



High-Tech

Fully Integrated Critical-Service Parts Solution Drives End-Customer Satisfaction

Customer leverages Contact Center, global RSLs & flexible system

SITUATION

Fierce competition in the computing industry meant this high-technology manufacturer, more than ever, needed to focus on its core competency – developing and delivering more powerful equipment to the market faster than rivals.

In addition, customers increasingly demanded higher equipment availability, requiring service contracts with faster service-call response times (often one- or two-hour deliveries) and higher availability of critical-service parts. The result was rising costs, as the company's service and logistics teams reacted to customers' service requirements.

Maintaining a logistics network to support customer commitments became increasingly expensive and difficult to manage. Having already outsourced some manufacturing operations, the company understood the value of leveraging a critical-service solution specialist for its service logistics.

SOLUTION

The company selected Kuehne + Nagel, an experienced service logistics provider with a strong global network. Kuehne + Nagel would manage the entire service logistics process, which involves inventory management of service parts; handling calls from service technicians; and managing delivery of critical-service parts to customer sites.

Kuehne + Nagel's experience in critical service logistics and its supporting operations allowed it to deliver the following integrated solution:

Centralized Contact Center operations – Field technicians request service parts by calling Kuehne + Nagel's Contact Center, Naugatuck, Conn. The center is staffed around-the-clock with more than 50 customer-service representatives trained to accept and process critical-service parts requests.

Flexible order management – Kuehne + Nagel's flexible order management system was configured to the customer's unique requirements so that field technicians are prompted only for the information needed for parts order fulfillment. In this instance, the system's ability to identify "alternative parts" has been activated; If the requested part is unavailable, technicians are asked for an alternative.

Real-time inventory control – On-hand balance at the Kuehne + Nagel's Regional Stocking Locations (RSLs) is updated in real-time, providing instant inventory availability.

Reliable systems infrastructure – Contact Center and inventory management systems are supported by a state-of-the-art data center, also in Naugatuck, which provides 100-percent system up time.

Implementation and support of the service logistics operations was critical to the ongoing success of the service organization.

Kuehne + Nagel's approach to both included the following:



Facilities and courier management – Selecting RSL location, managing lease agreements, staffing, and selection of the best-in-class local couriers to support delivery times as short as an hour.

Customer support and metrics – Determining business drivers and providing weekly reporting of measures against pre-determined key performance indicators. Maintaining a staff of field service managers, who provide training to new RSL operations staff and perform regularly scheduled site audits to ensure compliance with documented processes.

Systems integration – Ensuring reliable integration between the customer's inventory management system and Kuehne + Nagel's flexible Web-based systems. Determining data requirements and frequency of data exchange and monitoring ongoing processes to ensure there are no interruptions.

RESULTS

Kuehne + Nagel's service logistics solution delivered:

- Reduction of nearly \$2 million in inventory due to a re-configured logistics network capable of providing superior service
- Handling an increasing volume of service parts requests through the Kuehne + Nagel Contact Center:
 - More than 14,000 calls monthly
 - 85% of calls answered within 20 seconds
 - Fewer than 2% dropped calls
- 99.37% on-time delivery of critical-service parts, exceeding customer expectations
- Inventory accuracy rate of 99.73% – measured by cycle counting more than 55,000 items each month
- Inbound receiving for all replenishments, making this material available for service parts requests within an average of 53 minutes

