

CASE STUDY

OnProcess Saves F500 OEM \$21 Million through Service Delivery and Supply Chain Optimization

This global Fortune 500 corporation enables businesses around the world to deliver information technology as a service by providing innovative data solutions.

Challenge

OnProcess Technology had been handling reverse logistics services for a key segment of this technology leader's business when it discovered that problems with the client's in-house dispatching operations were negatively impacting returns velocity.

In its effort to get the right parts and the right technicians to customers at the right time, the client was paying premium costs for replacement part transportation and labor, yet still suffering from late returns. And by using manual, siloed methods to manage various aspects of dispatching, the client's dispatching and downstream supply chain processes had become inefficient and error-prone—all of which was being exacerbated by corporate growth.

"In order to handle the customer demands that come with fast growth, we needed a much smarter, streamlined and more cost-effective way to dispatch parts and labor to the field, and help increase velocity of replacement part returns," said the VP of Service Supply Chain at the Fortune 500 company. "It also became clear that, since this wasn't our core competency, we needed to turn to post-sale supply chain experts."

Profile



Service Area

- ▶ Service Delivery
- ▶ Supply Chain

Business Problem

- ▶ Inventory constraints
- ▶ Exorbitant materials shipping costs
- ▶ Missed service events
- ▶ High new material purchases
- ▶ Unnecessary truck rolls
- ▶ Disparate data sources

Solution Benefits

- ▶ Saved \$8.7 million in global supply chain transportation costs
- ▶ Saved \$3.4 million in reducing avoidable truck rolls
- ▶ Saved \$9 million in inventory optimization
- ▶ Automated 80% of the dispatch process utilization and return velocity



“OnProcess’ post-sale supply chain and advanced analytics expertise far exceed any other provider in the industry. It’s what enabled us to achieve such substantial savings while delivering excellent customer service.”

— VP of Service Supply Chain, Fortune 500 IT Company

Solution

The company chose to engage OnProcess for dispatching. “OnProcess understands the end-to-end service supply chain better than any other provider. We felt confident that, by leveraging their expertise and analytics capabilities, we’d be able to provide excellent service to our customers at optimized cost,” said the client’s VP of Service Supply Chain.

OnProcess is a managed services provider that specializes in complex, global service supply chain operations—the flow of people, parts and services following the sale of a product. It is widely recognized for its unique combination of domain expertise, technology-driven delivery and continual analytics-based process improvement.

OnProcess used advanced analytics to evaluate this client’s operations, focusing on global parts and labor dispatch, and transportation cost analyses. It custom-developed a tool connecting the client’s CRM and ERP systems, transportation and 3PL providers, and disparate data sources, and provided an all-inclusive data view on single screen. OnProcess also set up a critical thinking command center, which became the single point of contact for end-to-end post-sale operations.

By the numbers:



80%

Recovery in 60 days

\$8.7

Savings on global transportation

\$3.4

Savings from reduced field engineer visits

\$1.5

Savings from improved inventory utilization and return velocity

“Thanks to OnProcess, we saved \$21.1 million in annual transportation, labor and inventory costs, and dramatically improved the efficiency and accuracy of parts and labor coordination.”

— VP of Service Supply Chain, Fortune 500 IT Company

Results

Automated 80% of the dispatch process

OnProcess' central 'quarterback' team replaced the client's siloed teams, streamlining and managing the end-to-end dispatching process. In addition, instead of relying on largely manual, time-consuming and error-prone processes, OnProcess automated 80% of the dispatch process, including identifying warehouses with needed parts in stock, selecting the part and sourcing the right engineering support personnel for the service event.

Saved \$8.7 million in global transportation costs

Using advanced analytics, OnProcess found that same-day dispatches accounted for 50% of all global shipments. By conducting days-to-usage analysis and proactive customer calling, OnProcess discovered that same-day and next-day shipments were only required in 33% and 41% of all cases, respectively. As a result, it was able to schedule dispatch for when customers could receive and utilize the material. By replacing shipments with less expensive methods, and reducing additional truck rolls and part re-shipments, the client was able to save \$8.7 million.

Reduced field engineer visits, saving \$3.4 million

Through pre-calls to customers, OnProcess determined whether field engineer assistance was actually needed. The client's labor vendor had been sending a field engineer to every service event and, in about 11% of the cases, those personnel were not utilized. This saved the client \$3.4 million in labor costs.

Improved inventory utilization and return velocity, saving \$9 million

The client's average Return Material Authorization cost dropped 42 percent per dispatch. In addition, instead of calling customers to chase parts that were already beyond the 30-day return window, as the client had been doing, OnProcess confirmed with customers during the dispatch pre-call how to return parts and offered to arrange the return shipment for them. Due to this, and to parts being utilized on newly scheduled timeframes, the client's 30-day returns velocity improved by 20 points, which led to lower new purchase and holding costs. All of these factors contributed to saving approximately \$9 million annually.

Global Dispatch Analysis

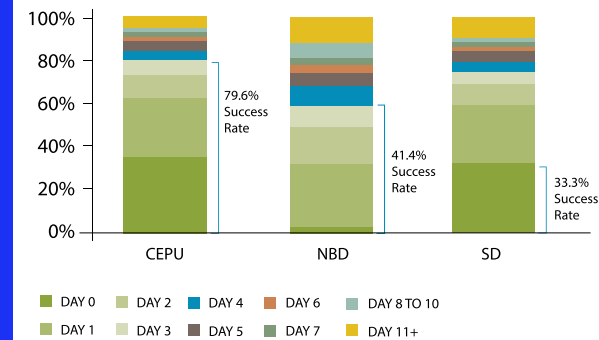


Figure I. Illustrates wasted cost of shipping parts same day (SD), next business day (NBD), next flight out (CEPU) and days to usage.