

# Challenges and Opportunities for Redesigning and Restructuring the Service Supply Chain



**Carl Strenger**

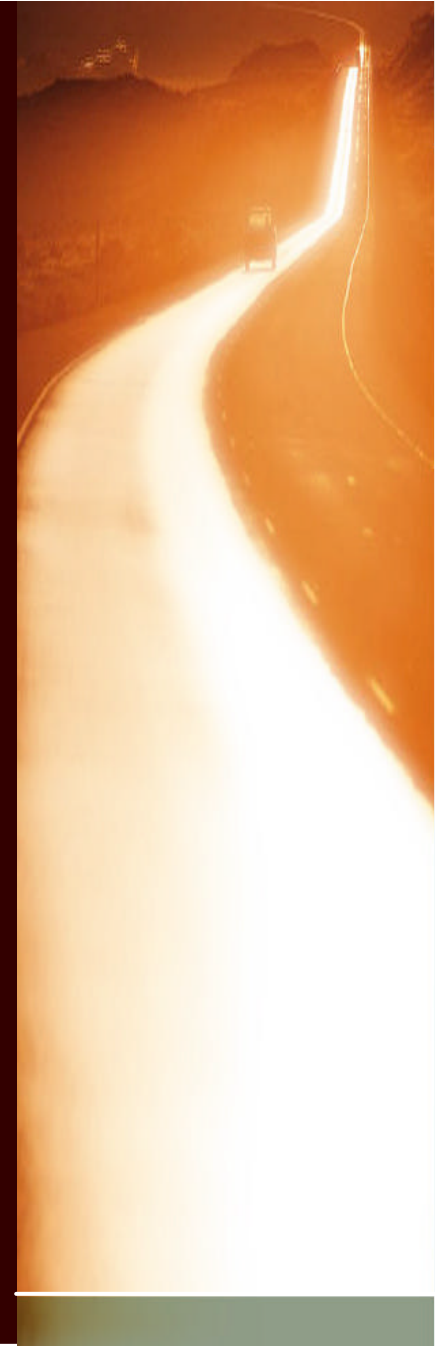
Vice President

e-Commerce Technology Sales

United Parcel Service

# Today's discussion

- Market environment
- Supply chain management
- Call to Action



# Business challenges

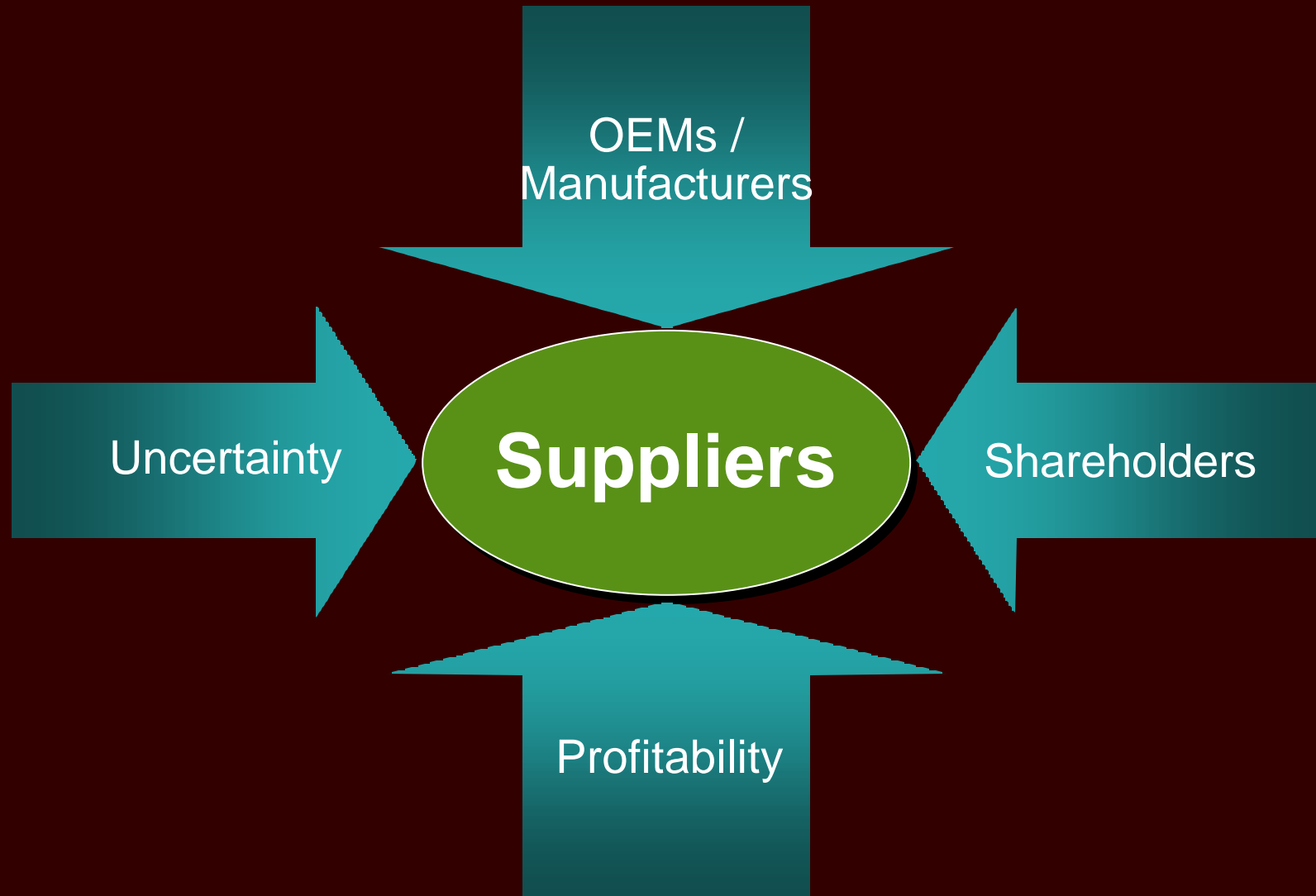
## Now more than ever

- Lower costs
- Improve customer service
- Accelerate cash
- Grow profitability
- Compete in changing marketplace
- Manage brand
- Attract, retain knowledge workers

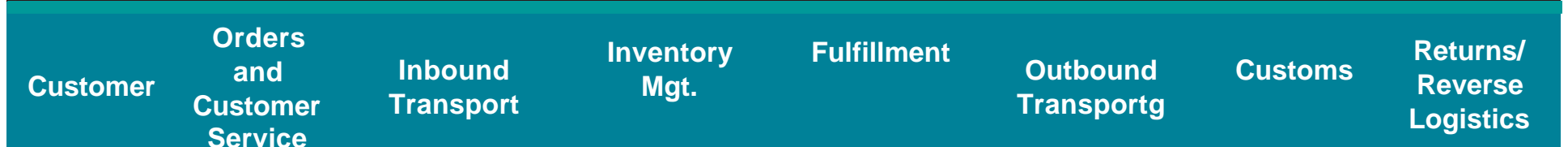
