



Integrated  
Global Procurement  
& Supply

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## Welcome

Welcome to the SerCom Solutions Newsletter for October, 2009. Thank you very much to all who gave their feedback on the July issue. We found this invaluable. As a result of your feedback, we have included some additional supply chain case studies in this edition. These cover supply chain, logistics and value-add examples. In all cases, material and inventory savings, measurable efficiencies and a real competitive advantage were delivered. As always, your feedback is greatly appreciated.

## Consolidating Suppliers - Telecoms

Location : US, EMEA and China

**Challenge:** The customer needed demand planning and procurement services for a global supply base. Specifically the objective was to deliver a 30% saving across 80 suppliers and 1300 parts over a 3 year period.

### Solution:

- The supply base was onboarded over 4 weeks.
- A benchmark program was launched.
- Alternative supply was evaluated and qualified.
- A tendering process was completed.

### Results:

- Achieved 16% cost saving in year 1
- Achieved 9% cost saving in year 2
- Achieved 8% cost saving in year 3
- 80 suppliers reduced to 50
- 1 supplier invoice per month – reduced from 80 per month

## Service Parts Supply Chain - OEM

Location : Netherlands

### Challenge:

- Onboard 130 suppliers and 4000 parts
- SerCom demand planning to reduce E&O
- Supply base streamlining

### Results:

- Hubbing and Distribution from a Netherlands hub
- Successful negotiation with suppliers on pricing & payment terms
- Benchmarking program completed
- Overall saving of 34% over 3 years
- 130 suppliers reduced to 95
- No impact to material supply
- Reduced inventory and E & O

## Solutions

SerCom provides solutions to optimize the supply chain.

- Sourcing
- Inventory planning
- Purchasing
- Materials QA
- Supplier management
- Inventory reduction
- Supplier consolidation
- Logistics
- Product kitting and configuration

## News

### New Spend Mining Toolkit

SerCom Solutions has launched a new supply chain toolkit to help companies more effectively manage ad-hoc materials spend. Case evidence has revealed that spending improvements of up to 32 per cent are achievable within some commodities using the toolkit. Commenting on the new supply chain toolkit, Rose McCarthy, Supply Chain Director at SerCom Solutions said: "By taking data feeds regularly from all of the customer regions into our Data Mining tools, our analysts can get to work on customer data and transform ad-hoc activity into definable books-of-business. These activities trigger cost improvement projects by concentrating on extracting business from the data that can be tendered in a formal Request for Quote (RFQ). Other areas for focus are lead time levelling, MOQ (minimum order quantity) management, supplier negotiation and supply chain improvements."



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## Multi-Site Procurement and Kitting

Location: United States

In this example the customer was targeting a consolidation of factory kit operations in the US to one provider and a substantial decrease in unit cost for these factory kits.

### Challenge:

- Take over 12 high-tech suppliers
- Set up operations in 3 cities
- Deliver 4 million kits per annum to customer factories
- Award to launch in 3 weeks

### Results:

- 3 week timeline was achieved
- Zero gap-out since go live
- Outsource of 100m+ factory touches
- 20% cost per unit achieved

## Optimizing Ad-Hoc Spend

Location: Global

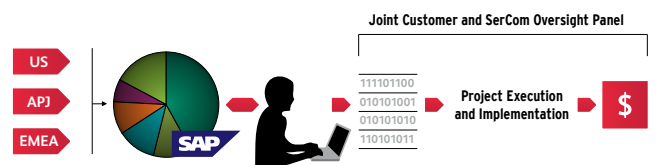
The customer is a major OEM with substantial ad-hoc spend. This is spend driven by specific customer requirements that are outside of the standard bill-of-materials product structures.

### Challenge:

- deliver a spend gathering solution
- include data mining features to analyze spend
- optimize sourcing and pricing globally

### Results:

- an entire set of SerCom tools was deployed
- managed sourcing / cost improvement projects are identified
- spend analyzed and converted to definable books-of-business using technology
- savings of 10% to 34% achieved



Regional Spend → Data Mining Tool → Analyst → Project Management Tool → Global Procurement Team

#### Project Examples

Alternative Sourcing, Supplier Negotiation, Lead time levelling, RFQ, MOQ Management, Materials flow improvement

## OEM Alpha Supplier Program

Location: Global

Challenge: In this model the customer wished to create a VMI aggregator program for over 300 C & D class commodity suppliers.

### Solutions:

- Take on 300 suppliers
- Combination of SerCom and partner logistics infrastructure
- Provide VMI systems
- Portal visibility
- AP controls for VMI management

### Results:

- Full VMI hubbing solution provided
- Multiple value-add activities in the model
- Single invoice to the customer covering
  - » demand planning and supplier management
  - » procurement and hubbing
  - » delivery to factory
- Materials lead time reduced from 13 weeks to 4 hours

## Consumer Electronics Sourcing

Location: China/Europe

Within their Catalog our customer, a leading consumer electronics distributor, wanted an own-brand range of consumer electronics to complement their branded items.

### Challenge:

- Design of consumer electronics range
- Ensuring proper certification and royalty compliance where appropriate
- Identifying manufacturing infrastructure
- Financing upfront payments in the model (to CM's)
- Packaging engineering
- Fulfillment into the UK

### Solution:

- Design carried out by SerCom and the customer
- Design audit/ cost teardown by SerCom
- Process, financial and ethical audits were carried out on selected manufacturers
- Build volumes were placed for tender
- Manufacturers selected
- Demand planning by SerCom Solutions
- Customer margins increased from 8% to 37%
- [www.linx-electronics.com](http://www.linx-electronics.com)