

HEALTHCARE



OPPORTUNITY

A global leader in the engineering and manufacturing of medical equipment has been a client of XPO for more than 30 years. When the company needed a more effective support network for its critical parts distribution, it once again turned to XPO for a solution. The goal was a network that could guarantee delivery within two to six hours of order with the least possible number of facilities. In addition, the client sought better visibility to monitor each order.

SOLUTION

XPO leveraged operational capabilities for order management, warehouse management and distribution center operations to provide rapid delivery coverage throughout the U.S. We analyzed our client's network and determined that 17 distribution centers, strategically located throughout the country, would provide ample resources to meet the critical delivery window. This network is supported by XPO's web-based order management system, which allows the client to monitor the progress of each order and intervene if an order falls off plan.

For this solution, XPO provides demand and supply chain planning, inventory positioning, transportation planning and carrier management. Special processes include electrostatic discharge (ESD) procedures, precise management of inventory owned by various divisions of the company within the same facility, serial number tracking, handling of high-value and delicate electronic equipment, evaluation of parts for "good" or "reject" status, and a nationwide returns program. We also monitor vendor performance for consistency and reliability, including in-transit lead times and carrier delivery performance.

XPO invested more than \$5 million to design and implement this network, demonstrating our financial strength and willingness to support and invest in our client's major warehousing and transportation initiatives.

RESULTS

XPO's systems provide complete, end-to-end tracking of each order with automatic alerts at pre-defined milestones. Our client's customer service engineers use this information to plan their work proactively, reducing equipment downtime and idle time spent waiting for parts to arrive. Our solution has helped dramatically reduce inventory, lower overhead costs and streamline operations. We were able to implement this program in a remarkably short amount of time, and since startup, XPO has maintained an on-time delivery performance exceeding 99%.

XPO has since been selected to manage service parts distribution for this client's diagnostics equipment business segment, which consists of a central distribution center and 31 forward stocking locations. We integrated the diagnostics distribution network into the existing critical parts network and reduced the total number of depots from 48 to 38 for the combined operations. This solution delivers order visibility, modern automation, improved storage capacity and enhanced inventory management processes, as well as cost savings, numerous efficiencies and improved service levels.