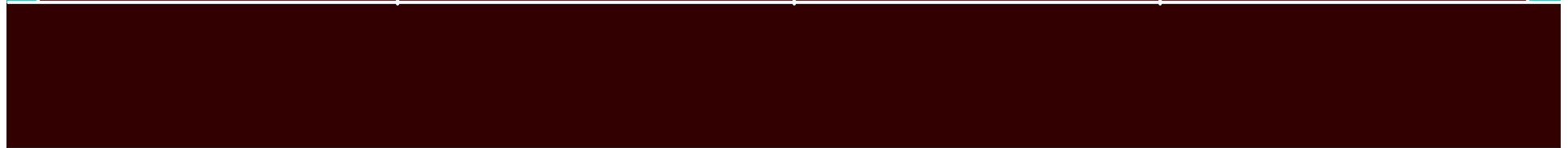
# Supply Chain Challenges

- Growth in contract manufacturing
- Shifting global manufacturing
- Unpredictable global demand
- Supply chain instability
- Increasing customer requirements





# The Supply Chain: Synchronizing goods, funds and information



# Supply chain challenges

- Is your supply chain as lean as your manufacturing operation?
- Is it ready for the next five years or based on history?
- Does it give you competitive advantage?
- Is it flexible enough to shift with the market?
- Is it responsive to customer requirements?
- Does it make sense from a “balance sheet” viewpoint?

