


## CASE STUDY

# INTEGRATED LOGISTICS & REPAIR SOLUTION INCREASES FLEXIBILITY



With a presence in three main geographies, Portugal, Brazil and Africa, this international telecoms operator serves more than 100 million customers worldwide and has over 72,000 employees. The company covers every segment of the telecommunications sector including fixed, mobile, multimedia, data and corporate solutions. DHL manages its end-to-end logistics operations including inbound, warehousing and return and repair operations, on a range of commercial products.

## CUSTOMER CHALLENGE

The international telecoms company demanded flexibility from its logistics partner in order to meet fluctuations in its product sales. The customer was also looking to improve its return and repair service, after experiencing a backlog and long turnaround times for its commercial products, such as mobile phones, set top boxes, routers and satellite decoders.

The backlog and long turnaround times were due to the fact that the customer's internal operation to refurbish returned equipment could not handle the large volumes. Certain branded products had to be sent for repair at a technical facility in Eastern Europe and could take up to a month and a half to return.

To better leverage the value of a single logistics partner, the customer needed DHL to improve the flexibility of its operations during peak sales periods, reduce inventory and repair costs, and reduce the investment in new equipment.

### CUSTOMER CHALLENGE:

- Regular fluctuations in stock levels and demand
- Backlog and long turnaround time on return and repair items
- High inventory and repair costs
- Old equipment at facility

### DHL SUPPLY CHAIN SOLUTION:

- Inbound, warehousing and end-to-end logistics for return and repair solution
- Flexible labor management solution with 30% additional resource available when required
- Integrated cosmetic repair operation on site

### CUSTOMER BENEFITS:

- Flexibility to respond to changing customer/product demand
- Reduced turnaround time for reverse logistics operations from a month and a half to 3-5 days
- Improved customer service due to faster turnaround times



**CONSUMER**

## **DHL SUPPLY CHAIN SOLUTION**

DHL manages the end-to-end logistics for the customer, including inbound, warehousing, pick/pack, distribution and return and repair operations at a facility near Lisbon. The site fulfills return and repair requirements on industrial and commercial orders for the customer, with full traceability of materials along the supply chain.

To accommodate fluctuations in product sales, DHL implemented a flexible labor management solution at the site. By keeping approximately 30% of staff contracted on a temporary basis DHL can respond quickly to abrupt variations in demand. During peak periods, such as product launches, DHL also puts into action a second shift on demand.

In order to improve the customer's return and repair logistics, DHL designed and built an integrated screening, testing, flashing and cosmetic refurbishment operation at the site, taking ownership of the end-to-end repair process.

Previously, the customer had a store of reverse logistics equipment at a third party warehouse that had not yet been assessed. DHL's first order of business was to provide a full evaluation of those operations, to prevent the customer from investing in new equipment, redundantly.

Initially, DHL was able to test and refurbish 20,000 set top boxes a month, before extending the service offering to provide cosmetic repair to set top boxes and routers. Now the site is capable of screening and flash testing 37,000 units per month, cleaning 33,000 units, refurbishing 20,000 units, and performing cosmetic repair to 8,000 units per month.

The few branded products that had to be sent to a technical facility in Eastern Europe for repair are now performed at the DHL site. This means that these products no longer have such a long turnaround time.

## **CUSTOMER BENEFIT**

As a result of improved screening and testing capability at the site near Lisbon, the customer can now test and refurbish a total of 98,000 units a month.

Providing cosmetic repairs to 8,000 units on site allows for a faster resolution of equipment defects and reduced inventory at low repair cost. By performing end-to-end screening, testing, cosmetic repair and refurbishment on site, units that previously had a turnaround time of a month and a half, are now available within three to five days. This in turn improves our customer's service to its end users.

With a flexible labor force the customer is able to respond to changing consumer demand, with the possibility of quickly shifting processing capabilities between different activities and products depending on the type of equipment required at a specific time. By doubling production time in just three to four days we can ensure a new product is launched to market quickly.

Overall, by using an integrated logistics solution the customer has simplified its operations allowing the business to maintain growth.

### **For further information**

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