Walker adds. "Instead, Eastman wants a partner. Morton and Capt. Raymond want their own staff to look at BDP as an extension of Eastman operations throughout the region. As Eastman executes its growth strategy, BDP is keeping pace through delivery of ever-evolving service values. This is not a cookie cutter relationship." Eastman

recently received a prestigious supplier-of-the-year award from one of their major clients, following a joint plan with BDP to improve delivery performance and reliability for that client. "It's another example of the strength of partnering," Walker added.

For Morton, it is also about trust and reliability. "In Asia, we look at BDP as a lead logistics provider (LLP) to manage other freight forwarders and carriers as an extension of Eastman's logistics arm. There is no provider that has it all. However, BDP's willingness to sit down and discuss options, listen to feedback, and to develop further capabilities to better meet our needs and our customers' requirements really are differentiators.

"It is that willingness to listen and to work in partnership, to provide the right solutions and fill the gaps, that really sets BDP apart. BDP looks for ways to be flexible in how solutions can be provided so that there is value for our end customers and for Eastman."

Customer Benefits

- Reduced costs
- Faster processing times
- Savings in courier fees
- Quicker document solution responses
- Real-time inventory levels and location visibility
- Data management