A FedEx® International DirectDistribution Success Story

Agilent Technologies
FedEx International Priority DirectDistribution®

The Agilent Technologies Electronics Measurement Group (EMG) sought to improve customer service, operational excellence and financial benefits with particular focus on U.S.-bound shipments. Agilent collaborated with FedEx to develop a tailored solution to optimize the mature Malaysia to North America shipping lane.

A strategic move to FedEx garners award-winning results

Agilent Technologies

Industry:
Provides electronic and bio-analytical measurement solutions to meet the needs of communications, life sciences and chemical analysis fields.

Web site:
agilent.com

Customers:
Engineers, scientists, manufacturers, businesses, researchers and government agencies.

“We wanted to invest in a long-term business relationship that would enable us to support all of our global customers with a consistent and reliable level of service.”

Ryan Chan
Director of Global Logistics, Agilent EMG
The Challenges

As part of an initiative to refocus and grow its core business, Agilent EMG thoroughly examined its overall order-fulfillment footprint to identify improvement opportunities. A critical lane, and one that seemed to have potential for network and process optimization, was Asia to North America. Agilent chose for its pilot program a manufacturing site in Malaysia that services the North American market.

“Rather than attempt this endeavor alone, we knew we needed to collaborate strategically with a logistics service provider that understood Agilent’s business needs and had the expertise in the Asia to North America lane,” said Ryan Chan, director of Global Logistics for Agilent Electronic Measurements Group (EMG).

Agilent chose FedEx to help improve service to end customers and optimize Agilent’s total supply-chain cost for U.S.-bound shipments.

The Solutions

Agilent and FedEx participated together in a series of analytical workshops to fully grasp Agilent’s requirements, challenges and initiatives and to map a FedEx global solution to meet Agilent’s desired goals. From this exercise, a robust system was developed, based on the FedEx hub-and-spoke model. To test the solution, a pilot shipment was sent to a key Agilent customer. The success of this first shipment led to additional testing and further enhancements and refinements to the system.

“What made this relationship so successful was the level of synergy, engagement and commitment shown by both parties in determining the vision for Agilent’s logistics solution,” says Rebecca Lim, director of FedEx Global Sales for Asia Pacific.

According to Chan, rather than concentrating solely on freight charges — the cost of shipping a package from point A to point B — they wanted to understand all the factors that play a part in the quality and total cost of supply chain.

The Results

The relationship between Agilent and FedEx advanced Agilent’s customer service to a whole new level and directly benefited its bottom line. With FedEx International DirectDistribution, Agilent benefits from:

- **Cost savings**: Agilent has seen a 15 percent reduction in the total cost of its supply chain.
- **Improved responsiveness**: Agilent has realized a 25 percent reduction in overall transit time. The faster transit time has enabled Agilent to recognize revenue more quickly.
- **Increased customer satisfaction**: Agilent’s customers are not only happy to receive their shipments faster and have access to timely and accurate shipment-status information, but they are also pleased with the product quality. The decline in product defects has enabled Agilent to save on return costs as well.
- **Reduced operating costs**: Agilent has reduced its pipeline inventory by $5 million. This inventory is now converted to usable product.

Agilent was honored with the 2007 Aberdeen Group Performance Excellence Supply Chain Award, which recognizes companies that have attained measurable business growth and mastered methods for financial, operational and customer-centric excellence via their supply chain initiatives.