



## Network Optimization—Europe

### Case Study

#### CHALLENGE

Poor product handling and delivery was impacting customer service level agreements.

#### SOLUTION

Confirmed that the physical distribution network was optimal and shifted the 3rd party logistics partnership into a higher quality provider.

#### RESULTS

- ⇒ Confirmed optimal European distribution network
- ⇒ Negotiated new 3PL contract with improved service while reducing expenses by 15%
- ⇒ Relocated depots over a 2 month period

For more  
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### Solution for spare parts distribution in Europe results in 15% cost savings

#### The Client

This multi-billion dollar manufacturer of semi-conductor equipment was experiencing poor handling and delayed delivery service within its established European spare parts distribution network.

#### The Challenge

In the semi-conductor industry, down tools can cost the customer well over \$100K/hour—response time is measured in hours, not days.

Forward positioning spare parts in local depots to support aggressive service level agreements is critical. These parts must be stored in a controlled, clean environment with a complete order cycle time of less than 2 hours.

Restored quality  
and delivery  
performance

The European region was experiencing delayed deliveries and product quality problems caused by the distribution storage environments. Both issues were negatively impacting contracted service level agreements.

#### The Solution

The European depot structure was analyzed and the results confirmed that the existing distribution network was optimizing service, operating costs, and inventory. The existing distribution network, which consisted of a main Amsterdam hub and 4 smaller depots located in Dresden, Milan, Lyon, and Dublin, was the proper structure.

The management structure was analyzed to determine the benefits of an internal and outsourced structure. An outsourced model was confirmed to be the best configuration, driven mainly by the low volume of transactions. The overall requirements for an outsourced partner were developed and included both tangible and intangible factors (24/7 access, controlled environment, EDI connectivity, company owned, cross cultural understanding, flexibility, etc.).

Following extensive discussions to identify and qualify the leading European providers, multiple site visits and contract negotiations were conducted in the selection of a new 3PL partner. The new network delivered improved service levels and long-term flexibility, while reducing costs by 15%. A detailed relocation project plan was developed and all depots were relocated over a two month period.