

MODUSLINK SOLUTIONS

# Retail Direct Solution



THE MOST TRUSTED LINK IN YOUR SUPPLY CHAIN

  
**ModusLink**

# ModusLink, Your Trusted Partner for a Competitive Advantage in the Channel ...

## Tackling Today's Challenges Can Deliver Tomorrow's Profits

In today's retail-driven supply chain, technology manufacturers find themselves faced with competing initiatives — optimizing product availability and reducing costs. With globalization on the rise, and the field of competitors continuing to grow, manufacturers are struggling to differentiate themselves and retain retail mindshare. This has led to a proliferation of new and innovative products flooding the channel and straining supply chain resources.

- Rising costs in such areas as transportation and labor, threaten to erode profitability and margins
- Routing compliance specifications are strictly monitored and can result in costly fees and penalties
- Lack of visibility and control over processes and assets in extended, multi-tier, multi-vendor retail supply chains impedes productivity and response time
- Poor inventory management results in higher carrying costs, excess and obsolescence
- Private product labeling continues to vex brand owners given the need to balance retailer mandated form factor, packaging and labeling specifications with brand identity

In an attempt to reduce complexity, cost, redundancy and lead times, many manufacturers seek to cut out the middleman and ship direct to retail outlets. However, this can be a difficult task given the retail industry's growing influence over supply chain operations.

Many of the leading technology manufacturers have turned to ModusLink, as their trusted outsource partner, to help them develop direct to channel supply chain networks that maximize sales, while reducing cost and risk. We offer clients a comprehensive end-to-end Retail Direct Supply Chain Solution that addresses today's critical direct-to-channel challenges for a more profitable tomorrow.

## ModusLink's Retail Direct Supply Chain Solution

ModusLink has developed a suite of Retail Direct capabilities that leverage the best processes, methodologies and technologies available to reduce supply chain complexity and cost. The Retail Direct Solution manages the complete range of activities required to ship directly to retailers throughout the U.S., Europe and Asia, and includes a number of key services and solutions such as:

- Sourcing and Supply Base Management
- Materials, Content and Inventory Management
- Light Manufacturing and Optimized Configuration
- Fulfillment
- e-Business
- Reverse Logistics and Disposition

These core end-to-end services are supplemented by an active RFID strategy and a host of retail-specific order management, shipment compliance, merchandising, inventory optimization and logistics offerings to ensure both a competitive edge and greater customer satisfaction.

Clients can choose to implement a complete, end-to-end solution and benefit from the cost-efficiency that comes with a "single source" provider or they can choose any combination of individual services for a custom solution that serves as an extension of their existing supply chain. The primary services fall into three categories:

- Retail Distribution Management
- Retail Channel Support
- Value Added Services



# Retail Distribution Management

Critical to the success of the retail supply chain is distribution management, which includes all the services required to get the product door to door. Each successive step in the process adds a layer of complexity and uncertainty if not properly planned and executed.

## **How do I plan for success?**

Effective planning is a key differentiator for ModusLink and its clients and requires focus on continuous process improvement. Our innovative Supply Chain Planning and Execution (SCP&E) Solution helps clients create the most efficient global network and production models paying attention to the best time and place for execution of specific processes. Using a combination of proven technologies, methodologies and industry knowledge, we evaluate a range of critical inputs to determine where and when critical functions, such as sourcing, inventory hubbing, configuration, fulfillment and returns management, will take place for the most efficient and cost-effective results.



*The right product ... in the right place ...  
at the right time ... are still words to live by.*

## **How do I know how much is too much?**

As manufacturers and retailers strive to reduce costs and capital investment, proper management of inventory levels is critical for balancing customer service and profitability. Brand owners and retailers must walk the fine line of having enough inventory to avoid “stock outs,” while keeping levels low enough to minimize carrying costs and excess.

Our solution helps clients determine appropriate replenishment levels and production models, based on a range of inputs, to help achieve a desired service level with less inventory waste, excess and obsolescence.

## **How do I do more with less?**

As part of our Retail Direct Solution, ModusLink’s Optimized Configuration capabilities enable companies to utilize its facilities in low-cost regions — such as China, the Czech Republic and Mexico — to reduce costs and lead times. By delaying the point of product configuration and regionalization until orders are final, manufacturers and retailers can better match production to unpredictable and constantly shifting customer demand with less capital investment.

The ability to successfully leverage low-cost destinations requires in-depth knowledge of local and global markets and exceptional planning to avoid “hidden” costs associated with distance from customer base, supply lead times, storage and logistics management.

