

## Realizing the benefits of global integration

### INDUSTRY

Computing

### CHALLENGES

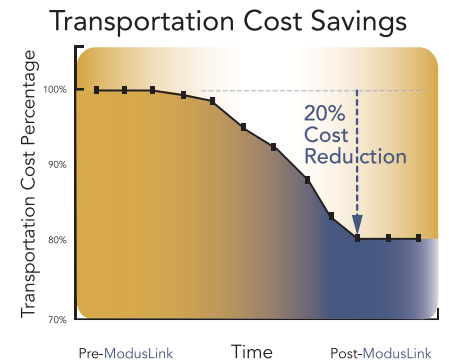
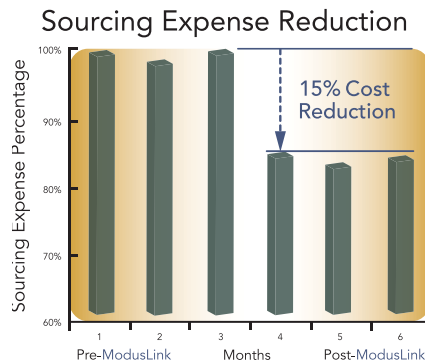
- Fragmented, multi-vendor supply chain slowed production and time-to-market
- Lack of global visibility and control resulted in slow market response, poor asset management and process inefficiency
- Inability to meet growing global demand coupled with poor forecasting risked channel dissatisfaction
- Difficulties with supply management and materials planning resulted in inventory excess and obsolescence (E&O), and inordinately high costs

### SOLUTION

- Leveraged integrated processes and in-region optimized product configuration to improve global production capabilities and lower costs
- Implemented an integrated, global management system to improve visibility, decision making and market response
- Configured flexible, efficient operating infrastructure to meet growing global demand and ensure channel satisfaction
- Utilized advanced supplier and supply base management techniques to improve materials planning, minimize E&O and lower costs

## A Case Study in Supply Chain Operations

Global integration goes beyond worldwide presence to provide the visibility and control needed to respond rapidly to global market dynamics and achieve the highest level of operating efficiency and cost-effectiveness.



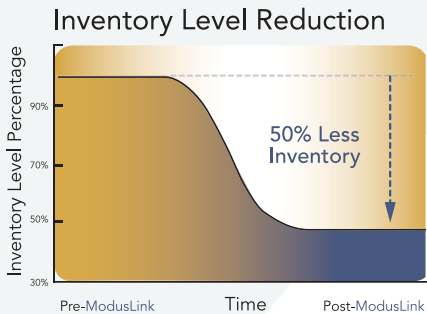
Given its rapid worldwide growth, one of the industry's leading manufacturers of electronic components needed to gain greater control and visibility over supply chain operations in order to handle the increase in worldwide production. The manufacturer wanted to migrate to a single-partner environment to more efficiently and cost-effectively manage the growing complexities of worldwide planning, sourcing, production and fulfillment.

Many companies are seeking to globalize their supply chains, but the true benefits lie in global integration. ModusLink's ability to deliver a highly integrated, global supply chain infrastructure, with strong control mechanisms and a single point of contact for all aspects of the end-to-end global solution, made it the only clear choice.

“ It's not just about global presence — it's about global integration!

## RESULTS

- Reduced sourcing expenses by 15 percent and materials costs by 5 percent
- Reduced transportation costs by 20 percent
- Reduced global inventory levels by approximately 50 percent
- Reduced freight costs by 35 percent



ModusLink provides the client with a dedicated global business management team, led by a Strategic Account Manager, for efficient handling of all the day-to-day operations. This enables the client to focus on its core competency — creating innovative new technology.

ModusLink centralized global supply chain management, leveraging key functional resources, integrated technologies and standardized processes to provide greater global visibility and consistency, more rapid market response and increased production efficiency.

With a single, collaborative view of supply chain functions, inefficiencies throughout the supply chain can be easily identified and corrected. For example, following a review of global production processes and export costs, ModusLink implemented a new global production model. Leveraging its Optimized Configuration Solution, ModusLink deferred the final configuration, assembly and distribution of products so it could be done in-region, at a time when demand is more certain, giving the client greater flexibility to better accommodate forecast inaccuracies and ensure channel satisfaction. In addition to ensuring 99 percent on-time order completion, ModusLink was able to reduce the amount of exporting required, delivering a 20 percent reduction in overall transportation costs and a 35 percent reduction in rush-order freight costs.

The next challenge was addressing the high cost, short life span and inconsistent quality of component supply, which added to the complexity of the client's global forecasting, sourcing and production activities.

ModusLink noted inefficiencies in the client's sourcing and supplier management processes that required the manufacturer to stock high levels of inventory, causing significant Excess and Obsolescence (E&O) at the end of the quarter. ModusLink leveraged Vendor Managed Inventory (VMI) techniques and implemented supplier hubs to minimize E&O risk, while ensuring consistent component availability to meet growing global demand. ModusLink also created supplier portals to better manage supplier relationships, track performance, improve visibility and assert quality control measures.

The results were dramatic. ModusLink reduced inventory levels by 50 percent, lowered sourcing expenses by 15 percent and materials cost by 5 percent for the client.

The migration from a fragmented, multi-vendor environment to a single supply chain partner has significantly enhanced global execution and visibility, resulting in lower operating costs, faster time-to-market and reduced risk for the client. The flexibility, control and efficiency of the new global infrastructure enables ModusLink to deliver the highest levels of service and to leverage the most cost-effective solutions for solving a client's specific challenges on an ongoing basis. It's not just about global presence — it's about global integration!

