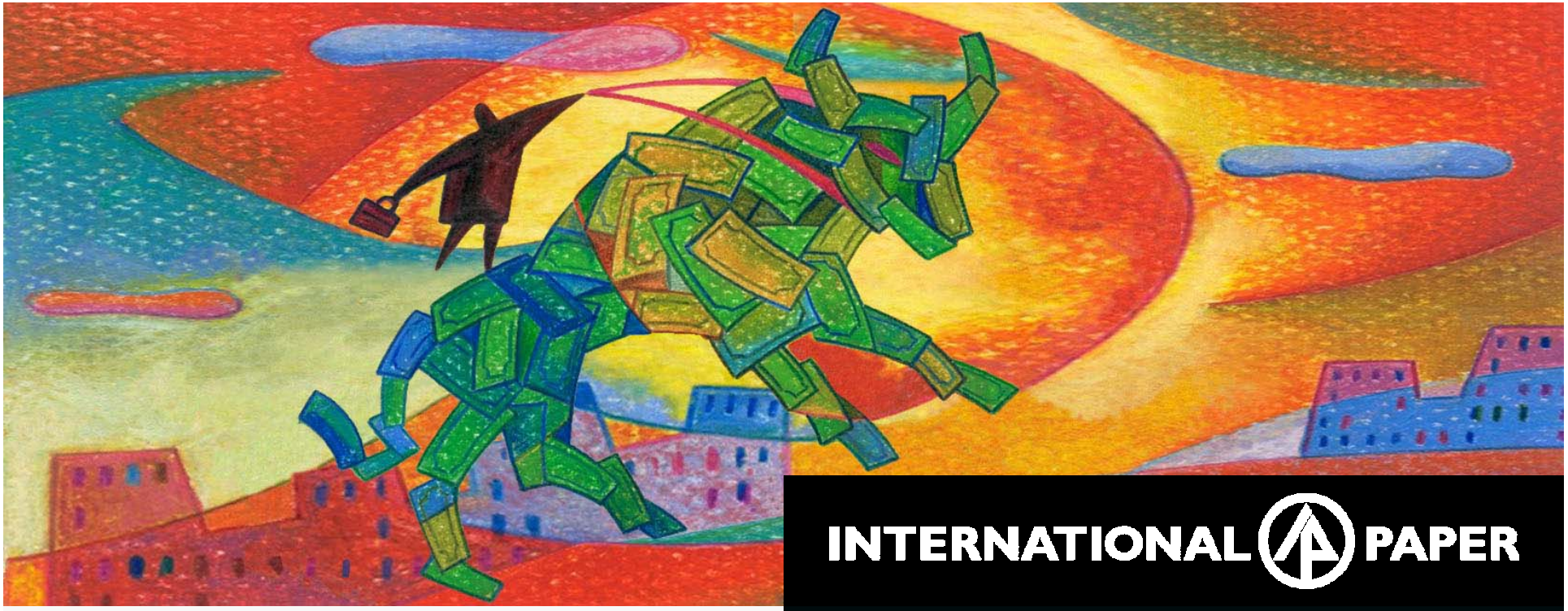


INTERNATIONAL PAPER

Supply Chain Initiative

Dennis Colley

Supply Chain Initiative

INTERNATIONAL PAPER

Opportunity for Supply Chain Initiative – 2002

- More than $11 billion external spend
- Over 250 warehouses across North America
- 28 order entry systems
- Over 2 million invoices issued annually
- 22 invoicing systems
- “IP is sometimes difficult to work with”

