



Kuehne + Nagel Creates Efficient Mobile Phone Operations for Major French Service Provider

Consolidating operations and services to drive competitive advantage

SITUATION

A leading global telecommunications carrier based in France acquired a large mobile phone services provider in 2000, making it a major player in this competitive sector. Kuehne + Nagel began working with the client in France in 2002, setting up and operating a national distribution solution serving their end-user customers. However, with the huge growth in the mobile market and the increased complexity of services required to support an increasingly changing range of products, the client identified the need to move to a consolidated logistics solution serviced through a single, dedicated site.

SOLUTION

Following a competitive tender process in 2004, Kuehne + Nagel was awarded a multi-year contract to co-design and implement a solution to provide enhanced downstream and reverse logistics services, as well as serve a larger number of channels. The task included serving 650 of the company's own stores, dedicated retailers, a competitive network, direct mail-order customers and repair centers.

The challenge was to create a solution that consolidated services from three separate sites and included a much larger product offering. Concurrently, the operation had to meet defined targets that included improving service delivery levels, meeting demand through better resource management, and reducing the overall cost.

Kuehne + Nagel's approach was to employ a dedicated 28,000m² facility near Orléans, France, to provide value-added services and warehousing space. On average, the site handles a base inventory of 2,200 SKUs; 500 products make-up c.98% of the 10,000 orders per day. An additional 700 orders are picked solely for dispatch to the client's own outlet stores plus c.40,000 items per day through co-packing orders. Stock is held in 15,000 pallet locations for an average of 25 days and is managed through a core team of 130 TE rising to c.400 at peak periods.

Downstream operations are controlled through Kuehne + Nagel's in-house warehouse management system; Logistar™ modified to serve the specific requirements of the business-to-consumer and business-to-business sectors. The system allows Kuehne + Nagel to control a range of core and value-added services, including:

- **Customs control** including management of bonded stock
- **Cross-docking**
- **Kitting & co-packing** with an automated conveyor system that controls product flow and including full management of all associated packaging, labelling and promotional material
- **SIM pairing & de-pairing** to support unit activation and full-life traceability
- **Returns & repair management** including Product Screening, Warranty Management, on-site or 3rd Party repairs, Refurbishment, Recycling and safe Disposal.
- **Late differentiation services** such as installation of Address Books, logos, Call barring
- **Product Testing**
- **Full Product traceability** to unit level

RESULTS

A close partnership approach has enabled Kuehne + Nagel services to keep pace with the company's needs and market fluctuations.

In addition, as the logistics partner to one of the company's subsidiaries, best practices and innovations can be readily applied across operations. This has led to various productivity improvements and helped ensure that inventories are maximized, while providing greater product visibility and traceability. A single point of control also helps increase the responsiveness of the solution.

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