## **How do I simplify retailer compliance?**

As the influence of the retail channel grows, compliance mandates are becoming more stringent than ever. Compliance can be simplified by partnering with a supply chain provider that has in-depth knowledge and experience working with leading retailers. ModusLink has a strong track record for helping manufacturers to meet strict routing specifications — from pallet specifications, packaging and labeling to docking, documentation and RFID — to ensure costly fees and penalties are avoided and relationships remain strong.

# Retail Channel Support

The key to success of the retail supply chain is to ensure product availability at the lowest possible cost. This paradox requires greater visibility across the supply chain and the ability to sense and respond to demand more quickly. It also necessitates an integrated, multi-lingual capability to provide customer support worldwide. ModusLink’s sophisticated, integrated technology infrastructure and world-class processes facilitate a complete suite of Retail Channel Support capabilities, from order management and e-commerce integration to financial management, collaboration and reporting.

## **What tools will help me gain the visibility and support I need?**

ModusLink’s Retail Order Linkage system facilitates order management via a range of sources — from customers and retailers, via webstores, EDI integration or other media. Additional capabilities to retrieve Point of Sale (POS) information can provide maximum customer intelligence and order efficiency.



# Retail Direct Solution

ModusLink



ModusLink's e-Business Solution enables manufacturers and retailers to seamlessly integrate "click and brick" stores for an improved customer experience. Additionally, we can help develop and manage warranty and rebate management programs and facilitate all necessary transactions, including sales and technical support. Complete, end-to-end integration with e-commerce sites ensures seamless execution of processes from ordering and fulfillment to returns management.

With real-time visibility across processes and across the globe, ModusLink's Transaction Visibility Portal helps clients gain insight into processes for more rapid

response to shifts in customer demand. Our collaborative portals provide clients with access to critical information about inventory levels, rotation management, shipment tracking and Advanced Shipment Notification (ASN) to better monitor the flow of the order-to-cash process, track key business performance indicators and facilitate better decision making.

*Supply chain visibility is pivotal for better decision making and more rapid response to ever-changing global demand dynamics.*

## Retail Value Added Services

There are key opportunities to be leveraged for maximum retail sales potential in the areas of merchandising, bundling, sell-through reporting and loyalty programs.

### **How can I maximize the retail sales experience?**

ModusLink has a number of value added service programs designed to help brand owners maximize sales and improve customer satisfaction. We can manage the design, sourcing, assembly and fulfillment of display units for retail stores saving clients from sourcing and managing multiple vendors and

eliminating any redundant logistics costs. The efficient and judicious management of loyalty programs can be a valuable business providing augmented customer satisfaction, while driving revenue. Bundling multiple products for joint sale can increase profitability but requires unique assembly and packaging which can drive up costs if not done in a cost efficient manner.

With the proliferation of new products, brand owners are challenged by the retail packaging and security configuration requirements. ModusLink services include working with brand

owners to develop the artwork and packaging according to required specification while ensuring that brand identity is maintained and security requirements for both retailers and brand owners are met.

*Maximizing the customer experience in the retail channel is paramount for profitability.*

### How do I manage the 'green drive' in the supply chain?

ModusLink is cognizant of the move towards a greener approach to the supply chain. Our RoHS and WEEE capabilities help our clients meet all their legislative requirements. However, a significant development in the "green approach" is the drive for greener packaging. We recognize the urge to reduce overall packaging material and move to bio-degradable and recycled content in packaging. ModusLink works with clients in identifying pertinent packaging alternatives.

All of these programs can be lucrative for brand owners if managed effectively.



## Client Benefits

Working with a trusted, "single source" supply chain partner, clients benefit from a more integrated end-to-end retail supply chain with processes executed seamlessly across the globe.

- Lower inventory management costs
- Maximize retail sales opportunities
- Improve customer satisfaction and loyalty
- Expedite time to market
- Lower capital investment and risk
- Reduce total supply chain costs

## Trust the ModusLink Advantage

ModusLink has more than 20 years of experience and is differentiated in its industry by its global footprint, world-class technology infrastructure, industry experience and award-winning solutions which combine to deliver the highest quality service and results for our clients.

ModusLink's commitment to continuous, proactive process improvement provides clients with actionable opportunities to drive productivity and gain a competitive advantage in their industry.

