

case study

IBM

High Tech



at a glance

COMPANY

IBM

INDUSTRY

High Tech

GEOGRAPHIC AREA SERVED

Asia, Europe and
North America

CHALLENGE

Strategically position logistics hubs closer to IBM's hard disk drive customers

SOLUTION

Integrate the IBM distribution network, reduce inventory costs and streamline the supply chain

RESULTS

- Reduced cycle times from over 30 days to 7-10 days
- Produced substantial transportation savings
- Doubled inventory turns and cut inventory levels by 50%
- Provided supply-chain visibility

IBM Reaps the Rewards of Successful Supply Chain Collaboration

In early 1996, IBM's Storage Technology Division (STD) was challenged to build a global network to support the growing Asian and European markets. IBM STD engaged with UPS Logistics Group to create an integrated distribution network between Asia, Europe and North America.

According to Jason Hickey, Vice President, Worldwide Supply and Logistics Management, IBM Storage Technology Division, "This was the start of a comprehensive logistics solution that continues to benefit our customers, IBM and UPS Logistics Group."

Client Challenge

With market advances in technology and more streamlined supply chains, time-to-market was becoming a hindrance for the company. The marketplace required continually smaller storage systems with greater capacity as well as shorter product turnaround times. IBM recognized that a change in strategy was critical.

As always, IBM STD was introducing several new products, including leading-edge hard disk drives. However, IBM was experiencing disconnects in its supply chain, resulting in excess inventories and inconsistencies in customer service. The company recognized that there was significant room for improvement in its logistics and transportation operations.



UPS Supply Chain Solutions

logistics | financial services | global freight | mail services

“There’s value in what we get, what we pay, and the confidence that UPS Logistics Group will see us through every bump in the road.”

– Jason Hickey, Vice President,
Worldwide Supply and
Logistics Management,
IBM Storage Technology Division



Our Solution

IBM identified three key focus areas: getting its products to market faster; integrating distribution networks to streamline the supply chain; and strategically positioning logistics hubs closer to the original equipment manufacturers (OEMs).

From a new Asia-Pacific Logistics Center in Singapore, UPS Logistics managed a distribution network to deliver IBM products to OEMs in Asia, Europe and North America. The new program gave IBM customers the advantage of immediate local delivery service or direct air transport, customs documentation and clearance, and complete shipment tracking.

The success of that initial program set the stage for a global distribution solution that has produced significant cost and service benefits for IBM customers throughout the world. Today, UPS Logistics Group operates four such logistics centers located in Singapore, Taiwan, the Netherlands and the U.S.

The network also supports 22 just-in-time (JIT) and vendor-managed inventory (VMI) facilities. Acting as the network manager for all OEM goods shipped from manufacturing plants worldwide, UPS Logistics provides near real-time visibility throughout the supply chain. This visibility enables IBM STD to meet customer requirements with less inventory in the pipeline and allows OEM customers to plan manufacturing based on the knowledge that the product will be available when needed.

The global supply chain expertise of UPS Logistics offers benefits of particular value to high-tech, high-value manufacturers like IBM. For example, UPS Logistics holds tax licenses in Europe and Asia that allow it to “self-report” movement and duties and taxes owed after shipment, which enables a more seamless operation. Additional measurable savings and improvements include:

- Reduced cycle time from manufacturers to customers
- Produced one-time inventory savings and ongoing pipeline savings
- Doubled the number of inventory turns and cut inventory levels by 50%
- Improved flexibility in expedited service and rush deliveries

IBM’s Jason Hickey attributes the success of the IBM/UPS Logistics collaboration to their commitment to work and grow together. “At IBM, we also consider ourselves a third-party provider whose goal is to create customer value. What we have with UPS Logistics is the kind of relationship we strive to build with our own customers. There’s value in what we get, what we pay, and the confidence that UPS Logistics Group will see us through every bump in the road.”

UPS Supply Chain Solutions

For more information please visit
www.ups-scs.com or e-mail us at
info@ups-scs.com