

Stable Supply of Products

Casio's primary mission is to deliver the products desired by customers at the right time. The company is working to strengthen its global supply chain, and to continue providing cutting-edge products without interruption.

Approach to stable product supply

Delivering a stable supply of products to consumers is one of the most important responsibilities of a manufacturer, and is required to ensure customer satisfaction and loyalty.

As part of Casio's mission to provide delight, happiness, and pleasure to customers through its innovative products, the company is promoting the following policies.

■ Policies on 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 - logistics - 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—which 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).

Supply network is highly responsive to changes in demand

Since sales for products such as electronic dictionaries for education (for schools, teachers and students) are concentrated in the early spring when the Japanese school year starts, this makes accurate sales planning more difficult. On the other hand, the components at the core of these products, such as semiconductors and display devices, have a procurement lead time that is determined by the market. This means long-term planning is required.

Accordingly, Casio has taken various measures to minimize the loss of sales opportunities, and has worked to expand its market share.

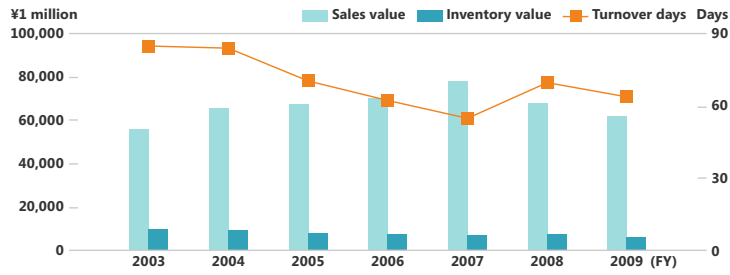
One such measure is the operation of parallel supply chain management systems (SCM) at the headquarters procurement division and a production site, in order to enhance capacity simulation speed.

Production sites carry out simulations based on sales plans provided by the sales department, and calculate the personnel and equipment levels needed for production, before making the necessary arrangements. The materials procurement department adjusts the procurement quantities every week by looking at information on materials to be received and the models prioritized by the sales department. These efforts help ensure timely production delivery.

By using common platforms as base models, and performing primary assembly production, it is possible to add individual model specifications, such as dictionary content, display panels, and keyboards, during secondary assembly just prior to delivery. This enables Casio to rapidly meet changes in customer demand.

In the past, all parts procurement was carried out three months in advance. However, through the use of model platforms, the lead time for final product specifications determination has been shortened to just two weeks in advance, which also helps minimize surplus production.

■ Inventory turnover period for consumer products



Diversifying production risk and producing core components in-house

Casio maintains a stable supply of products by having each production site manufacture multiple product items, and by ensuring that two different sites can produce any given Casio product.

The company is also increasing the internal production of components in order to protect newly created technologies and to reduce parts procurement risk.

■ Production sites for individual products

