



# RE-THINKING THE SERVICE SUPPLY CHAIN FOR CUSTOMER SERVICE

## *Case Study for Pitney Bowes Document Messaging Technology Division*

### ► BACKGROUND

Pitney Bowes ([www.pb.com](http://www.pb.com)) is a mailstream technology company that helps organizations manage the flow of information, mail, documents and packages. The company supports businesses with postage meter needs through its Global Mailing Division and supports organizations with requirements for extremely high velocity mailings through its Document Messaging Technology Division (DMT).

Pitney Bowes manufactures and services equipment that supports the flow of millions of pieces of mail on a daily basis, from customizing and printing, to sorting and attaching postage for invoices and direct mail. The company serves the needs of large-scale operations such as credit card and utility companies.

### ► CHALLENGE

Pitney Bowes Document Messaging Technology Division employs 900 service personnel to support hundreds of customer locations. Its customers rely on them to provide near-perfect uptime. At a rate of 22,000 pieces of mail per hour for some equipment, only a couple of hours without the ability to invoice end-customers can translate to a loss of revenue. To meet these extremely demanding service level agreements (SLAs), Pitney Bowes attempted to stock the majority of parts on-site at each client installation. This included both lower-cost, more frequently replaced parts, as well as high-value, low-turn parts at all locations resulting in significant expense, despite excellent customer service ratings.

In 2007, Pitney Bowes evaluated its service supply chain strategy, with a goal to reduce service inventory from \$26.1M to \$22.5M.

### CUSTOMER QUOTE

“We appreciate Choice’s flexibility in helping to facilitate this pilot program, which was significantly smaller in scale compared to the work they do with other companies on a day-to-day basis,”

“This was critical to demonstrate their value proposition and provided the case to expand the relationship. While this was an initial pilot program, we never felt that we were secondary to other customers. From management, to operations, to IT, everyone at Choice has worked closely with us to make our operation successful. We are delighted and couldn’t be more satisfied with the results.”

*Mark Doane, Logistics & Business  
Support Manager, Pitney Bowes  
Document Messaging Technologies*

 **Pitney Bowes**

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### ► SOLUTION

Choice Logistics was selected as the third party logistics (3PL) provider of record for service parts and was challenged to develop and establish a pilot program that would demonstrate the value of a more streamlined service parts logistics process. Choice and Pitney Bowes worked collaboratively to create a business case for strategic, rather than on-site, stocking of service parts and instituted a pilot program.

The program focused on two primary geographic locations: Columbus, Ohio and Edison, New Jersey. This was based on the high concentration of Pitney Bowes customers in these regions that could be served within a two-hour timeframe by a strategic stocking location (SSL). Once the Choice and Pitney Bowes team identified the two locations to meet client demands, they began stocking expensive, low-usage critical parts in both locations.

### ► RESULTS / BENEFITS

The first pilot was located in Columbus, where Pitney Bowes consolidated parts that were servicing eight customers into one centrally located SSL that delivers within a two-hour SLA. For the Edison location, Pitney Bowes stocked parts in the SSL that were previously distributed among 16 client sites.

The results were dramatic and tangible. First, and most importantly, Pitney Bowes successfully maintained their superior customer service. After just one year, the company realized a 25 percent reduction in service parts inventory at each of these pilot locations.

Plus, these two locations are now supporting other markets for next-day delivery of parts that are typically stocked at Pitney Bowes' primary distribution center that is located in an area that does not facilitate same-day or next-day parts delivery. This results in the added benefit of additional points of distribution, which improves customer service, while reducing overall cost.



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