

Stable Supply of Products

Responsibilities to Customers

Casio is working to strengthen its global supply chain and meet the rising demand for its products by making the most of digitalization and expanding the reach of its network.

Approach to Stable Product Supply

Based on its corporate creed of "Creativity and Contribution," Casio's mission is to offer customers enjoyment and wonder by providing original Casio products. As a foundational part of this effort, Casio has established the following policies to ensure the essential objective of a stable product supply.

Policies on Stable Product Supply

1. Shortening production lead-time and improving planning and execution accuracy through the streamlining of the supply chain (procurement – production – distribution – sales – service) based on information technology.
2. Building good relationships with contracted suppliers that provide Casio with the needed parts so as to realize stable material procurement.
3. Creating a decentralized production system, featuring at least two production sites producing the same product and Casio Group production sites producing multiple products, that can maintain flexibility to deal with various risks involved in manufacturing.
4. Constructing an optimum production system for each product that corresponds to characteristics of location (market proximity, technological level, material procurement environment, labor costs, logistics costs, and foreign-exchange risk).

Initiatives to Strengthen Production Quality

Casio is focusing on enhancing production quality at its production sites in order to provide customers with products of high quality at a reasonable cost. Daily improvements in production quality are made under the basic conviction that the production line never allows any defective pieces either to be produced in the first place or to be sent on to subsequent processing. The results of these activities have been shared with all production sites around the world in the form of Production Improvement Case Report. This sharing of expertise in achieving quality improvements has helped to upgrade production quality.

Actions for Reinforcing Production Systems

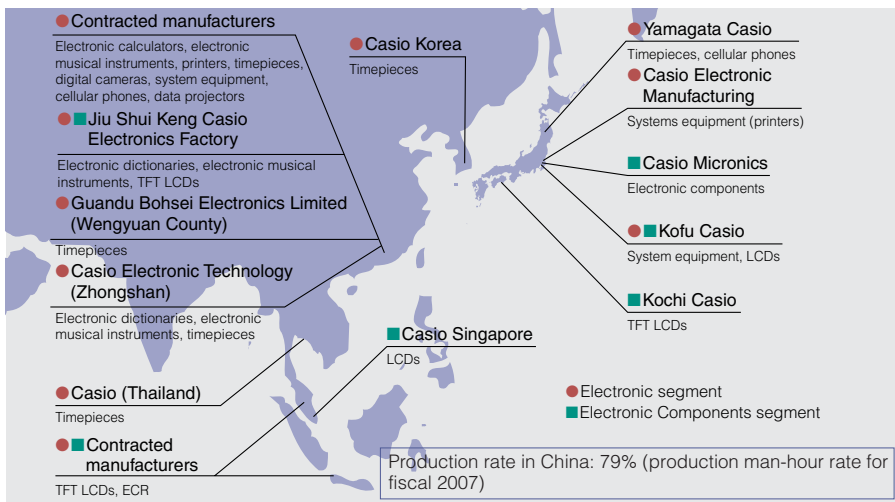
When production of electronic dictionaries and electronic musical instruments began at Casio Electronic Technology (Zhongshan) Co., Ltd., which was established in 2005, two older plants were closed, followed by Casio Electronics (Guangzhou) Co., Ltd., in 2006, whose production of digital watches was taken over by Casio Electronic Technology (Zhongshan) in the spring of 2007. As a result of this, five factories in Southern China were consolidated into three factories, enabling factory management to be standardized at the same time. In the future, Casio will pursue better management efficiency and promote further scale optimization for each plant in this region. The aim is to improve overall productivity and to accelerate risk response measures through the standardization of factory management.

Moreover, due to the rising cost of production in China, which is being more accelerated along with the economic development of that country, Casio is also working to strengthen its system to protect itself against cost inflation within the entire East Asian region including ASEAN.

Major changes are also required to the way of producing products. Up to now, "production" often meant the mass production based on inexpensive labor. In the future, it will require more flexibility to be able to rapidly switch production items, in order to quickly respond to market trends, without any loss of quality or efficiency. In order to maintain customer's satisfaction and demand for safety, production sites must fulfill these requirements by strengthening supply chain control and enhancing functional cooperation between manufacturing technology and product design. If this can be realized, then the ability of production sites, regardless of the country or region, to recover from sudden crises will be strengthened, and business sustainability can be improved. It also helps lower the cost rate by reducing excess inventory.

Casio is aiming to achieve all these effects by strengthening each of the functions said above and by improving efficiency thereof.

Production and supply systems for individual products



Labor-saving production line at Casio (Thailand)