

MALAYSIAN NEWSPRINT INDUSTRIES (MNI) was conceived as a result of a vision: the vision of independence and emancipation for local newspaper publishers.

Throughout the history of newspaper publishing in Malaysia and Singapore the supply of newsprint has been wholly dependent on availability and dictated by the global demand of larger countries. Our pioneering purpose therefore was to establish a local supply of world-class, premium grade newsprint primarily for newspaper publishers in Malaysia, Singapore and the region, and to back-up this premier product with professional service and on-site technical support.

MNI exemplifies a joint-venture at its best. Firstly, it is a local partnership of different and even competing newspaper publishers who have joined hands for the industry as a whole.

Secondly, it is an international partnership that brings together manufacturer and end-users in a unique synergy of skills and experience. It is a fusion of several cultures, languages and backgrounds, into a single entity with one united vision and purpose.

Thirdly, it is a genuine hands-on joint-management by local and expatriate partners, with transfer of technology and in-depth local knowledge being exchanged constantly, in amalgam of different management styles and systems that have produced a distinctive and unique corporate identity and process.

Ultimately, our sponsors form one single corporate entity where the formidable pool of collective expertise is focused wholly on meeting the customer's needs with a premium product and comprehensive service.

The MNI mill ranks among the top newsprint production facilities in the world. Commissioned in 1999, the mill pioneered the application of the latest technology in recycled fibre pulping techniques and produces newsprint from 100% recycled fibre. The mill operates 24 hours a day, 365 days a year, and produces over 250,000 tonnes of newsprint each year.

The mill is located at the Temerloh Industrial Park on the major road and rail links between the East and West coasts of Peninsular Malaysia near the towns of Mentakab and Temerloh in central Peninsula Malaysia. The industrial estate is situated on the main Kuala Lumpur - Kuantan highway, some 115 km from Kuala Lumpur. Mentakab and Temerloh have populations of approximately 15,000 and 9,000 respectively. The population of the catchment area surrounding the mill site has been estimated at some 200,000.

MNI will produce newsprint which is largely sold in Malaysia in direct competition with overseas producers. MNI's selling price follows the world newsprint market price and as such MNI's competitive advantage lies in effective control of cost and capitalizing on and enhancing the service advantages of being a domestic supplier.

In response to the country's increasing need for newsprint, MNI has been established to develop the manufacture of newsprint from recycled paper. MNI's recycling efforts has resulted in minimized land-fill usage and helped alleviate the country's problems on waste disposal through its recycling process. It also helps to conserve our forest resources for the future.

MNI's primary objective is to focus on actively streamlining its physical supply chain operations through active cost reduction and improved efficiency. To meet these objectives, MNI has decided to find a single Lead Logistics Provider (LLP), which **SnT Global Sdn Bhd** has been chosen to be their logistics partner. **SnT Global** would assume the responsibility for all physical logistics planning, execution and operations.

These responsibilities would include, but would not be restricted to the following:

- Order management (from receipt of customer order to final delivery to customer)
- Warehouse planning, management, and execution
- Raw materials inventory planning, management, and execution
- Finished goods inventory planning, management, and execution
- Transportation planning, management, optimization & execution
- Delivery planning, management, and execution
- Logistics network configuration, planning and design

Additional work may follow in subsequent phases, over the next years, as it becomes practical to do so. MNI are seeking services solutions in Peninsular Malaysia and Singapore.

#### **Important Drivers for MNI to Outsource their Logistics Operations**

- Adding value to the final consumer. By achieving lower logistical costs and a higher level of quality and expertise these results can be used to add value to the consumer.
- Acquire state of the art logistics capabilities to improve customer service at reasonable costs and focus on manufacturing, marketing and selling newsprint.
- Logistics is not the means by which MNI differentiates itself i.e. is not a core competence, yet it is a significant operation that can yield significant ROI if handled by the right outsourcing partner in the likes of SnT Global.
- Outsourcing has clear and objective metrics that can be easily measured.
- Specialized skills required for success in supply-chain management are rapidly becoming more advanced and complex, so it becomes essential to have good expertise at hand. SnT's specialized skills include having the ability to effectively use handling and storage technologies; planning software and supporting infrastructure; data-communications technologies; decision-support; demand-planning and advanced transportation planning and control tools.
- Logistics technology requires more often special expertise. SnT Global is able to relieve MNI of a time-consuming logistics function and a non-core business area that requires the latest technology to be successful.
- Outsourcing allows MNI to realize quickly the anticipated benefits of reengineering by taking advantage of already reengineered world-class provider.
- Flexibility and reduced risk. Investments of a sizeable amount in a non-core business can have tremendous risks to MNI. When MNI outsource they reduce workload fluctuations, improve flexibility and enhance capabilities to adapt to changing opportunities.
- Investment priority: MNI can switch a large proportion of fixed costs into variable costs. This will not only improve the MNI's balance sheet but also free capital funds for core business areas.

### Advantages MNI will gain from Outsourcing

- **Cost reduction:** MNI can experience lower logistics costs due to the increased efficiency of the provider i.e. SnT Global.
- **Improved logistics service:** MNI can benefit from SnT's increased levels of service consistency. This enhances efficiency and can lead to higher customer satisfaction.
- **Reduced inventory costs:** access to state of the art physical distribution systems through outsourcing can reduce the amount of inventory required in the system. This results in lower inventory costs for MNI.
- **Upgrade logistics system:** MNI can gain access to state of the art logistics capabilities, at a fraction of the cost of upgrading its own system.
- **Accommodated seasonal peaks:** the problem of seasonal changes shifts from MNI to SnT, so the former doesn't have to cope with it and can achieve great flexibility.