



Efficient global production and advanced demand planning are critical for improving client service and containing supply chain costs in high growth consumer markets.

Challenge:

- Demand forecasting and materials planning difficulties slowed fulfillment and strained channel relations
- Costly production models coupled with high inventory costs reduced margins and profitability
- Poor returns management and Aftermarket Services resulted in asset conversion losses
- Ineffective multi-channel network hampered rapid growth and risked sales loss

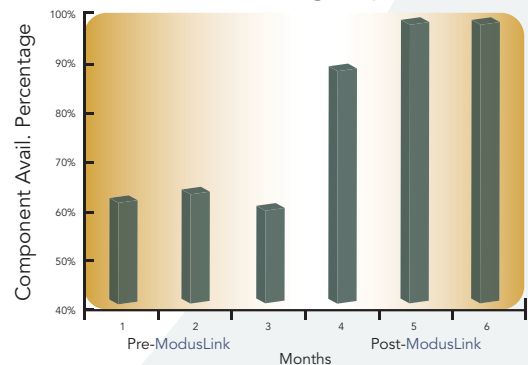
Solution:

- Utilized world-class demand planning to improve component availability and channel satisfaction
- Leveraged multi-channel retail expertise to maximize growth opportunities
- Configured hybrid global supply chain production model to improve costs and inventory management
- Implemented efficient Aftermarket Services for maximum asset recovery

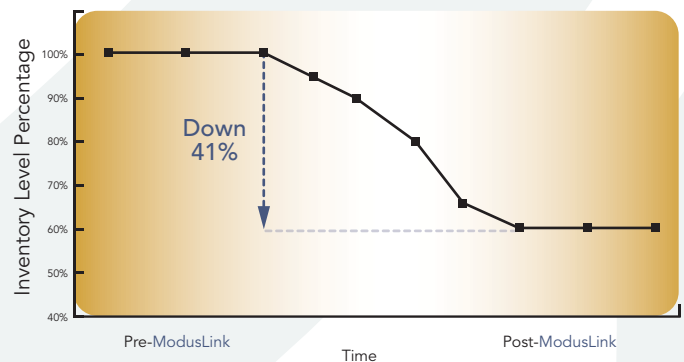
Results:

- Increased materials planning accuracy and component availability from 65% to a consistent 99%
- Improved on-time shipping rates to 99%
- Revamped reverse logistics saving \$2 million a month
- Reduced supply chain costs by \$32 million
- Decreased inventory levels by 41%

Material Planning Improvement



Inventory Reduction



Case Study Overview:

The case study details the benefits received by a leading manufacturer of consumer electronics storage products when they turned to ModusLink to improve the efficiency and cost-effectiveness of their fragmented, global supply chain. The manufacturer's rapid growth quickly overwhelmed their global supply and distribution capabilities resulting in declining service levels to their high-priority retail sales channel. After nearly 2 years of trying to manage their retail supply chain on their own — utilizing a few smaller, niche vendors for various functions — the manufacturer realized the value in utilizing a single, global partner to handle their end-to-end supply chain needs.

Case Study Details: Consumer Electronics Storage Manufacturer

In a strategic move, the manufacturer turned over management of its retail business — which represented more than 70% of its total marketshare — to ModusLink, leveraging its expansive global network and retail channel expertise to turn their customer service problems into a continuous stream of successes.

New consumer electronics products have the potential to be overnight sensations. This success creates challenges in planning for demand and satisfying distribution for different regions across the globe. In order to take full advantage of its market potential, raw materials must be properly sourced, converted into finished goods, packaged according to regional demands, and shipped in proper quantities to insure sufficient supply in each region without excess.

In order to tackle the customer service problems, ModusLink's sophisticated demand planning tools and methodologies were implemented to evaluate product requirements, mix, timing, and allocation. These proven tools and methodologies helped the client overcome raw material supply constraints to immediately improve materials planning accuracy and component availability from 65% to 90%. Subsequent improvements have advanced planning accuracy to over 99% every month and lead to above target on-time shipping rates of 99% dramatically improving retail channel satisfaction and loyalty.

Configuring a global supply chain network to accommodate the needs of the manufacturer's worldwide retail and reseller customers was the next challenge. Utilizing a combination of ModusLink solution centers across multiple regions, the client was able to take advantage of low-cost production in China and the Czech Republic for certain long life-cycle products while using regional facilities for the packaging and fulfillment of other short life-cycle products. The result yielded a \$32 million cost savings in conjunction with a 41% reduction in inventory levels — within just 9 months of proposing the new production model.



Cumulative Cost Savings



The improvements in inventory management and channel satisfaction were further enhanced by ModusLink's use of RFID technology to monitor the flow of product through the channel. The new processes also enabled the manufacturer

for maximum asset recovery. The new reverse logistics program further improved cost reductions by an additional \$2 million a month.

"We value our partnership with ModusLink. They continually identify creative ways to enhance our supply chain," said the client's Senior Director of Customer Supply Chain. "Partnering with ModusLink enables us to maximize our return on investment and the value we deliver to our customers."

[Supply chain efficiency is critical for delivering customer satisfaction!]

to meet the mandates set forth by several of its major U.S. retail partners for improved channel relations.

ModusLink also proposed an efficient reverse logistics program to cost-effectively manage the client's product returns process. Returned product is inspected, tested and returned to inventory, where possible. Those that don't pass inspection are refurbished and sold via ModusLink's online auction service

