

Through Cost Savings Longview Fibre Implements ERP Initiatives

Capgemini helps Longview achieve complete integration of compatible functions with minimum impact on the company's cashflow

The Situation

Longview Fibre realized that in order to stay competitive in a tough market they would need to replace their aging systems, including their mainframe. In order to minimize the impact of the project on their cash flow, they wanted the implementation to be as cash neutral as possible.

The Solution

Release cash concealed in the operations to finance the business process improvement and ERP initiatives.

The Result

The entire project was funded through cost savings, resulting in a positive cash flow throughout the run of the project. Savings were achieved as planned while the project remained on schedule and under budget.

How Longview Fibre and Capgemini Worked Together

Longview Fibre is a U.S.-based major manufacturer of value-added corrugated and solid-fiber containers and specialty kraft papers. The company has over 3,200 employees and nearly \$900 million in revenue. In addition to owning and managing approximately 585,000 acres of timberlands, Longview Fibre operates one of the largest pulp-paper mills in North America and 15 converting plants in 12 U.S. states.

“The Longview/Capgemini team generated process and technology-driven changes that helped offset the project costs and are continuing to benefit the company five years later.”

Frank McShane,
Executive VP, Supply Chain and COO,
Longview Fibre



In 2001, as it was preparing to embark on a business process improvement program, Longview came to the realization that its aging mainframe-based systems would need to be replaced. Modernization was a must but due to the competitive nature of their business, cash flow was a key consideration. Longview wanted to replace the systems at as near to cash neutral as possible.

Capgemini's approach to the situation was two-pronged and intertwined: determine the most appropriate ERP solution for Longview while identifying areas within the company's supply chain where money could be released from operations to cover the cost of the implementation. The ERP implementation would then serve to build the infrastructure required to support the supply chain initiatives, thus creating a solid integration and dependency between the two projects.

Capgemini's Supply Chain team quickly identified around \$35 million in potential savings, mostly from Inventory Management and Procurement, but also including \$8 million identified by the Longview Fibre management team as annual savings directly attributable to the use of the new systems to be installed. Enough of these savings could be captured in the first year to provide funding for implementing the ERP.

The plan was approved by Longview's management team and Capgemini immediately began implementing the identified cost-savings opportunities. Less than a year later, migration of the company's back office operations to the JD Edwards software began and eventually covered General Ledger, Fixed Assets, Job Costing, Purchasing, Inventory, Enterprise Asset Management, Accounts Receivable, Accounts Payable, Human Resources, Payroll and Benefits. Capgemini also assisted with the implementation of seven point solutions to support very specific requirements.

With the new systems in place, the team was able to pursue cost-saving initiatives in Purchasing and Spare Parts Inventory. All in all, the savings were achieved in excess of projections and delivered under budget. The company realized 20% reduction in Work in Progress inventory, 40% reduction in Finished Goods inventory, 5% to 9% reduction in targeted sourcing contracts and 10% reduction in long-haul transportation.

All sides agreed that change management was a large part of this program and the capacity of the organization to absorb the changes

was constantly being monitored. Equally important to the success of this project was the strong partnership between Longview Fibre and Capgemini and between employees and consultants. Bi-weekly executive sponsor reviews were held with the CEO and CFO, who were committed to the decisions made. They dedicated their best resources to the project and agreed that in order to improve the business, every aspect of the company had to be examined. The result is the implementation of one standard system across all functions, achieving improved integration of compatible functions.



About Capgemini and the Collaborative Business Experience

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North America
Manufacturing, Retail & Distribution
Consulting Services
Supply Chain
Package Integration

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In collaboration with



Longview Fibre
Paper and Packaging, Inc.
A subsidiary of Longview Fibre Company

Longview Fibre is a major manufacturer of value-added corrugated and solid-fiber containers, and other paper products. The company operates one of the largest pulp-paper mills in North America at

Longview, WA; 15 converting plants in 12 states; a lumber plant; is a leader in recycled-content paper packaging; and owns approximately 585,000 acres of timberlands managed for Sustainable Forestry in the Pacific Northwest