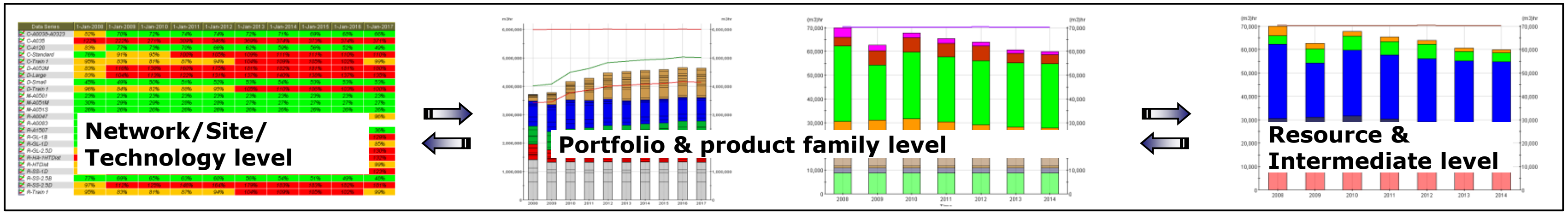
Chemicals Supply Network Balancing – Operations Strategy

Analysis → Portfolio insight across the complete network



Client Context:

- Multi-site chemicals and active pharmaceutical ingredients manufacturing business with locations in US and Europe.
- Demand on the network was increasing due to new products and cost pressures indicated a need to slim the network where possible.
- Client wished to create a model to manage capacity over a 5-7+ year horizon, better manage future uncertainty and facilitate decision making on future investments and network consolidation.

Outcomes:

- SmartChain built a sourcing simulation model of the entire portfolio and network over a period of 12 months.
- There was free capacity in the network, however this was not always in the correct place and not always the correct technology.
- While local capacity hotspots existed, we identified the need for an inter- and intra-site volume balancing plan to avoid short term risk of lost sales.
- Site investments were realigned with long term plan to balance the current and future capabilities with the future portfolio.
- Capital savings were in the order of 35M EUR on a single investment and sales at risk identified of >$500MM in the mid-term.

Options

#	Assumption	Average Resource Utilization	Implications
1A	**Gilomate** will move after 2012 **Talimate** will move from US to Europe in 2010 **Rimonem** will move after 2010 **Jumavir** will move on Q1/2009 **Loperole** will stay in Europe	Very low	Still have some bottlenecks Asia capacity might be an issue
1B	**Gilomate** will move after 2012 **Talimate** will move from US to Europe in 2010 **Rimonem** will move after 2010 **Loperole** and **Jumavir** will stay in Europe	Low	Still have some bottlenecks Asia capacity might be an issue Early bottleneck in D-A052M (2009) due to Jumavir
2	**Gilomate (HR)** will move after 2012 **Talimate** will move from US to Europe in 2010 **Rimonem** will move after 2010 **Jumavir**, **Loperole** and **Gilomate (RR)** will stay in Europe	High	Still have some bottlenecks Need to evalutate options for C-Standard utilization Asia capacity might be an issue
3	**Gilomate** will move 1 of 3 campaings after 2012 and another 1 after 2014 **Talimate** will move from US to Europe in 2010 **Rimonem** will move 1 of 3 campaings after 2010 and another 1 after 2012 **Jumavir** and **Loperole** will stay in Europe	Very High	Still have some bottlenecks
4A	**Loperole (PWS)** will be moved out of Europe by 2010 **Gilomate** will move 1 of 3 campaings after 2012 and another 1 after 2014 **Talimate** will move from US to Europe in 2010 **Jumavir** and **Rimonem** will stay in Europe	High	All bottlenecks can be solved
4B	**Loperole (PWS)** will be moved out of Europe by 2010 **Gilomate (HR)** will move after 2012 **Talimate** will move from US to Europe in 2010 **Gilomate (RR), Jumavir and Rimonem** will stay in Europe	High	All bottlenecks can be solved

Action Plan

STRATEGY EXECUTION DASHBOARD

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