

The logo for LOGISCO, featuring the word "LOGISCO" in a bold, blue, sans-serif font.**LOGISCO: Providing the Right Package for AET**

Applied Extrusion Technologies, Inc. of New Castle, Del., provides timely, innovative packaging solutions for some of the country's largest food and beverage companies. While AET might not sound familiar to you, you've probably handled one of their films in a consumer product in the past 24 hours.

AET is the leading manufacturer of highly specialized polypropylene film used to make flexible packaging products that include over wrap, bottle labels and flexible packaging for snack foods, candy, soft drinks, aerosol cans and bakery goods. AET manufactures the film which is then shipped to converters across the country who apply the appropriate graphics.

"This is a custom-order industry," said Brian McMurtry, logistics manager for AET. "All of our products are made for customers with very specific needs. Our challenge is to have film produced and readily available to our customers who usually operate on short lead times. We have to be responsive."

Because AET has such a unique product, it faces its own inventory challenges. Instead of being traditionally SKU-based, each pallet of product is assigned, selected and sold by its own inventory number.

"Historically our industry had a difficult time meeting the customer's needs without inventorying product in the same city as the customer," McMurtry said. "We saw an opportunity to reduce our costs while providing better service to the customer. We could use our logistics model to give AET an advantage in the market."

AET needed a company that could help them develop and implement a comprehensive strategy to increase product visibility, eliminate errors, reduce the size of the network and reduce the lag from order to shipment, all while providing opportunities to reduce transportation costs.

Initially AET wanted an "integrated" approach combining transportation, warehousing and systems management in a single vendor. However LOGISCO had proposed a "best in breed" solution that required AET to separate the transportation solution from direct control of the primary distribution center/network systems provider.

"The integrated approach failed under the strains of the requirements and the tendency of many logistics giants to lose focus on mid-cap size opportunities," McMurtry said. "AET then turned to LOGISCO and their solution, and we have been partners since March 2001."

LOGISCO: Providing the Right Package for AET (cont'd)

### **Custom Solutions on a Mid-Cap Budget**

“LOGISCO came to the table with a lot of experience in the warehousing business, but we didn’t walk in and dictate what they needed,” said Mike Jones, LOGISCO’s vice president of Business Development. “We listened to what they wanted to accomplish, and we asked a lot of questions. Only then could we tailor our services to meet their specific needs and goals.

“We needed a system that was designed to remove opportunity for human error anywhere it was possible,” McMurtry said. “With our first company, we worked for 11 months to develop a system-to-system interface and still were only about 40 percent complete.”

After switching to LOGISCO, AET had a distribution center and system in place within six weeks that allows for EDI interchange to track their serialized product throughout the process. The system also included procedures incorporating RF scanning which nearly eliminated product damage and misshipments and met the same-day order to ship requirements that their customers were demanding.

“We owe the success of the system to the teamwork between our IT Department and the LOGISCO team,” McMurtry said. “Our IT Department is exceptional because it’s a business group, not just a computer group. They understand how our business works and what we need to serve our customers.

“LOGISCO had experience with their software system and knew what it could do, but they didn’t just walk in and make assumptions about our needs. They listened to us and developed solutions to meet our needs.”

By working together, AET and LOGISCO were able to move at breakneck speed to develop and field the paperless-capable system, and they are still working together to continually improve it.

“This is what ‘relationships backed by performance’ means to us,” Jones said. “Both companies invested the time to allow LOGISCO to understand AET’s goals, their challenges and opportunities in the market. This laid the groundwork for us to develop an effective logistics plan to help them succeed.”

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### **Networking the Solution**

The fast and economical success of the start-up allowed LOGISCO to quickly tackle AET's next major goal: reducing the number of satellite facilities while linking the remaining ones into an integrated system.

Linked facilities would provide the product and activity visibility AET needed while simplifying and economizing the maintenance requirements usually inherent in multi-site networks. Since LOGISCO's LogistiNET system could be used to link non-LOGISCO sites, AET was free to use the best operator in each city for their warehousing needs rather than compromise on locations or service capability.

In addition to enabling and linking their satellite locations through LogistiNET, LOGISCO helped locate more suitable public warehouses in strategic locations, assisted in planning product storage and shared the lessons they had learned from working with AET with the satellite operators.

"All of our products flow through LOGISCO's software system, regardless of whether it's LOGISCO employees handling them or not," McMurtry said. It gives us product visibility, availability and control system wide. It standardizes our process and our information and helps us serve our customers better.

"LOGISCO has given us nothing but excellent, personalized services on a local, national and international level," McMurtry said. This has enabled AET to successfully implement a logistics strategy that has done more than lower costs; it has provided additional benefits for them to gain a competitive edge in their markets.

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