Supply Chain Initiative

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Supply Chain Solution

Simplification

- Business process redesign
- Business warehouse

Standardization

- One operating system
- Standard metrics

Centralization

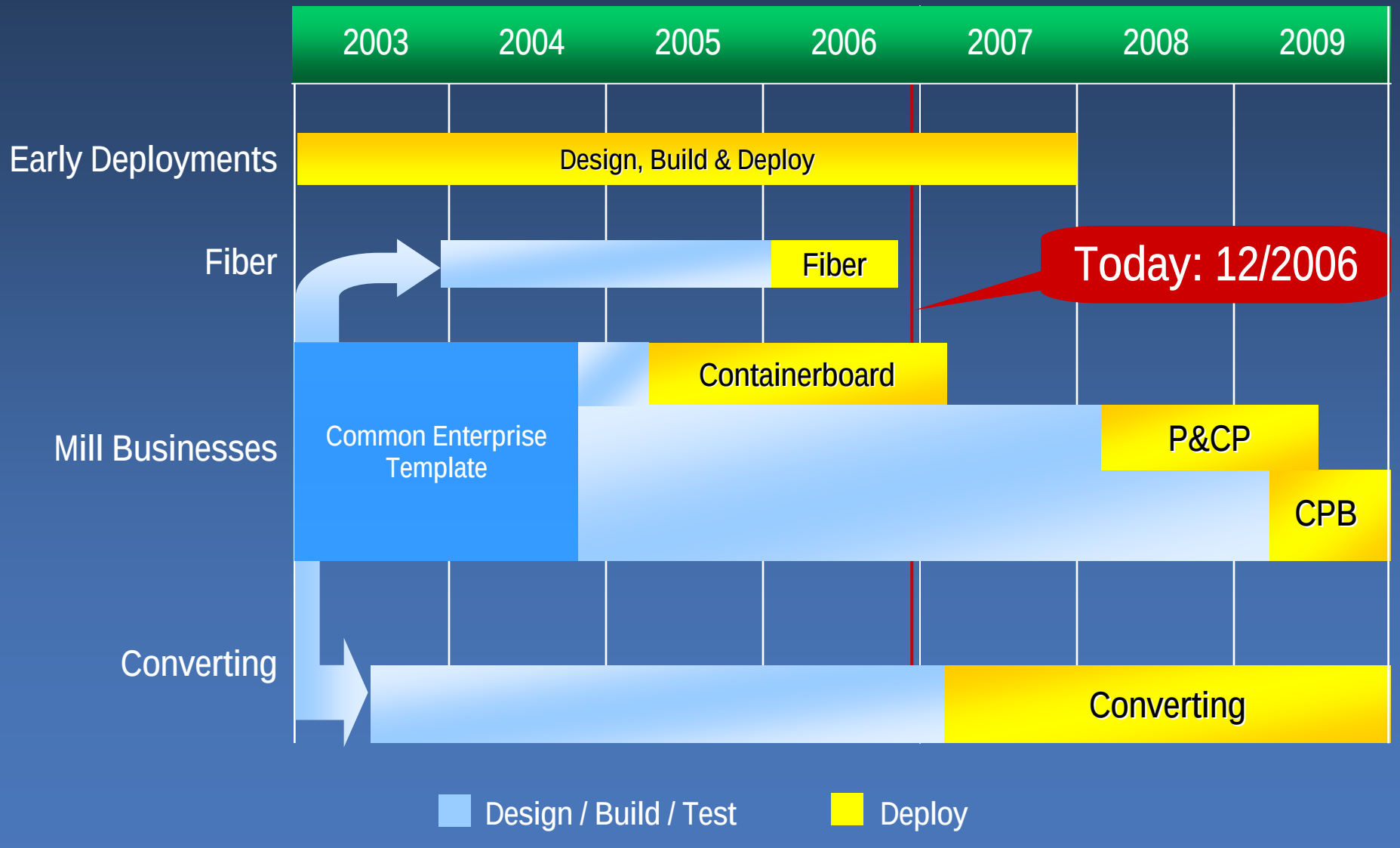
- Global procurement
- Logistics

Lower Costs

Improved Customer Experience

Supply Chain Initiative
Project Timeline

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Supply Chain Initiative



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$60 Million in Annual Savings for Industrial Packaging Business

- 5 operating systems reduced to 1
- Customer profitability
- 14 warehouses reduced to 6
- Rollstock inventory reduction
  - 55% at our mills
  - 30% at our box plants
- 1,000 fewer in-transit rail cars
- Lower demurrage
- Grade & SKU rationalizations
  - 41% reduction in number of grades
  - 44% reduction in number of SKUs
- Improved machine performance

200 Basis Point Improvement

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Enhanced Customer Satisfaction

