



UPS Supply Chain SolutionsSM

case study

UPS Supply Chain Solutions Group Provides Fourth-Party Logistics Support for Alcatel eND's Supply Chain

Alcatel High Tech

Alcatel is one of the world's major players in the areas of telecommunications and the Internet, building next generation networks and delivering integrated end-to-end voice and data networking solutions to telecommunications carriers, enterprises and consumers.

GEOGRAPHIC AREA SERVED
Global

Since July 2000, UPS Supply Chain Solutions has been providing supply chain management for Alcatel eND (eBusiness Networking Division), which develops and markets Alcatel OmniPCX 4400 and Alcatel OmniPCX 4200 IP communication servers. Alcatel eND is a leader on both the French and European markets with a 50% and 24% share, respectively. UPS Supply Chain Solutions acts as the sole point of contact for the operational, IT and financial aspects of Alcatel eND's supply chain.

CHALLENGE
Boost Alcatel's service levels while reducing costs.

Client Challenge

Alcatel eND wanted to utilize external resources to oversee the supply chain flow of its IP communication servers and to help respond more effectively to customers and reduce costs. In addition to achieving basic outsource-driven economies of scale, Alcatel eND also felt a move would enable it to develop its supply chain in order to deliver additional value to customers.

SOLUTION
Employ Lead Logistics Provider to manage all supply chain activities and be sole point of contact between customers and suppliers.

Jean-Michel Fallet, Vice-President of Supply Chain and Support at Alcatel eND, said, "We wished to develop a close relationship with a single partner whom we could work with to develop a solution tailored to Alcatel eND's needs. Above all, we wanted to boost the quality of service that our customers receive in terms of timeliness and flow traceability; reduce costs and inventory; and streamline our supply chain by eliminating the need for multiple suppliers across different geographic regions."

RESULTS

- Increased speed of order turnaround and delivery
- Improved access to European market
- Streamlined business processes
- Increased competitive position

"We were looking for a large-scale partner able to take over global management and be totally free to choose their own service providers simply by subcontracting on the basis of proven efficiency. UPS Supply Chain Solutions was uniquely able to meet these two criteria," Fallet added.

Our Solution

On the basis of its extensive track record, UPS Supply Chain Solutions was the organization able to convince Alcatel eND of its expertise in the telecommunications industry and in the high-tech arena. UPS Supply Chain Solutions is now the sole contact point between customers and suppliers and acts as Lead Logistics Provider by managing all supply chain activities at strategic, tactical and operational levels.

The single interface offered by UPS Supply Chain Solutions provides a more effective solution than the many different suppliers that used to operate in Alcatel eND's supply chain.

The Longueil Sainte Marie site, which is north of Paris, France, is the focal point of Alcatel's logistics operations. Operations are carried out by FM Logistics (FML), under UPS Supply Chain Solutions direction and, since July 2000, have handled deliveries of a whole range of products, including PABX 4400 units, custom-tailored telephone sets and accessories such as faxes and brochures. Since February 2001 it has also handled the supply of PABX 4200 units.

UPS Supply Chain Solutions is responsible for coordinating the activities of the European logistics site at Longueil Sainte Marie, packaging equipment and managing inbound and outbound transportation. Many products are brought together on the site, either daily or in planned batches: systems and add-ons from Alcatel's Brest plant, phone sets from plants in Spain and Mexico, connection kits from French suppliers, and special products and accessories purchased by various European and global suppliers.

Supervised by UPS Supply Chain Solutions and Alcatel, FML fulfills the European distribution from Longueil, including product reception, manufacturing of phone set kits, dispatch, availability of carriers and customs management. There are 600-800 orders ranging over 3,000 item references processed each day.

UPS Supply Chain Solutions services go far beyond the management of Alcatel's IP server delivery. It coordinates its own logistics organization's resources and information technologies with those of complementary service partners.

Using its innovative transaction tracking and supply chain monitoring tool, UPS Supply Chain Solutions optimizes Alcatel eND's logistics on a European scale. Its key asset is the capacity to integrate IT systems into the global organization of the supply chain, allowing users to organize and plan all delivery flows by means of an interface with Alcatel eND's IT system.

Over the last two years, the average service levels have risen from 60% to over 90%. Total supply chain costs fell from 5.8% of Alcatel eND's revenues to 5.1% at the end of last year.

Due to its long-term approach, UPS Supply Chain Solutions can optimize the supply chain process on a permanent basis and help boost productivity. UPS Supply Chain Solutions continues to provide new solutions for Alcatel eND and is dedicated to supporting them throughout the development process.

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*—Jean Michel Fallet,
Vice-President of
Supply Chain and Support,
Alcatel eND*

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