

GLOBAL EFFICIENCY



DHL SUPPLY CHAIN STREAMLINES SUN MICROSYSTEMS' COMPLEX INTERNATIONAL SUPPLY CHAIN FOR AFTER-MARKET PRODUCTS.

Technology seems to have made the whole world smaller, but it didn't feel like it for the logistics and distribution divisions of Sun Microsystems. Sun products power everything from mobile phones to supercomputers, and the company services the technologies it sells to customers in more than 100 countries. In order to support this large customer base, Sun had contracted with more than 30 third-party logistics providers (3PLs) to help them manage their after-market service parts network.

So when Sun searched for an exclusive logistics provider to streamline its complex international supply chain and distribution network for after-market service parts, it chose a company it already knew: DHL Supply Chain.

"As a truly global technology company, our objective was to identify a partner with the infrastructure and expertise needed to build a solution for our customers in every corner of the world," said Steve Simpson, Senior Director Global Service Logistics, Sun Microsystems. "DHL was the only partner that (had) the right blend of global resources, industry-leading information technology capabilities and dedication to customer service that our business demands."

The resulting relationship has been a productive one: One year into the three-year program, Sun awarded DHL its Best-in-Class Supplier award and recently extended the relationship for an additional three years.

THE CHALLENGE

Sun wanted to improve supply-side consistency across the globe by consolidating its supply chain vendors, establishing consistent processes and reducing costs. The task was formidable: Sun services more than 1.5 million systems and makes 200,000 urgent deliveries annually (defined as those that are packed and shipped to premium customers within two to four hours). To fill that need, Sun stores more than \$585 million worth of parts at facilities around the world.

Challenge


Replace a fragmented warehouse and distribution system with one that offers consistent system-wide procedures, reduced expenses, improved customer response and higher visibility in the markets where Sun Microsystems operates.

Solution

Design and manage a logistics operation that:

- Consolidates Sun's global logistics activity
- Meets Sun's service requirements
- Reduces supply chain costs
- Begins paying for itself immediately

Benefits Summary

-  Global consistency
-  Means to make continuous improvements
-  Internal operating costs
-  Cycle for reverse logistics to 40 days from 100 days

“We are proud of our association with Sun and the opportunity to demonstrate DHL’s ability to help transform a supply chain to enhance Sun’s customer satisfaction and competitiveness.”

– Marc Blouin, vice president of operations for DHL Supply Chain

Before DHL was chosen as its lead logistics supplier, Sun distribution was managed by 30 different third-party logistics companies, each of which controlled local, national or regional territories. Sun needed a partner that could fill that warehouse role and still meet client delivery demands, in both planned and unplanned circumstances. And the company wanted to achieve measurable cost savings as quickly as possible.

THE SOLUTION

DHL responded by committing a team of 100 logistics professionals to the Sun program, and organized them in regional teams based in North America, Latin America, Europe and Asia. The project was divided into two overall phases: the first focused on operational deployment, the second on technology.

Within four months, a major piece of DHL’s solution was in place, resulting in initial cost reductions. After 18 months, DHL had taken over management of the global network including six large regional warehouses used to replenish 300-plus strategic parts centers around the world. Inventory turn rates were reduced and transit times realigned, resulting in reduced expenses and capital investment. Sun also chose to adjust some transit times to help reduce costs, decrease capital investment and create a better balance between cost and service. Implementation of the global business processes brought greater consistency and tighter control to Sun’s service parts logistics network.

“The relationships we built in Phase I allowed for a true partnership approach,” said Jason Pawlowski, global project manager for DHL Supply Chain. With its logistics and distribution service now consolidated with DHL, Sun reduced internal management expenses and can now easily scale up service to accommodate growth.

THE RESULTS

DHL is now Sun Microsystems’ lead logistics provider for warehousing and delivery of replacement parts to customers around the world. The partnership has reduced costs, lowered reverse logistics cycle time from 100 days to 40 days, and established a unified, consistent process and infrastructure. The procedures developed by DHL encourage continuous improvement through an after-sales management program.

“DHL’s alliance with Sun Microsystems reached new heights with the transparent, orderly transition from a complex network of multiple freight and logistics providers to a single, focused lead logistics partner,” said Marc Blouin, vice president of operations for DHL Supply Chain.

Large companies that sell goods and services can realize immediate and long-term savings by outsourcing transportation and logistics services to DHL Supply Chain. Call us to find out how we can improve your company’s business operations.

For further information:

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