



Flexible supply chains, expertly managed and precisely executed, deliver the scalability and risk-adversity needed to meet the demand spikes of the software market while increasing customer satisfaction and lowering total costs.

Challenge:

- Current infrastructure unable to handle tremendous seasonal demand risking disruption of service, slow fulfillment and sales loss
- Poor planning and execution resulted in excess and obsolescence (E & O) post-season reducing margins and increasing costs
- Inadequate sourcing and supply management resulting in high materials costs

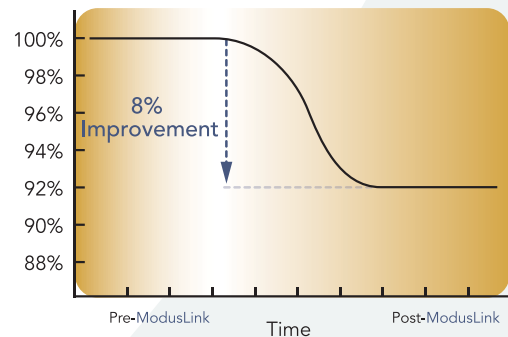
Solution:

- Configured flexible supply chain design capable of scaling rapidly to accommodate peak demand spikes, mitigating risk and improving customer acquisition and retention
- Utilized advanced sourcing, planning and inventory optimization to improve efficiency, reduce E & O and lower costs
- Deployed multi-location sourcing, production and distribution network to speed time to market and reduce transportation costs

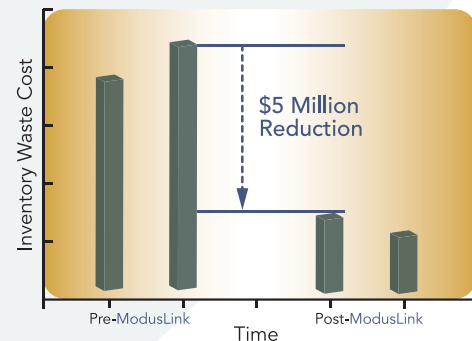
Results:

- Reduced material costs by 5-8% first year
- Mitigated risk with effective contingency planning following a major ice storm
- Reduced inventory E & O and materials waste saving \$5 Million a year
- Delivered 99% on-time build rates
- Scaled efficiently to handle peak demand spikes when daily production increases from an average of 4,000 to as many as 500,000 units
- Enabled client to focus on core software business

Material Cost Reduction



Inventory E & O Reduction



Case Study Overview:

This case study highlights the benefits received by a software provider specializing in creation of accounting and tax preparation products when they selected ModusLink as their supply chain partner. With 80% of its retail business occurring in a single quarter, the manufacturer needed a supply chain partner with the operational flexibility to rapidly scale resources up and down to accommodate the tremendous peak demand spikes of tax season — all while reducing risk, minimizing waste and excess, and improving costs.

Software providers in the tax and accounting market segment face the daunting challenges of incorporating late breaking changes in tax regulations into the software and dealing with explosive demand for their product during tax season. This software provider determined that only ModusLink could address these challenges due to its extensive supply chain experience and flexible operating infrastructure.

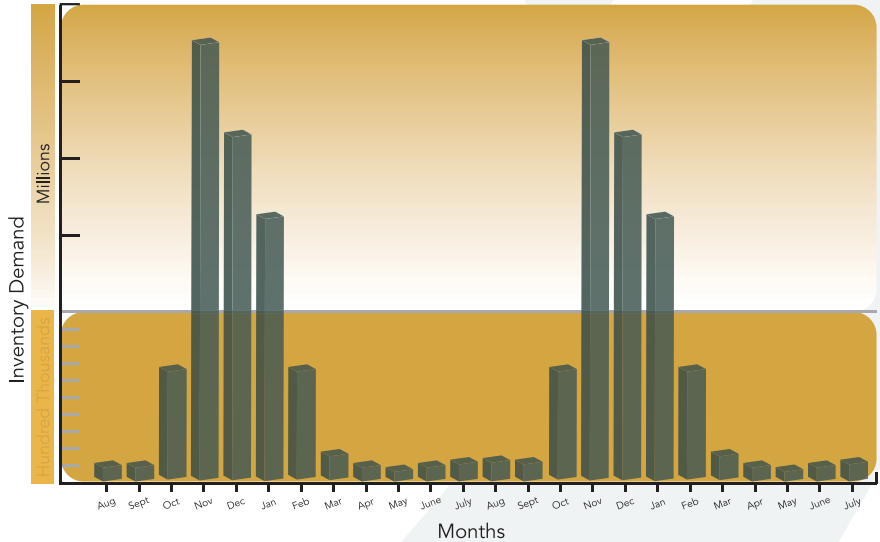
ModusLink went right to work configuring a multi-location, supply chain network able to accommodate peak demand cycles, while speeding fulfillment to regional customers and reducing transportation and shipping costs for the client. With ModusLink on-board, the client is easily able to meet peak launch period demand, when daily production output increases from pre-launch volumes of roughly 4,000 products per day to as many as 500,000 per day. By assuming responsibility for the fluctuations in human and financial resources required to ramp up and down during demand cycles, ModusLink minimized the capital investment required by the client enabling them to focus their energies on furthering their core competency — developing world class financial software.

While attracting new customers requires that retail shelves are adequately stocked, poor planning and execution has routinely resulted in significant product excess and obsolescence (E & O) post season, lowering margins and increasing costs for the software provider. ModusLink handled the complete process from sourcing and planning to boxing the materials, packing the orders and working with logistics carriers to ship the software.

Utilizing advanced planning, just-in-time warehousing and proven inventory optimization methodologies, ModusLink can create products on an as-needed basis ensuring maximum inventory churn with minimal waste and excess. This precise planning and execution also facilitates rapid response to any last minute changes in tax code or unexpected shifts in demand. Due to the efficiency of ModusLink's solution, the software provider has reduced E & O and saved the more than \$5 mil-



Seasonal Demand Variation



lion it was spending to scrap unused product and materials each year.

In addition, ModusLink controlled the entire supply base from managing the

pressing of the CDs and the printing of documentation to sourcing box, pack and ship materials. ModusLink's sourcing strategies and supplier management expertise helped the client to reduce their materials costs by 5–8% in the first year.

Another key aspect of the ModusLink solution is its ability to manage risk for the client. That means ModusLink has to be prepared for any eventuality, including unforeseen supply chain problems and "acts of god." For example, an ice storm in the southeastern U.S. paralyzed the entire region one year during the peak distribution period, placing a major portion of the client's revenue stream in jeopardy. ModusLink's disaster recovery and

contingency plans enabled production to continue and resulted in 100% of orders being completed and continued sales for the client.

ModusLink's rapid response capability insures that product is promptly received by the retailer, thus maximizing the client's sales and revenue potential. Simultaneously, expenses are decreasing as a result of reduced material costs and a significant drop in excess and obsolete charges. Combined, these results have enabled the software provider to increase market share and achieve a significant positive impact to the bottom line.

It's all about planning and precise execution!

