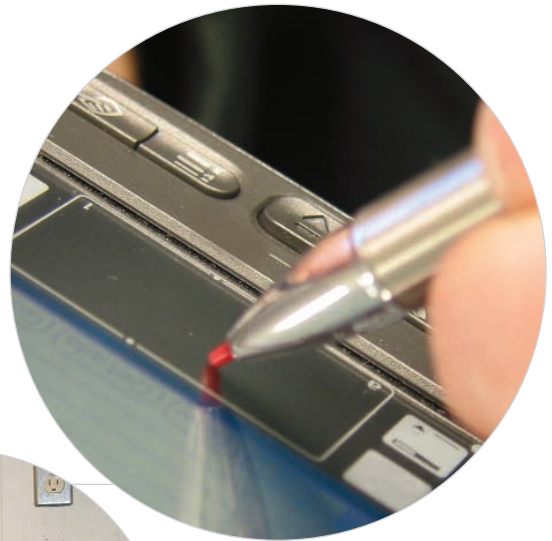


### Exceeding Customer Expectations



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## ▶ Critical Network Operations Hubbing

During challenging economic times, one of the world's largest telecommunications companies asked AFC Worldwide Express for help in designing and implementing a critical spare parts hubbing program.

### Problem:

The most valuable technology asset in business and government today is telecommunications. Without it, businesses, government agencies, and service organizations would be unable to function. The use of wireless communications has never been greater, and it has become an essential part of our nation's business management and emergency response system.

In order for the telecommunication's giant to maintain its service standards, its network operations needed fast and reliable access to critical spare parts. The inability to do so would cause loss of revenues, threaten business continuity, security, and emergency response management.



When the global telecommunications giant needed to reduce their capital expenditure on critical spare parts, they began looking for a transportation and logistics provider they outlined a number of essential requirements for the program to be a success:

program to be a success:

- ◆ The program would have to provide access to a variety of critical parts needed to make repairs.
- ◆ It would be necessary to maintain approximately 150 of redundant critical spare parts at designated warehouses to supply each of the Company's 80 switch sites.
- ◆ Failed parts would have to be replaced the same day, and within a 2 hour delivery window usually between the hours of 11:00 p.m. and 1:00 a.m.

### ▶ Critical Network Operations Hubbing

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◆ The goal of the program was to lower operating and

administrative costs while preventing service interruptions by providing parts to technicians to be exchanged during "off peak" hours.

#### **Solution:**

Working together in a collaborative effort with the company, AFC crafted a reliable, flexible, and predictable solution that was also cost effective. AFC proposed and implemented a plan that entailed the opening and management of 13 "hub" facilities that would be strategically placed across the country whereby they could reach each of the customers 80 switch sites within 5 hours drive time from one of the hubs.

From each of its 13 hubs, AFC would be able to react in a timely manner to deliver a replacement part to any of the 80 switch locations that experienced a critical parts failure. A collaborative effort between AFC's VP of Sales and IT Director also resulted in the development of a secure website from which AFC could provide the company with live "up to the minute" access to the inventory in any of the 13 parts

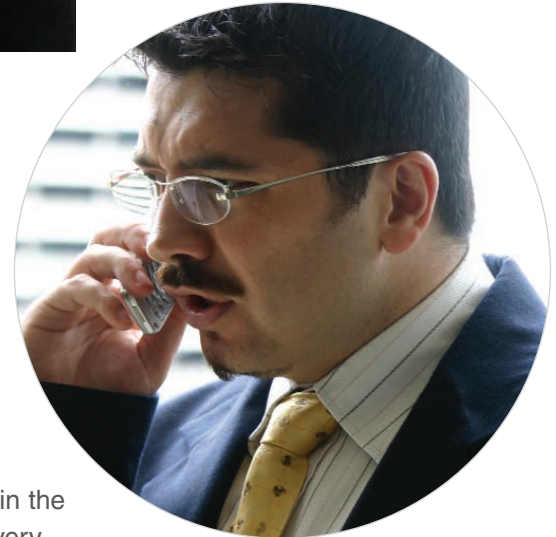
hubs.

In the event that AFC received a critical spare parts "case" shipment to deliver from the AFC hub in San Francisco to the company's switch site in Santa Clara, Ca. AFC would coordinate the proper part being pulled from the inventory and delivering it to the site within the company's prescribed delivery window. The delivery window would be within a 1 to 2 hour period the same day.

As the critical spare parts are being shipped to Santa Clara, AFC automatically replenishes the San Francisco hub with a replacement part from the Central hub in Kansas City. The company then automatically restocks the AFC Kansas City hub with the necessary replacement part. The deployment of this program has greatly reduced the customer's capital expenditure by reducing the number of sites in which they stored critical spare parts from 80 down to 13.

#### **Results:**

Since beginning the critical parts hubbing program, AFC has



performed approximately 600 successful critical spares case shipments. There has been only one service failure which arrived 10 minutes late, and they have maintained a 99.999% on-time delivery. They have also maintained inventory at 13 hubs with 0% shrink and no damages. This solution has saved the company \$6 million in capital expenditure savings only 1.5 years into a three year contract.

This Critical Network Operations Program is another example of how remaining responsive, flexible and dependable benefits AFC Worldwide Express' customers. ◆