

# value-added resale



**A high-tech manufacturing equipment provider gains inventory flexibility, while postponing purchases with Morgan's innovative procurement, consolidated transportation and visibility programs.**



## THE CHALLENGE

The client's existing outsourced manufacturing strategy came at a high price: increased inventory costs due to availability concerns; high transportation expenses for airfreight of large, heavyweight components; and difficulty tracking goods from Asian suppliers and in transit.

In the previous system, the client purchased large system components from an outsourced manufacturer, taking possession of goods at origin in Shanghai, China. Because these goods had very high costs and long manufacturing lead times, the client was forced to order quantities in advance and then ship the units by air to its own warehouse in California.

## MORGAN'S SOLUTION

D.W. Morgan Company's consulting team worked with the client to define key strategic goals. In this case, two needs seemed at odds: reducing shipping and inventory carrying costs, while at the same time increasing on-hand supplies of these key, high-value components.

Morgan designed a novel solution, agreeing to act as a value-added reseller. Now, a Morgan company procures goods from the Asian suppliers on the client's behalf. The client issues its purchase orders for critical, high-value components directly to Morgan, and Morgan in turn buys on ex-works shipping terms from the suppliers.

After taking title to the goods at the supplier's dock, Morgan arranges transportation to export gateways. Under the previous system, all goods were shipped via air. Now, Morgan consolidates six units into 40-foot freight containers and ships via ocean.

On arriving in the United States, the components are received into Morgan's San Jose, Calif. fulfillment / distribution center, where they are held until needed. An online virtual warehouse shows the client complete information about each item, including configuration and serial number. From that same interface, the client can issue a demand signal for any component with just a single mouse click. Once Morgan is alerted, the needed inventory is loaded onto a truck and delivered to the client the same day.

## KEY RESULTS

- Postpones client's inventory purchases and carrying costs until day of use.
- Provides continuous, real-time, online visibility of components and in-transit goods.
- Reduced annual transportation spend for selected heavyweight components by more than \$1 million per year.

Morgan owns the goods until time of delivery, and issues an invoice only on completion of the transaction.

The system is made possible by combining competencies in real-time information, transportation management, warehousing and title management.

#### **ABOUT D.W. MORGAN COMPANY**

D.W. Morgan Company helps the world's top manufacturers provide Supply On Demand® for their clients. By combining transportation and logistics services with a flow of coordinated, real-time information and strategic consulting, Morgan dramatically improves efficiency and reduces costs—while maximizing flexibility. Assets in key manufacturing locations worldwide enable the company to coordinate the critical 'last mile' of the supply chain and coordinate the most critical moves to and from these endpoints. Morgan is certified as a Corporate Plus™ minority-owned business by the National Minority Supplier Development Council. The company's headquarters is located in Pleasanton, Calif. With operations offices worldwide, Morgan provides services to more than 85 countries.