## CASE STUDY

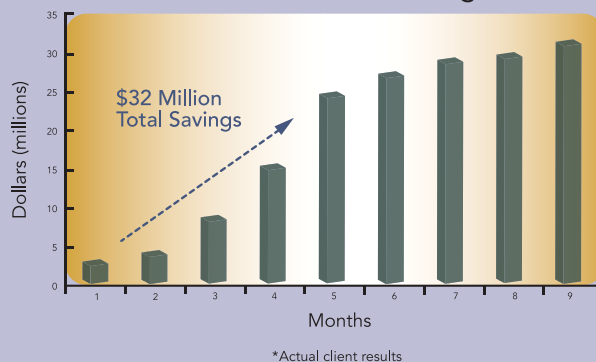
**A leading manufacturer reduced inventory by 41% and saved more than \$32 million with ModusLink in just nine months.**

The case study involves a leading manufacturer of consumer electronics storage products who turned to ModusLink to improve the efficiency and cost-effectiveness of their high-priority retail sales channel. The manufacturer realized the value in utilizing a single, global partner to handle their end-to-end supply chain needs.

### CHALLENGES:

- 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

Cumulative Cost Savings\*



### 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 material 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%

For more information and complete details, view the case study at [www.moduslink.com](http://www.moduslink.com)

# Technology and Infrastructure

Globalization adds complexity and risk to supply-chain processes making seamless integration all the more critical for efficient management of products across geographies. As supply chains become more dispersed, visibility, control and productivity can begin to erode. ModusLink offers an un-paralleled operating and technology infrastructure that serves as the backbone of a client's fully-integrated global supply chain. ModusLink's services and solutions infrastructure is comprised of:

- Globally Integrated Operations
- Global Technology
- Supply Chain Expertise
- Supply Chain Planning and Execution
- Managed Logistics
- Account Management

This highly-efficient infrastructure provides the visibility and control needed for better decision making, quicker response to customer and global market dynamics and more effective asset utilization across services and across geographies. By leveraging its robust operating infrastructure, ModusLink proactively delivers continuous process improvement to clients enabling them to gain accolades with customers, a competitive edge in their industry and operating advantages in the global marketplace.

## GLOBALLY INTEGRATED OPERATIONS

With numerous ModusLink sites strategically located around the world, our global footprint and operating efficiency is unmatched in the industry. Our world-class infrastructure leverages an integrated global systems platform, standardized process execution, industry expertise and local market knowledge to provide clients with more effective global operations management.

With Solution Centers around the world executing common high-quality processes, clients benefit from a single, standardized view of operations, assets and inventory. Clients can seamlessly manage and migrate inventory between multiple Solution Centers and across services functions for maximum asset utilization and minimal waste, excess and obsolescence.

## GLOBAL TECHNOLOGY

Our state-of-the-art, globally integrated information technology platform is a key differentiator for ModusLink and its clients. At the core of ModusLink's operating infrastructure is its world-class information technology platform which combines the leading ERP system with best of breed technology applications, seamlessly config-

ured and integrated across the globe, to execute your supply chain processes for maximum efficiency. Additionally, ModusLink has extended the core functionality of its ERP system by integrating the industry's best technologies for business intelligence, standardized messaging, CRM, logistics management, e-commerce, financial management and client reporting — delivered via your desktop in real time.

## SUPPLY CHAIN EXPERTISE

Clients benefit from a professional services organization that includes subject matter experts in all key supply chain disciplines with multi-geography and vertical market experience that helps reduce the complexities of global supply chain management. The result: a differentiated, top-performing supply chain.

## SUPPLY CHAIN PLANNING AND EXECUTION (SCP&E)

Using a combination of proven, internally-developed tools, vertical industry knowledge, VMI techniques and standard MRP and planning methods, our innovative SCP&E solution improves materials availability and inventory turns with lower investment. Our solution helps clients determine appropriate replenishment levels and production models, and accurately factors in the impacts of migrating parts of the supply chain inventory to new geographies when shifts in global demand arise.

## MANAGED LOGISTICS

Our world-class solution integrates the capabilities of leading 3PL organizations from a single platform available on the client's desktop. This flexibility enables clients to leverage cross-carrier route and mode selection for optimal service performance at the best possible price points. We provide proactive, event-driven shipment exception reporting; customer-specific packaging and labelling specification; retail shipment compliance; volume shipment consolidation; multi-vendor route selection; export compliance processing; delivery track and trace capabilities and more for the best price and fastest time to market.

## ACCOUNT MANAGEMENT

We provide our clients with a team of resources responsible for being the on-site voice of the client in our operations. Because of our unique position in our clients' supply chains, the Account Management function typically becomes a valuable member of our clients' organization; advising on opportunities to improve service, cost, and quality performance to deliver greater shareholder value within our clients' organizations.

