

# Global Computer and Consumer Electronics Company

## About the Company

This global computer and consumer electronics company manufactures, distributes and sells directly to consumers as well as through retail stores. It provides a full line of desktop and notebook PCs, network servers, workstations, storage systems, printers, projectors, and Ethernet switches.

## The Challenge

While planning new retail channel entries and changing procurement strategies, the company requested assistance from Tompkins Associates to analyze its global logistics network, international transportation, and overall global logistics strategies.

Nearly 90% of the company's global components and products are imported from China, and the total costs of logistics were increasing. Also, with fast-changing market factors that impact ocean freight sourcing, external advice was sought for expert knowledge on major market uncertainties and potential freight rate increases.

Further, as its supply chain managers were planning networks with third-party operated facilities in four Asian cities and growing volumes of product for new retail channels, the global logistics system was being challenged.

Tompkins Associates (Tompkins) worked closely with managers at the company's Global Logistics Unit to develop strategic and operations plans for logistics. Tompkins provided expertise and addressed the following topics:

- Third-party benchmarking of the ocean logistics industry
- Industry-wide ocean freight analyses
- Specification of complexities driving industry
- Market predictions
- Key players in the industry – capabilities and market shares relevant to the company's needs

## The Solution

Tompkins developed a written "Assessment of Ocean Freight Outlook and Sourcing Strategy," which was accompanied by a "Supplier Routing Guide." The

## At A Glance

**Challenge:** Understanding Global Shipping and China-based Sourcing Needs and Reducing Costs

**Solution:** Provided Assessment and Developed Guides for Global Shipping and Sourcing

guides included views on Customs and Security compliance issues of international supply chains and addressed three key topics:

- Assessment of the company's **China-based supply network**, in the context of its business model and in light of practices by other large importers
- Analysis of the **container shipping market** (China to US and to Europe) – key drivers of supply and demand, recent evolutions and outlook for future freight rates
- Recommendations for the company's **ocean freight sourcing strategy** – whether to set rates directly with carriers, how best to contract for logistics management services, which players to invite, when to make changes and next steps in moving forward

## The Results

The company now has documented processes and procedures for its international supply chain/logistics network and ocean and air freight transportation. It will also benefit from suggestions for service requirements and instructions for working with its selected service providers.

With these processes in place, the Global Logistics Unit has adapted and expanded its international services, and thus better enabled its international business. Its customers have received improved reliability and effective deliveries.

Overall, the company is better equipped to plan for the logistics needs of serving retail channels, improve its supply chain efficiency, and react quickly to changing market conditions and logistics factors.

*Innovative, practical solutions that improve supply chain performance and produce value-based results*