



Efficient operations, integrated processes and strategic relationships are critical for helping communications companies to maximize supply chains for greater return on investment, customer satisfaction and competitive edge.

Challenge:

- Multiple and fragmented vendor environment resulted in inefficient operations and increased costs
- Suboptimal operating location and poor logistics management increased time to market and costs
- Lengthy processing of returns created negative customer experience and higher costs
- Poor disposition methods eroded margins and limited asset recovery

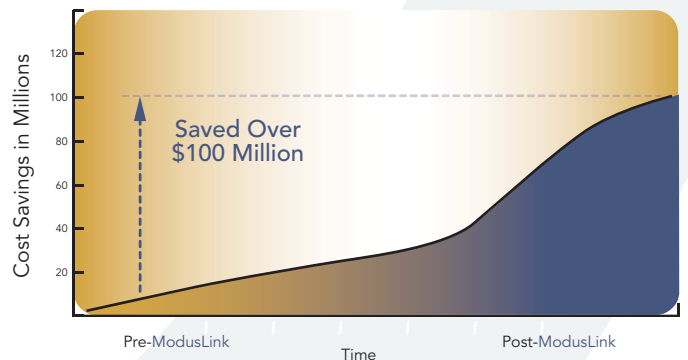
Solution:

- Maximized strategic carrier relationships and global footprint to reduce freight and logistics costs
- Utilized ModusLink’s Online Auction Service to dispose of E&O products and improve asset recovery
- Developed new returns management solution to reduce processing times and improve customer satisfaction
- Implemented continuous process improvements to maintain optimal operating performance and efficiency

Results:

- More than \$100 million in total savings to date including:
 - More than \$14 million saved by relocating operations
 - More than \$8 million saved in freight costs alone
 - Over \$15 million saved annually through reverse logistics programs
- Reduced time to market by 40%
- Reduced returns management processing from as long as 4 months in some instances to 24 hours
- Increased disposition asset recovery by 300% versus previous methods

Cumulative Cost Savings Over 9 Years



Case Study Overview:

When a leading consumer and business communications company was faced with declining margins, operational inefficiencies and growing demands from customers for an improved buying experience, they knew it was time to move from a multiple vendor environment to a single source provider who could deliver a more effective end-to-end supply chain solution.

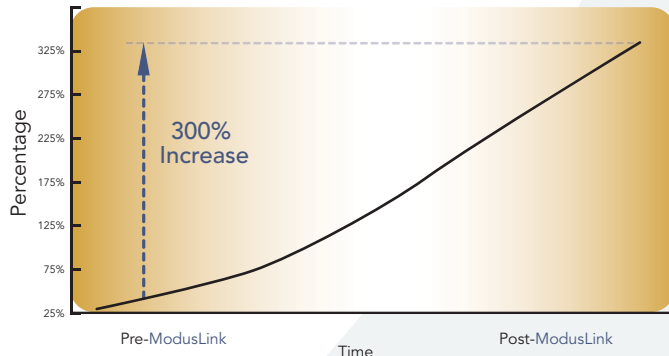
This case study highlights the dramatic financial, operational and customer satisfaction improvements achieved by the company when ModusLink began managing their supply chain activities. ModusLink developed a new distribution model and dramatically improved inventory management, reverse logistics and disposition processes which enabled the company to expedite time to market, eliminate redundancy, reduce costs and improve the total customer experience.

With rising fuel and transportation costs eating away at profitability and increased demands from customers for faster delivery and service, ModusLink immediately tasked its supply chain planning and execution team with implementing a new forward logistics model. With its expansive global presence and facilities in high value locations, ModusLink was able to move the company's operations to a more suitable location, closer to their customer base, creating a 40% reduction in time to market — from 5 to 3 days, despite volume increases of more than 350%. Additionally, the move, coupled with ModusLink's strategic relationships with freight carriers, resulted in savings of more than \$8 million in transportation costs to date.

The next challenge was to improve returns management activities. Returns processing was particularly problematic for the company given the short lifecycles and rapid depreciation of certain products and components that faced obsolescence by the time the returns process was completed. Before ModusLink, processing returns and credits often took 45 to 60 days, and up to 4 months in some instances, which created a negative experience for customers. This lengthy returns processing also tied up much needed capital unnecessarily. To protect their bottom line from dwindling profit margins, the company needed our help to reduce the expense and transform the activity into a source of revenue. By handling the process ourselves after undertaking the necessary product certification, ModusLink eliminated the need to manage multiple vendors and minimized the expense and time required to send returns out for refurbishment. With the new, simplified process, returns are processed, inspected, tested and refurbished within 24 hours. Where appropriate, returned or refurbished products are quickly returned to forward supply chain inventory, significantly reducing other hidden costs, such as storage, working capital and obsolescence. Our world-class, highly-efficient solution makes our client a



Return on Disposition Value



leader in its industry and in customer satisfaction.

However, even the most efficient supply chains can be left with excess and obsolete (E&O) products that need to be dispositioned. Prior to engaging

ket sales methods. ModusLink now harvests more than \$15 million in returned inventory annually for the client.

ModusLink has been a valued partner for this leading communications company for more than 9 years, helping the company to manage its growth. During this time, ModusLink

Proactive process improvements make ModusLink the partner of choice

ModusLink, the company deployed numerous methods for disposition but none garnered strong results, severely eroding margins and asset recovery. With ModusLink's Online Auction Service, www.moduslinkauction.com, the company was able to increase asset recovery by more than 300% versus any of their previous methods, including their unsuccessful attempts to conduct their own auctions. ModusLink auctions solicit bids from a large, diverse pre-qualified buyer pool and often generate returns up to three times more than alternative aftermar-

has continually and proactively implemented significant process improvements and innovative solutions to efficiently and cost-effectively manage increased volumes of more than 350%. Proactive process improvements and end-to-end solutions make ModusLink the partner of choice for communications companies fighting to stay competitive in today's challenging business landscape.

