

Case study



OCTAL GAINS GLOBAL REACH AND FULL SUPPLY CHAIN VISIBILITY

OCTAL PARTNERS WITH DAMCO TO IMPROVE ITS SUPPLY CHAIN AND GROW ITS BUSINESS

Octal wanted to establish production facilities to support expansion plans. Our solution for the day-to-day management of the company's end-to-end supply chain services incorporated supply chain visibility on a multicarrier level from the point of manufacture to the destination. We recommended outsourcing these activities to enable the customer to focus on and develop its core business.

THE CHALLENGE

Octal faced a number of supply challenges stemming from its new production facility. We identified the following major issues:

Absence of an in-house logistics function

Without the necessary coordination around shipments and documentation, there was a lack of visibility when it came to monitoring shipments and logistics costs.

Rising ocean freight costs and limited capacity

Octal faced challenges with ocean carriers in terms of securing the required allocations during peak season – and it had limited access to secured freight rates. As a result, Octal faced uncertainty regarding future freight costs, high current freight costs, and delayed deliveries due to the constant risk of containers being 'rolled' by the ocean carrier.

Service level issues related to 'cost-to-serve'

Octal experienced difficulties in competing with local sheet manufacturers on service levels. Control over store door deliveries was essential. The limitations on handling large cargo volumes also increased the possibility of costs such as demurrage.

It was vital for these challenges to be addressed in order to facilitate Octal's expansion plans and growth ambitions.

THE SOLUTION

In order to help create a robust, cost-effective and flexible supply chain platform to support Octal's growth targets, we suggested the following improvements to the company's logistics operations:

Dedicated client team

A team of experienced Damco employees to act as a single point of contact for Octal for all services under the scope of the contract.

Customised IT visibility tool (myDamco)

To provide end-to-end visibility of Octal's supply chain as well as enable performance benchmarking.

Vendor and carrier management

To ensure continuity in production through reliable and timely delivery of both raw materials and finished products, minimising the impact on production cycles.

NVOCC Service

To build carrier relationships, ensuring equipment and space guarantees and the flexibility to choose from a number of carriers on which to move goods.

Landside Services

Inclusion of Damco's customs house brokerage and drayage.

THE RESULT

After partnering with Damco and implementing the suggested solutions, Octal has seen a number of supply chain improvements:

- Guaranteed space on vessels with carriers
- A platform to monitor, manage and measure their supply chain (visibility)
- Improved response to the market demands
- Decreased costs through better management of pipeline inventory
- Contingency management for delayed and missed shipments.

These improvements are helping Octal grow its business through building a solid foundation for its supply chain. *"Damco gave us real control over our raw material imports. Using their well-established procedures and approved systems, we can now fully rely on Damco to deliver to our requirements. Our export cargo now has global reach and visibility – so we're able to accurately track every shipment at any time. This gives real value to our customers."*

Nicholas Barakat, Managing Director, Octal Petrochemicals FZC

THE CUSTOMER

Octal Petrochemicals (Salalah, Oman) is a subsidiary of Octal Holdings SAOG. Octal began operations December 2006 at Salalah Free Zone, Oman, and has invested more than USD 300 million in proprietary technology and custom-engineered production lines.



Since entering the market, Octal has seen significant growth. Plans for expansion include a new twin PET resin and APET sheet complex in 2008 to increase production capacity and help meet their projected growth targets. Octal will become the largest producer of PET in the Middle East and plans to become the world's largest producer of APET sheet packaging.

About Damco

Damco is one of the world's leading providers of supply chain management and freight forwarding services. For more than 100 years, we have been providing customers with logistics solutions that support the way they want to do business, wherever they are in the world. Our strategic approach and hands-on services are extensive and tailored; whether it's a competitive rate for an urgent shipment or a strategic solution to create short-term efficiencies and build up long-term competitiveness. Damco is part of the Maersk Group. More information on Damco and Damco services can be found on www.damco.com.