Service Parts Execution - Optimizing Both Performance And Visibility

Presented by:

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Sponsored by:

TECSYS®
Service Parts Supply Chain

- Manufacturing
  - ERP
  - MFG
  - Inventory
  - Warehousing
  - Repairs
  - Transportation
  - Delivery
  - KPIs

- Parts Supply/Distribution
  - Demand
  - Inventory
  - Fulfilment
  - Warehousing
  - Transportation
  - Delivery
  - KPIs

- Service Operations
  - Dispatch
  - Routing & Scheduling
  - Field services
  - Depot operations
  - Warranty
  - Reverse Logistics
  - KPIs

- Service Parts Supply Chain
Flows in All Directions

Forward Logistics

Supplier → Production → Distribution Center → Parts Distribution → Service Event

Reverse Logistics

Disposal → Repair Depot → Refurbish, Dispose
Critical to the Business

- 75% of Executives in companies with Service Parts view parts as critical or very important to the business

- But few have visibility to current metrics to justify investments

Source: Aberdeen Group
Service Parts Segmentation

Internal Service Centers

- Little formal shipping
- Rush, hourly and next day orders
Service Parts Segmentation

Local Service Parts Centers

- Local delivery / repair service
- Customer pick-ups
- Order turn-around in minutes / hours
Service Parts Segmentation

Global / Regional B2C Service Parts
- Single or regional DCs
- Low to high volume fulfillment
- Mission criticality varies by product line
Service Parts Segmentation

Global / Regional B2B Service Parts
- Single or regional DCs, 3PL network
- Global shipping requirements
- Order turn-around next day, same day, next flight out
Service Parts Segmentation

Hybrid – All of the Above
– All complexities plus extended network
## Similar Order Impacts

<table>
<thead>
<tr>
<th></th>
<th>Late</th>
<th>Wrong Part</th>
<th>No Inventory</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal Service</strong></td>
<td><strong>Downtime</strong></td>
<td>Delays</td>
<td><strong>Downtime</strong></td>
</tr>
<tr>
<td><strong>Local Service</strong></td>
<td>Customer Delays</td>
<td>Tech 2\textsuperscript{nd} Visit</td>
<td><strong>Downtime</strong> / Retail Purchase</td>
</tr>
<tr>
<td><strong>Regional B2C</strong></td>
<td><strong>Downtime</strong></td>
<td><strong>Downtime</strong> / Replacement Order</td>
<td>Expedite Transfer</td>
</tr>
<tr>
<td><strong>Global B2B</strong></td>
<td><strong>Downtime</strong></td>
<td><strong>Downtime</strong> / Replacement Order</td>
<td>Expedite Alternate Source</td>
</tr>
<tr>
<td><strong>Hybrid</strong></td>
<td><strong>Downtime</strong></td>
<td><strong>Downtime</strong> / Replacement Order</td>
<td>All of Above</td>
</tr>
</tbody>
</table>
Late Order Impact
Wrong Part Impact
Poorly Stocked Van Impact
Areas for Improvement

- Point-of-Use inventory availability
- Rapid response to emergency orders
- Accuracy of deliveries
- Efficiency for technicians
- And …Distribution Center labor efficiency
Service Parts Solutions Areas

Point of Use

Point of Delivery

Point of Distribution
Point of Use Solutions

• Step 1 – Real-Time Inventory Management
• Step 2 – Automated Restocking
• Step 3 – Global Visibility
• Step 4 – Initiate Rapid Response
• Step 5 – Speed for Part Pickup
• Step 6 – User Interface Designed for Purpose
Point of Use Solutions

- Step 1 – Real-Time Inventory Management
  - Perpetual inventory tracking
  - Reporting / charging to customer or contract
Point of Use Solutions

• Step 2 – Automated Restocking
  – Pro-active, system directed replenishment from DC/Depot
  – Demand sensing for improved forecasting / planning
Point of Use Solutions

- **Step 3 – Global Visibility**
  - Complete view of inventory across the supply chain
  - Search inventory availability while on site
Point of Use Solutions

• Step 4 – Initiate Rapid Response
  – On-line request for rush orders
  – Emergency requests from alternate service vehicles/locations
Point of Use Solutions

- Step 5 – Speed for Part Pickup
  - Self-directed pickups
  - Unattended deliveries
Point of Use Solutions

• Step 6 – User Interface Designed for Purpose
  – Easy, intuitive, fast, no training required
Point of Delivery Solutions

• Step 1 – Real-Time Tracking
• Step 2 – Capability to Pickup / Dropoff Anything
• Step 3 – Emergency Response Capable
• Step 4 – Multi-Route / Multi-Stop / Multi-Stage
Delivery Solutions

• Step 1 – Real-Time Tracking
  – On-line access to any delivery status and location
Delivery Solutions

• Step 2 – Capability to Pickup / Dropoff Anything
  – External/internal initiated
  – Unknown delivery support
  – Interrupt capable
Delivery Solutions

• Step 3 – Emergency Response Capable
  – Locate and intercept
  – Redirect
Delivery Solutions

• Step 4 – Multi-Route / Multi-Stop / Multi-Stage
  – Flexible to routing realities
Point of Distribution Solutions

• Step 1 – Balance Response versus Efficiency
• Step 2 – Truly Scalable
• Step 3 – Designed for Part Complexity
• Step 4 – Exception Oriented
• Step 5 – Optimized for Point of Use Efficiency
DC / Depot Solutions

• Step 1 – Balance Response versus Efficiency
  – Optimized for normal distribution operations
  – Automated interrupts for emergency orders
DC / Depot Solutions

- Step 2 – Truly Scalable
  - Small to Large, Large to Small
DC / Depot Solutions

- Step 3 – Designed for Part Complexity
  - UOM’s, similarities, proliferation
DC / Depot Solutions

- Step 4 – Exception Oriented
  - Rush Orders, etc
DC / Depot Solutions

• Step 5 – Optimize for Point of Use Efficiency
  – Kit, assemble, package for ease of end use
Summary Takeaways

• Understand the customer / technician first

• Ensure Supply Chain Management solutions provide:
  – Real-time visibility across applications and partners
  – Relevant images and screens that simplify complexities
  – Exception automation while optimizing normal operations
  – Pro-active restocking final Points-of-Use
  – Real-time tracking and metrics across the full supply chain
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