



RELIABLE PRINTING IN THE DIGITAL AGE:

Choice Logistics Case Study for Océ North America

► BACKGROUND

Océ is a leading international provider of digital document management technology and services. The company's solutions are based on advanced software applications that deliver documents and data over internal networks and the Internet to printing devices and archives – locally and globally. Supporting workflow solutions, Océ digital printers and scanners are considered the most reliable and productive in the world. Océ also offers a wide range of display graphics, consulting and outsourcing solutions.

With revenues of approximately \$4.3 billion in 2008, the company operates in more than 90 countries worldwide with 23,000 employees. Océ North America revenues represented about half of Océ's worldwide business in 2008. Océ maintains research and manufacturing centers in the Netherlands, the United States, Canada, Germany, France, Belgium, the Czech Republic, Romania and Singapore.

► CHALLENGE

Océ North America serves a broad spectrum of Fortune 50 to 500 companies in industries such as finance, publishing, utilities, legal and government. Many of these high profile organizations conduct 24/7 printing, sorting, stacking and binding of documents, books, billing transactions and other material critical for business operations. Océ is contractually obligated to ensure that their technology is functioning with limited downtime, or risk severe financial penalties.

To adhere to these strict service level agreements (SLAs), service parts must be available to field technicians as quickly and efficiently as possible. To focus resources on core competencies, Océ North America decided to find an outside expert to manage their important mission critical service parts operation. With more than \$15 million of high value inventory, ranging from \$100 to \$75,000 per part, it was important to identify a partner who could offer reliable inventory accuracy and tracking, in addition to impeccable service.

The first partner Océ selected proved to be ineffective, with inventory accuracy hovering at 90 percent. Using the provider also resulted in a large number of next flight out (NFO) orders, which was inefficient and led to exorbitant costs. This level of performance did not meet Océ's high standards and necessitated a change. After an extensive search for a new provider, Choice Logistics was selected based on the company's expertise in high tech service parts management, proven best practices and established processes.

Before committing to an expansive relationship, Océ North America challenged Choice to demonstrate its capabilities with two pilot programs in New York City.

► SOLUTION

New York City's unique environment was ideal to evaluate Choice's approach. Choice utilized its local strategic stocking location (SSL) network and integrated its proprietary global IT platform with Océ North America's internal operation to provide unprecedented real-time inventory visibility. This produced meticulous accounting and status updates of all parts in the field. To gauge the effectiveness of the program, Océ conducted rigorous daily evaluations of Choice, measuring volumes and on-time performance across the city. During the course of three months, Choice consistently exceeded the demanding service level performance criteria.

As a result of this impressive achievement, Océ rolled out service with Choice over a six-week period, stocking parts in nearly 50 of Choice's North American SSLs. In addition,

CUSTOMER QUOTE

"We have been very impressed with Choice's knowledge of our industry and place a tremendous level of trust in them,"

"Their flexibility and attention to detail has been unsurpassed, allowing our field technicians to focus on their job, instead of worrying about parts arriving on time. This is critical because of our demanding SLAs and stiff penalties for falling short. Beyond the financial ramifications, disappointing our customers is something we seek to avoid at all costs."

Victor Dubiel

*Vice President, Fulfillment
Americas of Océ North America*

Océ | North America

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Choice's IT platform was integrated system-wide to facilitate automated ordering and parts replenishment. The system also helped maximize inventory levels, eliminating unnecessary capital expenditures of new parts.

Choice currently moves 3,200 to 3,400 outbound parts for Océ North America on a monthly basis, working with 1,100 customers and 600 technicians. Overall, Choice manages, and is responsible for 22,000 total parts. At each SSL, Choice conducts thorough audits and inventory control to ensure accuracy. This granular detail is essential for Océ's field engineers who are then equipped with the necessary information to meet customer expectations for repair and maintenance within four hours or less.

After further collaboration with Océ, Choice helped reconfigure the distribution model to lower transportation costs, and decrease the number of stocking locations through inventory consolidation.

► RESULTS / BENEFITS

The relationship with Choice has given Océ North America increased service performance levels, and vastly improved inventory integrity. Average on-time performance of 98 percent is at an all time high, and pick and ship measurements have been 99.9 percent accurate. Most importantly, inventory integrity is an impressive 100 percent.

Choice's infrastructure of SSLs paired with its efficient IT platform has helped Océ significantly reduce the overall number of NFO requests. On average, NFO activity has dropped from approximately 550 orders a month to about 350, with the intention to reduce them even further. This equates to a cost savings/avoidance of about a half million dollars annually. Océ has also been able to better serve its end-users as a result.

This level of performance gives Océ confidence that customer obligations will be consistently met. Ultimately, the success of the partnership has been predicated on Choice's commitment to understanding Océ's business.

"We have been very impressed with Choice's knowledge of our industry and place a tremendous level of trust in them," said Victor Dubiel, Vice President, Fulfillment, Americas of Océ North America. "Their flexibility and attention to detail has been unsurpassed, allowing our field technicians to focus on their job, instead of worrying about parts arriving on time. This is critical because of our demanding SLAs and stiff penalties for falling short. Beyond the financial ramifications, disappointing our customers is something we seek to avoid at all costs."

Ongoing process improvement has further helped Océ North America reduce its overall inventory count, while still fulfilling customer commitments. Choice's reports provide critical information that help make better service parts management decisions and keeps costs low in relation to the premium service provided.

"Choice proactively recommends solutions that help us improve our operations," added Dubiel. "The personal attention demonstrated is incredibly valuable. There is never any complacency with Choice; like a true partner, they constantly look for ways to refine our service delivery. This level of interaction is critical to our partnership's success."

While the quality of Océ's equipment is the primary selling point, Choice's reliability helps Océ commit to strenuous SLAs.

"The comfort level with Choice is very high. Through their proven and reliable processes, they have helped us increase the reliability and credibility of our service organization. We know that they are on top of our service parts needs, and that our customers are well taken care of, which is our chief concern."



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