

Strategically outsourcing the supply chain



INDUSTRY

Consumer Electronics

CHALLENGES

- Current supply chain infrastructure was unable to accommodate rapid worldwide growth, stalling sales and fulfillment cycles
- Lacked internal resources to meet peak demand spikes, slowing time-to-market
- Limited reverse logistics capabilities hindered prompt serviceability and reduced customer satisfaction levels
- Supply chain demands detracted valuable human and financial resources from core competency focus

SOLUTION

- Implemented flexible supply chain solution capable of scaling rapidly to meet peak demand spikes without service disruption or time-to-market delays
- Initiated highly efficient reverse logistics program to improve repair-cycle times and customer satisfaction
- Created an infrastructure that accommodated client growth of more than 300 percent in less than two years with minimal risk and capital expenditure by the client

A Case Study in Supply Chain Management

Efficient planning and flexible operations enable supply chains to scale with ease to meet the challenges of high growth and seasonal demand spikes for quicker time to market and improved customer service.

The rapid growth experienced by a leading manufacturer of personal navigation products was complicated by huge demand spikes and poor supply chain execution, which strained resources, delayed time to market and increased overall supply chain costs. The manufacturer lacked the internal resources and supply chain knowledge to efficiently and cost-effectively handle the demand variability and production inefficiencies it faced. Realizing that the most strategic option was to outsource its supply chain management— forward and reverse logistics — the manufacturer chose to partner with ModusLink, enabling the manufacturer to focus its scarce internal resources on furthering its core competency—researching and developing innovative products.

ModusLink configured a highly flexible supply chain infrastructure capable of accommodating the separate demand flows of the manufacturer's two customer segments—distributors and end users. The ModusLink solution scaled up quickly to handle the different peak demand cycles of each customer, while ensuring that there will be no interruption of service for ongoing demand. High demand spikes include the holiday season and the manufacturer's annual product upgrade, which causes end-user demand to spike from an average of 3,000 units shipped a month to more than 45,000 a month and total demand, including the distributor channel, to increase from 300,000 units a month to more than 820,000 products shipped in a single month.



Meeting seasonal demand spikes is all about operational efficiency and flexibility!

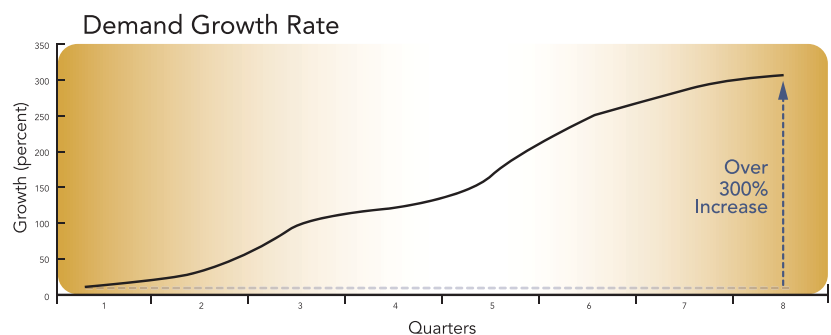
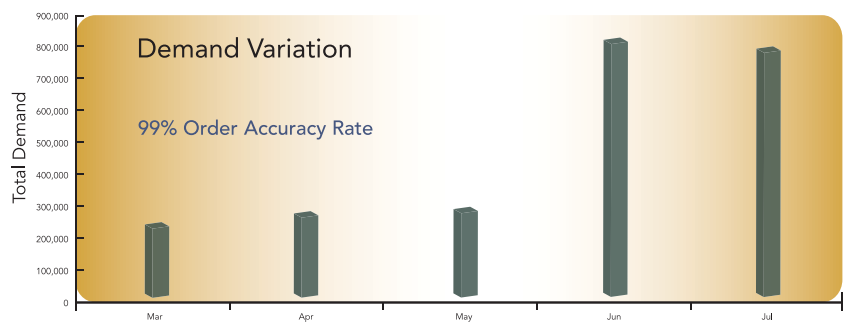
RESULTS

- Improved production efficiency, resulting in close to 100 percent of orders shipped on time to end users
- Consistently achieved 99 percent order accuracy
- Reduced time-to-market by several days, enabling same day shipping
- Improved returns program cycle time, achieving a 36-hour turnaround
- Improved customer service by maintaining high service levels during peak demand cycles whenever demand increased from an average of 300,000 products a month to more than 820,000 in a single month in total demand

Despite rapid growth and high demand spikes, ModusLink's production efficiency improvements enabled the manufacturer to reduce time-to-market from several days to same-day ship, with close to 100 percent of end-user orders shipping on-time. Distributor demand runs on a different timetable, but also ships at a more than 95 percent on-time rate. Both customer segments have benefited from a 99 percent order accuracy rate.

In addition to handling this forward supply chain activity, ModusLink also improved the manufacturer's returns management program, which now handles between 400 and 500 returns a day. ModusLink is able to get these products processed and back out to the appropriate partners within 36 hours, representing a significant improvement. This rapid turnaround has helped improve customer service levels, resulting in greater satisfaction and loyalty, while maximizing asset utilization and recovery for the client.

Overall demand has grown more than 300 percent since the inception of the partnership, and ModusLink has been there to help its client manage this phenomenal growth with minimal capital expenditure and risk. The scalable solution has enabled the manufacturer to decrease the time it takes to bring products to market, improve efficiency, reduce overall costs and enhance customer satisfaction.



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