



Case Study

INNOVATIVE LOGISTICS SOFTWARE DEVELOPMENT REDUCED SWAP STOCK INVENTORY BY \$5M AND ANNUAL FREIGHT COSTS BY \$200K+

A tier one OEM needed to reduce transport costs and achieve challenging repair turnaround times of three days or less. Ruggedized mobile computing devices and scanners deployed in 1,000s of European locations required repair in annual volumes of over 600,000. Sanmina enabled the OEM and its customers to reduce swap stock inventory by up to \$5M and reduce transport costs by \$200k+ per year.

THE CHALLENGE

A tier one OEM needed transport costs reduced and repair turnaround times of three days or less achieved in 80% of cases. For another 10% of repairs they required an advance exchange same day service. The OEM supplied millions of ruggedized mobile computing devices and scanners to retail and logistics companies in 1,000s of European locations. Reducing turnaround time by one day would allow the OEM and its customers to reduce their investment in swap stock inventory by \$5M based on 600,000 repairs per year. Units requiring repair were sent in individual packaging from thousands of customer locations to multiple consolidation points and then to the repair facility at a rate of 2,500 units per day.

WHY SANMINA

Sanmina was already repairing the OEMs scanners and mobile computing devices and identified freight and logistics as a significant cost saving opportunity.



SANMINA'S APPROACH

- A cross functional team was established and a six sigma black belt qualified leader was appointed.
- The team used value stream mapping and other six sigma techniques to analyse the problem and develop solutions.
- A network of cost effective freight providers was established to service the complex European logistics network.
- Sanmina and the customer co-developed a list of fault codes to allow each product repair to be systematically managed.
- A software system was developed to track every device and manage the flow of product repair in the facility.
- Automated algorithms prioritized routing of incoming repairs through the repair facility in the most efficient manner.
- The system accelerated some repairs to utilize road transport instead of more expensive air freight.
- The software proposes the optimum packaging size based on the quantity of products in the repair process for the same location.
- Human error was removed by automating many of the sub-processes through the Sanmina developed application.

RESULTS

- Turnaround time of 2 – 3 days was consistently and reliably achieved.
- As a result of the consistent turnaround time performance, swap stock inventory was reduced by \$5M for customers and their end customers.
- Annual freight savings of \$200k+ were achieved.



ABOUT SANMINA

Sanmina makes some of the most complex and innovative optical, electronic and mechanical products in the world. Recognized as a technology leader, Sanmina provides end-to-end design, manufacturing and logistics solutions, delivering superior quality and support to Original Equipment Manufacturers (OEMs) primarily in the communications networks, computing and storage, medical, defense and aerospace, industrial and semiconductor, multimedia, automotive and clean technology sectors.

More information regarding the company is available at www.sanmina.com