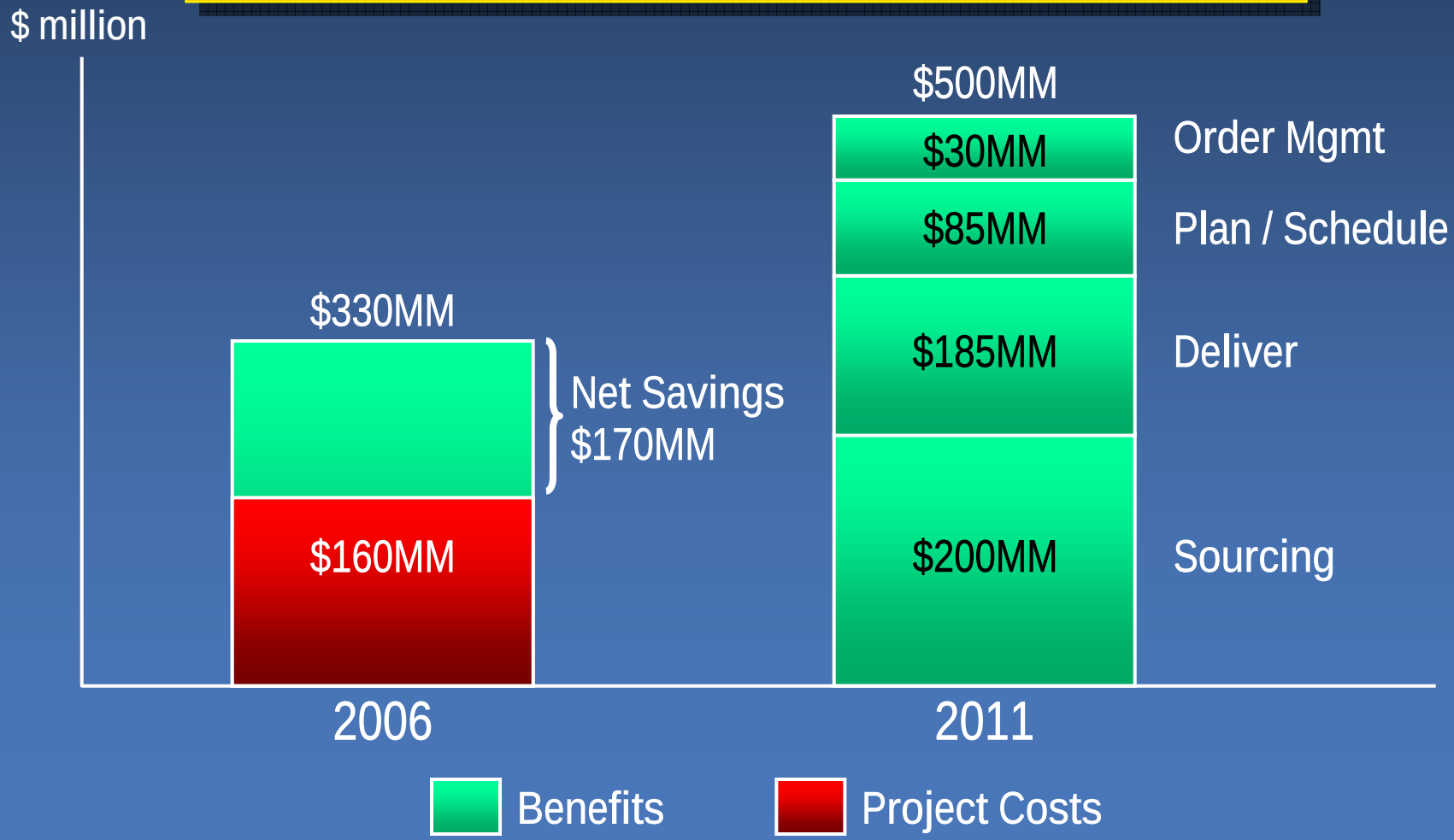
- Real time visibility
- Web portal access
- Order to cash



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Enterprise Savings of $500 million



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Benefits are Real

Better Tools

Increased Visibility

Greater Focus

Lower Costs

Improved Customer Experience

Supply Chain Moving Forward

2007 Priorities

- Complete containerboard rollout
- Go-live in 10+ box plants
- Complete build for printing papers
- Achieve fiber supply benefits

A Stronger, More Valuable IP

