FIDELITONE™

SUPPLY CHAIN SUCCESS STORY

ANSWERING THE CALL – RINGING UP BIG SAVINGS

regional telecom carrier improves fill rate to 99.5% while reducing inventory obsolescence and creating efficiencies in storage and labor

AT A GLANCE

Company: Regional Telecom Carrier

Industry: Telecommunications

Key Challenge: Gain control of technician and contractor parts and supplies

Solution: Storekeeper for order fulfillment and inventory control

Outcomes:

- Improved service levels from around **80% to 99.5%**
- **23% savings** from reduced freight and labor
- Inventory obsolescence **reduced by $1.85 million**

"FIDELITONE has worked with us to provide an 'end-to-end' material management solution helping us see our inventory, control our inventory and service our customers more efficiently while reducing operational costs."

Director, Supply Chain
Regional Telecom Carrier

Background

When your business deals in expensive equipment, your technicians and contractors number in the hundreds and they are spread out over a large geographic area, it is sometimes difficult to anticipate needs. Managing parts, tools and supply inventories across multiple distribution points only makes inventory control more challenging.

Lacking thorough, system controls means technicians and contractors can wait days for out of stock parts, supplies and tools that are essential to doing their jobs. Some equipment and parts become obsolete sitting on shelves while others are out of stock or stockpile in the technicians' or contractors' service trucks.

KEY CHALLENGE

How does this telecom company better manage multiple field storerooms offering over 3,500 parts SKUs and another 1,000 construction SKUs to provide the tools, equipment, parts and supplies for 400 field technicians and contractors while reducing costs and obsolescence?

SOLUTION

The FIDELITONE team collaborated with the client to evaluate every aspect of their processes and procedures related to inventory usage and movement and made recommendations and improvements in the client facilities.

Storekeeper

A virtual storekeeper model was implemented to handle every aspect of inventory control, from requisition and receipting to stocking and usage. A dynamic "min-max" component monitors whether the inventory is over- or under-stocked and keeps an adequate supply based upon seasonal demands.

Ordering restrictions were built in to eliminate overstocking, setting maximum quantities that can be ordered at any given time helping to keep inventory costs in check, while ensuring technicians have what they need. This is especially significant as it relates to high volume use of expensive capital equipment – such as $300-$400 set-top boxes and $800 terminals.

In the old system, storerooms were unsecured and often overstocked. Technicians and contractors came to a storeroom and hunted through inventory for the tools, equipment, parts and supplies they wanted. If inventory wasn't available, they may have waited days and sometimes even weeks for a specific item as there was no reliable reporting mechanism to determine restock needs and fulfill them.

E-Ordering

FIDELITONE created an online shopping cart in which items can be ordered by keyword, part number or picture from home or the job site. Back orders are flagged online. Additionally, the same system will soon provide bulletins and "how to" videos.

Perhaps one of the most significant indicators of the transformation was the reduction from 6 to 4 storerooms. All merchandise now goes through a single central shipping point. With the reduction in locations also came the optimization of delivery routes from 9 to 6.5, reducing the number of vehicles moving goods from location to location from 9 to 7.

Reporting Portal

Team Leads are now able to track overuse, and lost and replaced tools with the reporting portal FIDELITONE provides. A controlled, centralized and consolidated storeroom was created that helps reduce the average turnaround time from weeks to next-day or same-day replacement.

Tackle Boxes

As a client initiative and to further increase efficiencies, technicians are now provided with pre-packed, 40-piece "tackle boxes" that are stocked with the standard parts and supplies they need for indoor, outdoor or copper installations. FIDELITONE manages the building, restocking, movement and dispersal of more than 400 "tackle boxes".

FILL RATE

| BEFORE: 80% | AFTER: 99.5% |

BACK ORDERS per 6 mos.
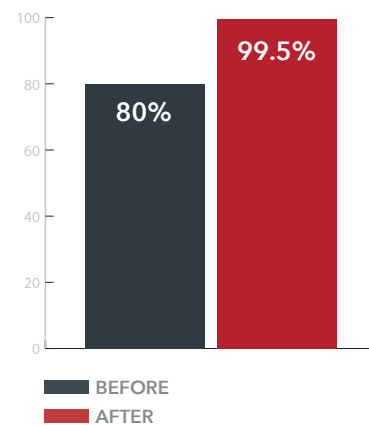
| BEFORE: 250 SKUs | AFTER: 13 SKUs |
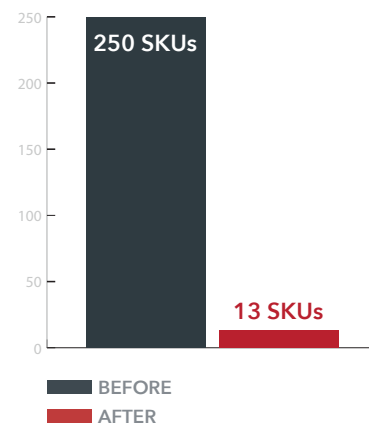
OUTCOMES

Prior to FIDELITONE's involvement, the fill rate was hovering around 80%. The goal was to get it above 96%. The system is currently operating at a fill rate of 99.5%. Additionally, operating expenses were reduced by 23% compared to the prior year.

Other benefits include:

- Inventory obsolescence was reduced from $3.0 million to $1.15 million while returns and scrap were significantly reduced.

- Back-orders went from approximately 250 SKUs to an average of 13 in a 6 month period.

Service levels have improved because technicians have parts and supplies when they need them. Today, the storekeeper model has grown to support nearly 600 technicians and contractors from the telecom client's 4 regional storeroom locations.

By taking a collaborative and holistic approach to the business, FIDELITONE was able to significantly lower the client's inventory value, material returns, cash flow and technician productivity/work environment.

23%
SAVINGS
FREIGHT + LABOR

How can we help you meet your service and performance objectives? **Call 800.475.0917**

FIDELITONE™

EARNING CUSTOMER LOYALTY

FIDELITONE, a supply chain management firm, helps you earn your customers' loyalty through specialized services in inbound logistics, order fulfillment, last mile delivery, and service parts management.

We manage resources, create right-fit solutions, and optimize supply chain processes to advance your business performance and profitability. At every step and in every service, FIDELITONE employees focus on the touchpoints that safeguard your brand and keep your customers coming back.

We're paying attention to what matters to you in your business. We're paying attention to what matters to your customers when you entrust your brand promise to us. We're building high-performing answers to your toughest supply chain challenges.

Call 800.475.0917 or visit fidelitone.com