



FIDELITONE™ SUPPLY CHAIN SUCCESS STORY

REPAIR PARTS - CYCLE TIMES FOR THE 21ST CENTURY

national consumer electronics retailer improves fill rate to over 95% and saves more than \$1 million in parts cost annually

AT A GLANCE

Company: National Consumer Electronics Retailer

Industry: Consumer electronics, personal computers, home appliances & mobile devices

Key Challenge: Service levels and inventory control

Solution: Automation of parts procurement and fulfillment

Outcomes:

- Central control over parts procurement
- Improved fill rate **from 75% to 95%**
- **Over \$1 million** in parts savings annually
- **\$6 million** initial reduction in inventory

"Our expectation is to have repair parts shipped the same day. Using this process, we are able to make more parts available faster than ever before."

Director of Repair Service
National Consumer Electronics Retailer

Background

Highly regarded manufacturers sell great products that last. Sometimes, even great products need repairs. Finding spare parts for a myriad of older or discontinued products can be a lengthy, nightmarish process if done manually. By marrying today's cutting-edge technologies and communications tools, what was once a time-consuming and cumbersome process can be made more efficient, expeditious and streamlined.

KEY CHALLENGE

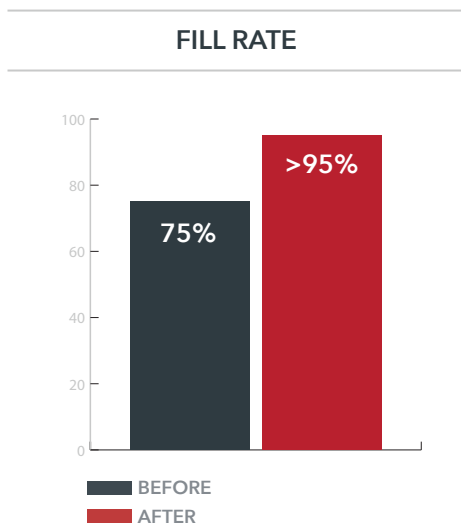
The client, a national consumer electronics retailer, previously relied on a manual process to hunt down repair parts from directed sources. Independently, each of the client's "carry-in" repair facilities searched for their own parts. Often this meant that out of stock parts resulted in lengthy first time repair delays due to long cycle times from directed sources. There had to be a better way.

SOLUTION

FIDELITONE instituted a reverse auction process where OEMs and distributors bid to sell parts to the client, which proved to be nothing short of elegant in its effectiveness and simplicity. On an hourly basis, FIDELITONE issues electronic parts files to OEMs and distributors on behalf of this client. Recipients have one hour to respond. Within the next hour, the contract is awarded based on availability and shipping time.

The system tracks price and availability, monitors price to bid lockdowns, order status, drop ship/shipping status and estimated times of arrival, all while enforcing strict bid rules and allowing for exceptions in a secure, virtual environment. Parts can be drop shipped to any of the client's "carry-in" repair facilities, "in-home" technicians or direct to the customer's location. Vendor performance is monitored through a consolidated monthly scorecard.

Hard to find parts are procured much faster than in the past by sourcing and bidding through multiple sources. Really hard to find parts are placed in a ranking table and assigned for escalated back order effort through an automated re-shopping process that kicks in after 3 days if orders remain unfilled.



OUTCOMES

Transitioning from a manual to an automated reverse auction system with drop shipping has resulted in significant improvements in cycle times. "Customer-waiting" orders are processed the same day and shipped no later than next business day 95% of the time, up from 75%. Also, stock replenishment orders are now shipped within 5 business days instead of 10.

As a result of the reduced cycle time, the client also saw an initial reduction in inventory of nearly \$6 million. In addition, cost of goods reductions, which is estimated at over \$1 million in parts savings annually, provided a large financial benefit to the client. The virtual system offers centralized control and improved speed and flexibility in procurement and distribution of the parts, while assuring near perfect bid-to-invoice accuracy.

The program began with 3.5 million SKUs and grew to over 8 million SKUs. The number of annual orders saw similar growth from 500,000 to 1.4 million at the height of the program. The client gained a system that brought it to the leading edge of 21st century customer service and brand enhancement.

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



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