Keeping critical systems up and running

In today’s business world, keeping systems online is critical. An extended outage can cost an enterprise hundreds of thousands of dollars in lost productivity — a fact that this provider of network-critical products and support services knows all too well.

Identifying opportunities

With more than 400 field service engineers (FSEs) and 700 part numbers to oversee, this power protection solutions provider has the daunting task of making sure that the right parts get to the right place at the right time to avoid or mitigate the impacts of customer outages.

The company determined that minimizing manual tasks would not only improve distribution and transportation processes but also enhance efficiencies and the customer experience in support of continued growth. The provider needed solutions that could reduce the time that FSEs spent on materials management and increase first-visit fix rates. The customer also wanted to drive down the cost of expedited shipments and use automated technologies to reduce expenses and errors from manual processes.

Gaining advantages

FedEx Critical Inventory Logistics® has provided the customer with fact-based, real-time decision-making tools, not to mention end-to-end visibility to field and in-transit inventory. Now, decisions are made based on optimal stocking locations, delivery times and cost. Replenishing issued parts has been transitioned to an automated process that ensures adequate inventory is on hand — where and when it is needed.

Since deploying the FedEx Critical Inventory Logistics technology and stocking location infrastructure, the customer has experienced a nearly 30 percent reduction in the hours that FSEs spend on materials management activities. The team has converted those materials management hours into time that is now devoted to repairs, restorations and customer relationship-building.

Through FedEx Critical Inventory Logistics,® this provider of network-critical products and services now has a distribution network that enables field service engineers to meet service level agreements as narrow as 30 minutes — all while significantly reducing the cost of expediting critical parts and enhancing the productivity of field service engineers.
Improving the bottom line

Before switching to FedEx Critical Inventory Logistics, the customer’s distribution model leveraged two stocking locations based on the East and West Coasts — which meant that a part order could take up to 12 hours to be delivered to an FSE. In order to meet service commitments that range from four hours to as narrow as 30 minutes, the company had to use expedited transportation such as priority and next flight out — which caused transportation expenses to reach excessive levels.

FedEx worked with the customer to redesign the distribution network to utilize a Central Stocking Location (CSL) in Memphis, Tenn., as well as a network of 33 strategically located Forward Stocking Locations (FSLs) across the U.S. and Canada. The combination of the CSL and FSLs has provided the latest possible order cut-off times and optimal geographic locations to speed parts to the provider’s customers in more efficient, cost-effective ways. The model has also allowed the customer to continually modify the FSL locations to accommodate changes in demand without the constraints of fixed overhead.

Since implementing FedEx Critical Inventory Logistics, the company has converted 80 percent of the next-flight-out and priority shipments to less expensive modes and generated an estimated $3 million in revenue from the ability to sell narrower service levels.

Enhancing asset recovery

In addition to geographic optimization, the provider also wanted to improve asset recovery rates and repair cycle times. FedEx Critical Inventory Logistics has provided return solutions to address these needs, including the ability to process advanced exchanges and follow-up options for tracking outstanding returns in the field. With better visibility to goods en route for repair, the customer has increased the percentage of parts received and refurbished by an estimated 15 percent. Additionally, the company believes the technology has had a significant impact on return and repair cycle times and reduced inventory in the pipeline.

The FedEx Critical Inventory Logistics solution also supports the customer’s forward-deployed inventory at FSLs in Calgary, Montreal, Toronto and Vancouver, Canada. For returns, parts are consolidated at the Canadian FSLs, where documentation and customs clearance is completed before the shipments are delivered to the customer’s East Coast repair facility. This consolidation has reduced the amount of paperwork required to create shipping labels and the probability of customs delays. Through this process, the company has been able to ensure compliance with documentation for international shipments and improve repair cycle times without increasing fixed overhead.

Exceeding expectations

Since the customer implemented the FedEx Critical Inventory Logistics solution, the company has been able to sell service levels that were previously not thought possible. For example, the company has a major theme park customer with extremely narrow service level requirements. The provider has gained a competitive advantage by opening an FSL just outside the theme park — which enables the FSEs to pick up parts within one to two hours and provide the customer with the most reliable service possible to keep business up and running.

With the FedEx Critical Inventory Logistics network, there have been instances in which an FSE has been able to deliver a part to where it’s needed and fix the problem within an hour and 15 minutes — much to the delight of the customer’s customers.

Expanding to Latin America

Based on the success of the model used for the U.S. and Canada, the customer decided to implement a similar program to accommodate repair operations in Mexico. Now, instead of spare parts being housed at roughly 50 internal warehouses throughout the country, inventory is centralized at a single FedEx regional distribution center in Mexico City. The customer utilizes local couriers to deliver parts that require same-day delivery and FedEx Express for next-day service — depending on service level agreement requirements.

Besides realizing a number of cost efficiencies related to reducing the number of physical stocking locations, the customer has also benefited from a significant increase in inventory control and order visibility — all while maintaining the same level of service.

Turn "mission critical" into "mission accomplished"

If you need to gain more visibility, speed, control and support for your time-sensitive, high-value repair parts and finished products around the globe, FedEx Critical Inventory Logistics can turn your mission-critical supply chain tasks into “mission accomplished.” For all the details, go to fedex.com/us/supply-chain.