



SPARE PARTS MANAGEMENT DRIVES COST SAVINGS, INVENTORY EFFICIENCY AND CUSTOMER SATISFACTION

With a growing volume of defective televisions being returned, a leading retailer leveraged its two-decades-long relationship with ModusLink for spare parts management and repair expertise.

CHALLENGES:

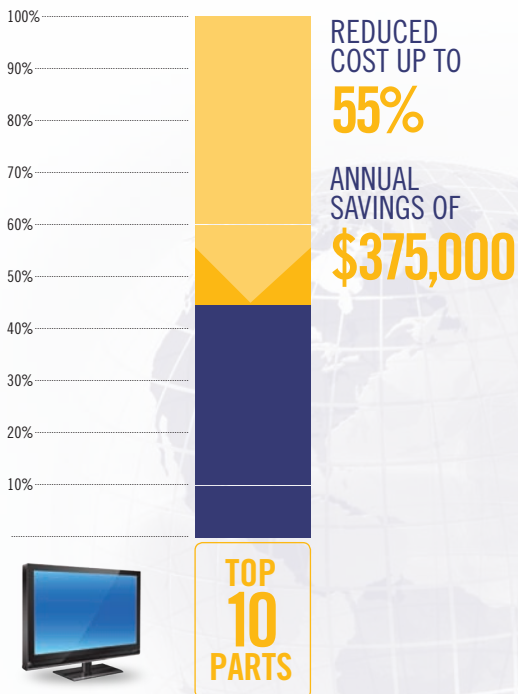
- Support more than 100 thousand spare parts across 15 thousand SKUs
- Manage return to vendor (RTV) warranty on defective parts
- Manage spare parts inventory levels to support the number of defective TVs in the field
- Provide technical support to field technicians

SOLUTION:

- Implemented a planning process for inventory management
- Reduced overall repair times through inventory planning
- Integrated with client's service organization to minimize the number of whole unit TV replacements
- Established a product hold process in order to accurately diagnose the defective boards
- Provided board-level failure analysis

RESULTS:

- Implemented a comprehensive spare parts management program that covers the client's parts requirements across 15 thousand SKUs
- Reduced cost up to 55 percent on the top 10 parts; an annual savings of \$375 thousand
- Processed more than 20 thousand board returns in one year
- Increased RTV yield from 52 percent to 94 percent through improved spare parts management



When a leading broad-line retailer started to experience high volumes of returned televisions in need of repair, it leveraged its longtime relationship with ModusLink, which spans more than two decades, for efficient and cost-effective spare parts management, repair processes and inventory management.

The relationship between ModusLink and the retailer began in the 1980s, at which time, ModusLink performed component level repair on television tuners and main boards that could not be repaired in the field. The relationship has grown to include services such as spare parts management, asset recovery/e-waste disposal, inventory management and technical support.

ModusLink currently repairs more than 12 thousand parts per month across 15 thousand SKUs for the retailer. This includes various types of display technology such as direct view, rear projection, DLP, LCOS, LCD, and plasma.

In order to uniquely identify and track each order, ModusLink puts a barcode on all incoming parts. Warranty information, damage details and repair history are also tracked. ModusLink then repairs down to the component level on all television modules with a repair capacity of 12 thousand modules per month. In addition, repair and testing data is collected — by electronic serial number for each assembly — during repair execution.

The average turnaround time for repairs is three business days, which significantly reduces the number of televisions the retailer has to replace and send back to consumers. ModusLink achieves this by adhering to the replacement deadlines established by the retailer, which in most cases is 15 to 30 days. If the replacement deadline is not met, the retailer must send a new television to the customer, even if the defective television is repairable. ModusLink maintains turnaround times by forecasting for component parts, and following a system which expedites the amount of time needed to move a product through production. In 2009, the retailer experienced a cost savings of more than \$375 thousand from the top ten parts alone.

Since 2002, ModusLink has managed spare parts administration and original equipment manufacturer (OEM) reimbursement for the retailer, which as a result, has increased efficiency and improved the rate of return for spare parts reimbursement.

ModusLink provides one centralized location for main board returns from the retailer's 50 locations across the U.S. Upon arrival, boards are separated based on the value attached to each part. Parts with value are processed back to the OEM, while parts without designated value are stored in an exclusive warehouse and used for future repairs.

Spare Parts Administration

- ModusLink currently processes and returns more than 15 thousand units per month back to the OEM for reimbursement.
- The retailer receives an average of \$2 million per month for reimbursement on product returned to the OEM.
- Credit reimbursement rate is 93 percent from the OEM.

The relationship between ModusLink and the retailer has a lifespan of more than two decades and counting, and will continue to scale in support of future needs.



MODUSLINK SOLUTIONS

SUPPLY CHAIN | Sustainable Solutions | Factory Supply | Optimized Configuration | Multichannel Fulfillment

AFTERMARKET | Returns Management | Repair/Remanufacture | Value Recovery

e-BUSINESS | ModusLink Commerce | ModusLink Live | ModusLink Returns | ModusLink Recall | ModusLink Auction | ModusLink Promotions | Entitlement Management



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