UPS Supply Chain Solutions℠

Cisco Systems
High Tech

UPS Supply Chain Solutions Builds European Supply Chain Model for Cisco Systems

When it comes to the Internet, Cisco Systems has developed a reputation as a worldwide leader in networking solutions. They have continued to grow a global customer base, generating 2001 revenues of more than $22 billion. In 1997, Cisco turned to UPS Supply Chain Solutions to build a European supply chain model.

Client Challenge

Cisco was committed to manufacture products within two weeks of order date, but when it came to distribution, customers were on their own. Customers were responsible for coordinating their own freight movement from Cisco's shipping dock in San Jose, California, which posed a number of difficulties:

- Cisco's shipping area suffered congestion, with more than 150 different transportation providers picking up finished goods.
- Cisco had limited control or visibility of finished goods in the shipping area.
- Customer service opportunities were limited.
- Transportation costs for European customers were higher than they would have been for a coordinated distribution system.

As a result, Cisco asked UPS Supply Chain Solutions to re-engineer and manage its European supply chain. "The key for us was integrating a solution that was seamless to both the customer and Cisco," stated Edwin de Boer, Manager of EMEA Logistics, Cisco Systems.

Our Solution

Approximately 90 percent of the products that Cisco now sells are ordered online and can be made-to-measure. The customer configures the products online, and then automatically checks to see if they are technically correct. If that is the case, the customer receives a message within 24 hours that the order is accepted. At the same time, the order is scheduled into the production line.

UPS Supply Chain Solutions receives notification once the products are ready. These products are then collected within 24 hours from one of the nine Strategic Logistics Sites (SLC) located in Asia, America and Europe. In the meantime, UPS Supply Chain Solutions books cargo space, dependent

GEOGRAPHIC AREA SERVED

Global: Europe, Asia, Africa, Middle East and North America

CHALLENGE

Re-engineer and manage European supply chain.

SOLUTION

Create an integrated solution to manage transportation from manufacturer to Cisco customers. Cross-docking, fulfillment and VAS occur at a centralized distribution center.

RESULTS

- **Consolidated transportation carriers from 150 to 6 total**

- **Achieved online visibility of the supply chain**

- **Enabled time-definite deliveries and consistent rates**

- **Handled customs clearance, documentation, billing and carrier selection**

on the volume of the shipment. The freight arrives at Roermond via the airports at Schiphol, Frankfurt or Luxembourg within two to three days.

Cross-docking, order fulfillment and value added services (VAS) occur at a centralized European Distribution Center. From the moment that products arrive at the distribution center, several strategies are employed in the handling process. For orders consisting of one order line, the products are transported via cross-docking direct to the customer in Europe. If the orders consist of two or more order lines manufactured at different production sites, it is up to the customer to choose to have each order line delivered separately or the whole order delivered at one time. In the latter scenario, UPS Supply Chain Solutions will hold delivery until all products have been received.

Some of the fast-moving product lines are inserted into the supply chain at the last moment and will be picked from inventory held at the SLC in The Netherlands. UPS Supply Chain Solutions also handles the minimum and maximum inventory levels on hand on behalf of Cisco and takes care of the "last bill of material update" in the Cisco ERP system once goods have been ordered for dispatch.

Various carrier algorithms (e.g., service level, price and time in transit) have been populated in the system on a postal code level. The system provides a 'mini RFQ' to find the best carrier from an approved vendor list every time a new consignment is being presented for a customer. Throughout the process, the order status is communicated to Cisco so that the new customer has continuous access to real-time information. Until an order is fulfilled, a customer has the opportunity to make adjustments to the order, such as changes to the delivery address.

Over the past few years, Cisco and UPS Supply Chain Solutions have placed much importance on the integration of their IT systems. Every logistics movement registered in the UPS Supply Chain Solutions system is also registered immediately in the Cisco system. Cisco employees and customers get a continuous overview of the order status. Currently, Cisco and UPS Supply Chain Solutions are working together on a system that allows the customers to compile and send their own shipping reports via the Internet.

Annually, UPS Supply Chain Solutions handles more than one million boxes for Cisco. In the distribution center at Roermond, approximately 86,000 square feet are reserved for the cross-dock operation to support European distribution of Cisco products.

At five years and counting, the solution from UPS Supply Chain Solutions continues to pay dividends for Cisco Systems and its customers. Because UPS Supply Chain Solutions can ensure reliable transit times, Cisco is able to promise time-definite deliveries to customers in Europe. Along the way, Cisco customers experience a seamless service—and another challenging supply-chain puzzle is solved.

"The key for us was integrating a solution that was seamless to both the customer and Cisco."

—*Edwin de Boer,*
Manager of EMEA Logistics,
Cisco Systems

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