



Latin America Conexiones

The following case study is based on our experiences in a Fortune 100 hi-tech company.

Problem Statement:

Material movements to Latin American countries were taking an excess of 30 days. This forced inventory levels to be high, customs costs to be excessive, and material was not arriving to our customers in a timely manner, creating Customer dissatisfaction.

Typical Cycle for a part:

U.S. Warehouse	>> Transit	>> In-Country Customs	>> Customs Broker	>> Customs Clearance	>> Local Warehouse	>> Customer
<i>Number of days:</i>	4	14	7	2	5	= 32 days

Current vs. Desired State

<u>Current</u>	<u>Desired</u>
Excess Transit Times	Minimize Transit Times
High Customs Storage Charges	Reduced Customs Charges
Slow Customs Clearance	Maximize Customs Clearance Speed

Measured Goals

<u>Starting Point</u>	<u>Big Hard Aggressive Goals</u>
Importation charges added 35% to cost	Reduce importation charges to 18% of cost
Order lead times of 45 days	Order lead times of 14 days
Customer Satisfaction at 87%	Customer Satisfaction increased to 95%
Customs clearance average of 14 days	Customs clearance average of 48 hrs

Approach Taken

We teamed with an industry leader in transportation, built solid working relationships with full service customs brokers, set up bonded warehousing areas to allow real time customs clearance and implemented an escalation process to track and correct delays in material movements.

Results Achieved

1. Importation charges reduced to an average of 15% of material costs
2. Inventory lead times to 14 days from receipt of order – a 66% reduction
3. Customer Satisfaction increased to 99% - a 12 point increase
4. Customs Clearance within 24 hrs – an 85% improvement

Improved Cycle:

U.S. Warehouse	>> Transit	>> Local Warehouse	>> Customs Clearance	>> Customer
<i>Number of days:</i>	2	1	2	= 5 days



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Affirmation

"The improvements achieved by our Logistic Operation in such a short period of time, was key to guarantee and even increase the SLA commitments to our customers, helping us to differentiate ourselves from our competition and to reposition ourselves as one of the top IT companies in Latin America. It is great when Operations and Sales becomes a real business partner. We all win!"

*Claudio Cordeiro
Director – Latin America & Caribbean Services Sales
Sun Microsystems, Inc.*

Lessons Learned

By teaming with a transportation industry leader, we were able to leverage their knowledge and core competencies to overcome delays and introduce alternative methods of material movement, shipment tracking, and Bonded Warehouse solutions. This enabled us to focus on establishing Customer feedback tracking, building the necessary processes and establishing the base line measurements to monitor and improve Customer Satisfaction. Costs were reduced by minimizing the number of touch points, consolidating importation processes, and ensuring documentation was accurate. We also realized increased inventory turns and operational efficiencies because of these initiatives.