

04 SEP 1998

PROTON-KPAAL

PROTON SIGNS AGREEMENT WITH KPAAL FOR CKD PARTS' HANDLING AND DELIVERY

SHAH ALAM, Sept 4 (Bernama) -- Perusahaan Otomobil Nasional Bhd (Proton) today signed an agreement with KP Asia Auto Logistics Sdn Bhd (KPAAL), a subsidiary of Konsortium Perkapalan Bhd, on the handling and delivery of completely knocked-down (CKD) parts for final production in a move to increase Proton's operational efficiency.

Under the agreement, KPAAL will facilitate the receiving, storing and delivering of imported CKD parts as well as those manufactured locally at KPAAL's central staging warehouse in Shah Alam to Proton's plant about three km away.

This move is also part of Proton's strategy to concentrate on its core activity of product designing, engineering, manufacturing and marketing and contracting out non-core activity to a logistics specialist, said Proton chief executive officer Tengku Datuk Mahaleel Tengku Ariff at the ceremony.

The fully-equipped 180,000 square feet central staging warehouse is fitted with the most up-to-date warehouse management system that could accommodate 12,000 units of car parts at any one time.

At the signing ceremony Tengku Mahaleel represented Proton, while KPAAL was represented by its chairman Mirzan Mahathir. The event was witnessed by Deputy Minister of Entrepreneur Development Datuk Idris Jusoh.

The contract valued at between RM8.0 million and RM9.0 million per annum, will be "good for life and not renewable," Tengku Mahaleel said.

He said on Proton's part, the company has invested between RM15.0 million and RM20 million for two years for automation facilities, which will be linked to KPAAL's smart warehouse.

"It is necessary for Proton to have such facilities under its Research and Development unit, as part of its move to make Malaysia as the car manufacturer in the world," he added.

Tengku Mahaleel said the extra space, where the previous inventory was stored, will be used to set up new production line.

Mirzan said the warehouse management system will enable KPAAL to provide a more customised logistics solution, adding that KPAAL aims to move Proton's inventory not only faster, but more intelligently through a smart warehouse dedicated to match the production requirements.

This would reduce cost, namely cost per car and make Proton more competitive in the industry, he added.

Mirzan said KPAAL, which clients included Edaran Otomobil Nasional Bhd (EON), Perusahaan Otomobil Nasional Kedua (Perodua), Auto Bavaria and Europel, invested RM10 million for the warehouse systems.

Adopting KPAAL's "Total Logistic and Warehouse Management System (WMS), Proton expects to speed up its Just-In-Time (JIT) delivery practice, a delivery concept adopted to minimise storage build up at its plant.

Proton's current JIT practise allows for eight hours of storage prior to scheduled production and with this new system, Proton will reduce it to four hours, Tengku Mahaleel said. -- BERNAMA

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