

Case Study: Sony Electronics



NEW BREED
LOGISTICS

Sony Electronics Outsources Management of World Repair Parts Center to New Breed

Sony Electronics is the largest business unit of Sony Corporation of America, a leader in electronics and entertainment.

Situation For more than 25 years, Sony Electronics operated a distribution center for service parts in Kansas City, MO. It is one of four Sony World Repair Parts Centers (WRPCs) in the world. The others are in Belgium, Singapore and Japan. Recognizing that logistics was not its core competency, Sony sought to outsource management of the KC facility to control operating costs and provide a flexible platform for growth.

Solution New Breed Logistics was chosen to manage the Kansas City WRPC, which primarily serves Sony customers across the Americas. According to Carl Cameron, Sony Electronics' Director of Procurement for the facility, Sony sought a partner that was core competent in running a cost-effective warehouse and had advanced systems capabilities.

"To improve and expand our parts network, Sony needed to migrate from legacy systems to leading edge systems for management of orders, inventory, transportation, and forecasting and replenishment," says Cameron. "New Breed brought these systems as part of its solution. As a result, Sony was able to avoid millions in software and development costs."

Sony's inventory at its WRPC for the Americas includes 100,000 different items – from small consumable parts to plasma and LCD TVs. The facility drives a range of benefits for both Sony and its customers:

- **Improved inventory planning cuts backorders.** Sony planners use New Breed's planning and replenishment software from Logility. Each day the system generates a list of recommended replenishments based on the previous day's order activity. Planners use this data and their own evaluations to make buying decisions. The new system has helped reduce backorders by 61% and maintain high fill rates on all product groups
- **Same-day shipping boosts customer satisfaction.** More than 50 percent of parts are shipped same day. Most ship to repair centers for televisions, cameras, computers, and other electronics. Others are urgent

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Carl Cameron,
Director of Procurement,
World Repair Parts
Center - Americas,
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shipments to hospitals, theatres, TV and radio stations, and other businesses that use Sony equipment.

- **Last-minute configuration cuts inventories.** Some electronics parts are identical except for the software loaded onto the part. For instance, a printed circuit board for a Sony VAIO computer may have seven different configurations. Rather than stock seven different boards, Sony stores one board. Before shipping, trained New Breed staff members download the appropriate software onto the board based on the configuration requested – a process called flashing. This enables Sony to reduce storage and inventory carrying costs.
- **Warehouse kitting boosts field technician productivity.** When a part is ordered, New Breed may send a kit that includes the replacement part, plus updates to service manuals, repair instructions, return process requirements and packaging, and catalogs. Kitting simplifies the field technicians' job since a single order triggers delivery of all information and materials needed to complete the repair and return.
- **Returns process reclaims core parts for remanufacturing.** New Breed team members inspect returned parts and assess them for reuse potential. New Breed also assists with warranty management by checking warranty status against the RMA.

About New Breed We're a third-party logistics services provider (3PL) that helps companies gain greater control of complex logistics operations. Our services include:

- Service Parts Logistics
- Reverse Logistics and Repair
- Warehousing and Distribution
- Manufacturing Support
- Transportation Management
- Supply Chain Consulting

Results Since assuming management of the facility, New Breed has maintained Sony's already high service levels for parts distribution while reducing Sony costs for facility operation. Patton Consultants, authors of the Service Parts Handbook and recognized authority on aftermarket operations, evaluated the Sony operation and rated it best-in-class for overall operations and customer service, compared with similar organizations.

According to Sony's Cameron, inventory planning improvements have dramatically reduced backorders and Sony is hitting objectives for fill rates, on-time shipping, shipping accuracy, inventory accuracy, and all other key metrics.

"Our transition to New Breed went smoothly," he says. "We didn't miss a beat. Sony views the relationship with New Breed as a true alliance, where our two companies work as one team to support Sony's customer."



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