

CASE STUDY

DHL HELPS ELECTRONICS MANUFACTURER FOCUS ON GROWTH AFTER DIVESTITURE



This leading electronics manufacturer had to adapt to dramatic changes in their market by splitting into two business units, one for mobile devices and one for other solutions, most notably handheld scanners and two-way radios. As a result, the solutions business faced the immediate challenge of demonstrating its viability as a stand-alone business.

Management chose to meet this challenge by focusing company resources on product development and growth. Therefore, the business needed to outsource key services, such as supply chain management. DHL assumed management of all supply chain activities, including kitting and product customization, to support the company strategy and maintain a positive customer experience during and after the transition.

CUSTOMER CHALLENGE

The split of this manufacturer into two independent units created multiple challenges for the solutions business, which was the smaller of the two. The solutions business had to establish its own operations and do so in a way that enabled the executive team to focus on product development and growth, while also ensuring that product availability and customer deliveries were not impacted by the new operating model. Most importantly, the company had to demonstrate its long-term viability as a stand-alone business, which required a focus on quality and cost that extended to every area of the business.

These challenges drove the decision to outsource supply chain management to a company capable of managing the transition and implementing both technology and supply chain best practices that could create a positive customer experience and support growth.

CUSTOMER CHALLENGE:

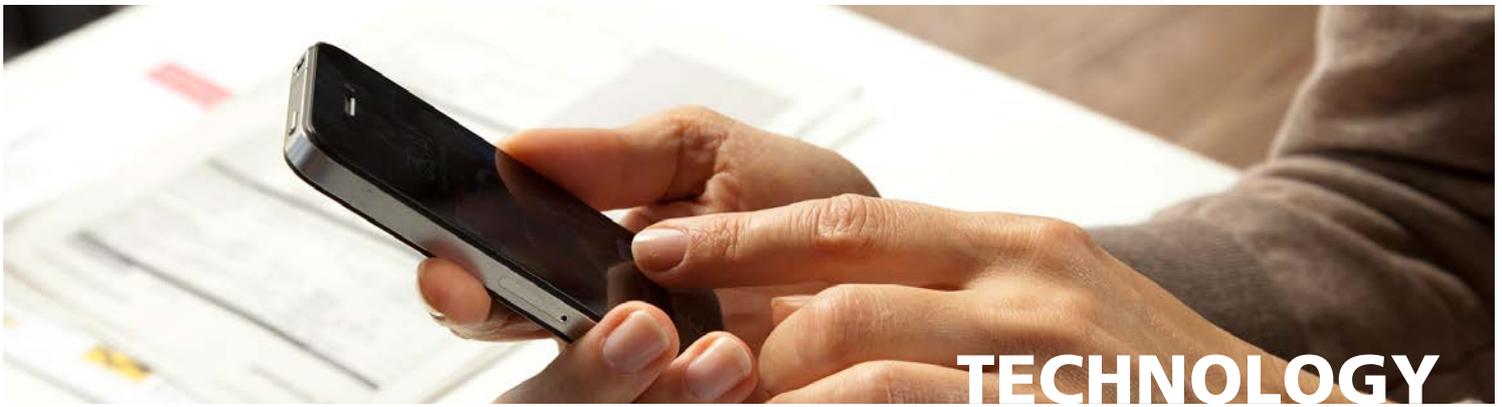
- Manage smooth transition to outsourced supply chain service provider
- Upgrade supply chain technology
- Demonstrate long-term business viability

DHL SUPPLY CHAIN SOLUTION:

- Assume existing supply chain workforce and assets to enable seamless transition
- Cross-dock implementation to consolidate and ship product
- Product kitting, licensing and configuration services, including encryption key loading

CUSTOMER BENEFITS:

- Managed major business transition without impacting customer service
- Enhanced supply chain technology to provide improved management of labor costs
- Streamlined manufacturing and sped up delivery of in-demand products through product customization



DHL SUPPLY CHAIN SOLUTION

DHL facilitated a smooth transition during the business change by assuming the workforce and acquiring the supply chain assets of the company, including a Texas distribution center that served as the hub for the company's global distribution.

Once the initial transition had been accomplished, DHL migrated from the company's out dated warehouse management system to a new system which is fully integrated with the company's ERP system.

In its role as the company's supply chain partner, DHL performs pick, pack and ship services for all products. Additionally, by leveraging a cross-dock at the Texas distribution center, DHL has been able to minimize shipping costs.

DHL also supports the company's manufacturing operation with value-added services that include kitting, configuration and presales technical services. These services include software loading and licensing, special labelling and configuring network settings. DHL maintains a payment card industry-approved debit encryption key loading facility in the warehouse to support product customization. This customization within the warehouse, allows in-stock product to be converted into product that is backlogged in order to reduce product turnaround times.

The Texas distribution center is one of four facilities that DHL manages globally for this customer, with others in Germany, Malaysia and China. These sites share common metrics and change control practices and are continually aligned with customer initiatives through global quarterly reviews.

CUSTOMER BENEFIT

DHL successfully met the aggressive timeline for the seamless transition of the supply chain to DHL management without impacting customer delivery and quality.

Implementing a variable pricing model and a cross-dock solution reduced supply chain costs; while taking on product customization and kitting freed up operating costs. Additionally, product availability increased, through the ability to customize in-stock product to meet backlogged orders.

DHL has been able to assume all supply chain management functions, implement and integrate a new warehouse management system and continue to meet customer expectations for quality and service, while enabling the customer to focus on its core competency.

As a result, the customer was able to achieve consistent growth of approximately 10 percent annually following the business transition.

QUOTE

"DHL's ability to seamlessly assume responsibility for the supply chain has allowed our customer to focus on product development and demonstrate the viability of the business."

Brian Locasto
VP, Operations, DHL Supply Chain

For further information
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