



High-Tech

Leveraging Kuehne + Nagel's Supply Logistics Capabilities, Multinational Manufacturer Expands Circuit Business & Becomes "Preferred Vendor"

Ability to provide global capability, expertise gives company necessary flexibility to expand and adapt to volatile market trends

SITUATION

Headquartered in Santa Clara, Calif., this large multi-national semiconductor company delivers communications-specific integrated circuits, primarily to contract- and original-equipment manufacturers (CEMs and OEMs). It has design, manufacturing and assembly locations in various locations in the United States, Australia, China, the Philippines and Malaysia.

The company realized it had to be able to participate in vendor-managed inventory (VMI) programs or risk market share, as its CEM/OEM customers aggressively push inbound costs and fulfillment process requirements onto the company and similar suppliers.

The manufacturer decided to establish a third-party logistics provider (3PL) relationship. Since CEM/OEM customers are price and delivery driven, the company wanted to be able to offer more flexible supply chain solutions to distributors and end customers. It believed that an effective 3PL relationship would help it win new business because it would be capable of providing just-in-time fulfillment, as well as quickly reacting to customers' changing forecasts and fluctuating demand.

The manufacturer partnered with Kuehne + Nagel – a single provider that could reduce administration, improve inventory visibility and increase customer responsiveness. The company also viewed Kuehne + Nagel's VMI services as a way to grow business with strategic global customers in the CEM, OEM, industrial, medical and automotive markets.

SOLUTION

Because Kuehne + Nagel has extensive experience managing multi-source, high-volume end shipments CEM/OEM customers, it was able to design an integrated solution leveraging its semiconductor industry knowledge. Kuehne + Nagel's ability to leverage its global infrastructure and adapt its systems to integrate with the manufacturer's systems, reducing existing infrastructure costs.

Kuehne + Nagel developed an integrated solution for the manufacturer in Canada, the United States, Europe and China. It positioned the company's proximity inventory to better serve multiple end customers and eliminate touch points and provided critical global warehouse management system (WMS) platform tools with a single Web interface for real-time inventory visibility. It also reduced transportation administration through its IT tools and global partnerships. Additional services provided included dedicated customer service to support all regions and a global master warehousing agreement with site-specific detail.

RESULTS

The Kuehne + Nagel solution maximizes the manufacturer's management of proximity inventory moved product from manufacturing to fulfillment hubs, reducing transportation and liability, while increasing inventory turns. Real-time visibility now allows the company to proactively communicate with its suppliers and customers.

Kuehne + Nagel's ability to provide global capability and expertise – from fulfillment to freight and import/export – also gave the company the necessary flexibility to expand and adapt to volatile market trends. Importantly, the company achieved preferred vendor status with a number of its key CEM/OEM customers, further increasing sales and market share.

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