# Industry Week: *“Are You Asleep at the Wheel?”*

**What are your logistics and distribution costs as a percentage of sales?**

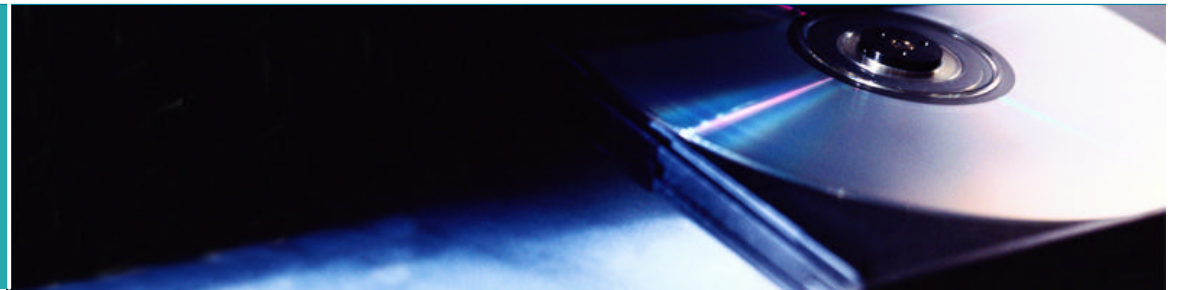
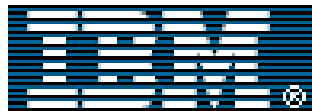
Less than 3%	12%
3-5%	22%
6-10%	13%
11-20%	2%
<b>Don't Know</b>	<b>40%</b>

# The Case For Outsourcing

- Return on invested capital
- Optimized inventory levels
- Greater flexibility to meet variable demand
- Increased efficiencies and productivity
- Improved customer satisfaction

# Hard disk drives distribution to OEMs

- Reduced cycle time from 30+ days to 7-10 days
- Doubled inventory turns
- Cut inventory by 50%
- Substantial transportation savings
- Improved visibility
- Next: Re-engineer inbound manufacturing process
  - Laptops



# Streamlining a Fastener Company's Cash Flow

- Inventory management
- Lend on value of capital
- Provide term loan secured by assets
- Provide credit insurance to safeguard receivables
- Results: Better cash flow, better customer service, streamlined international trade

**Secovill**



# After-sales logistics services for semiconductor production equipment

- U.S. field stocking network configured to TEL needs
- Central distribution strategy for TEL replenishment and slow moving parts
- IT infrastructure provides visibility and integration
- 1-hour courier transportation network
- Inventory controls
- Responsiveness to unique TEL requirements



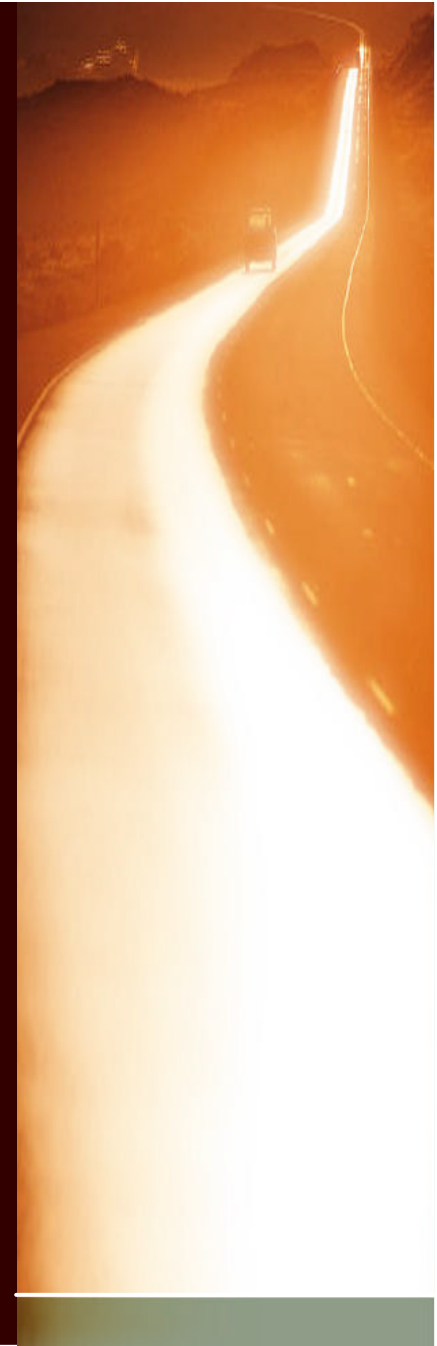
# Are you prepared?

- Vendor managed inventory
- Shared supply chains
- Balanced JIT and JIC inventory
- Customized services
- Synchronized commerce

# Call to Action

Improved supply chain performance requires

- Synchronized commerce
- Commitment to change
- Holistic approach
- Trusted outsourced partners
- Balance sheet approach
- Collaboration across the supply chain



Thank you

