

CASE STUDY

GLOBAL SERVICE PROVIDER REDUCES CAPEX AND OPEX WITH ANIXTER

Streamlining Operations in the Caribbean

In 2006, a global service provider wanted to streamline operations in the Caribbean to reduce expenses, improve cash flow, mitigate risk and increase supply chain efficiencies across eight facilities in two countries. They were also looking for support during hurricane season as the storms impacted both downtime and revenues.

Reducing Risk and Improving Efficiency

Anixter worked with the customer to build a plan that addressed strategic sourcing, inventory and warehouse management, complex importation logistics and accountable reporting. Anixter took over inventory ownership worth over \$25 million, effectively removing this burden from the customer's balance sheet and saving them \$850,000 per year in interest.

Anixter leveraged its inventory management expertise to effectively reduce the customer's local inventory by 50 percent while enabling them to maintain customer service-level agreements.

Anixter currently owns \$12 million in inventory to specifically support the customer, saving them \$480,000 per year in interest. This strategy also significantly reduces the cash-to-cash cycle and frees up working capital for the customer to use in alternative areas of the business.

In addition to inventory ownership and management, Anixter took on the management of the customer's warehouses, employing over 60 dedicated operations and warehouse personnel and managing salaries, benefits, training and systems to streamline operating costs, saving the customer \$1.5 million per year. The warehouses, now part of the Anixter global network, improve sourcing, ordering, shipping and importation efficiencies and reduce the risk to project timelines.

Anixter is also responsible for all inventories within the warehouses, reducing the customer's exposure to risk of excess inventory, damage, obsolescence and theft. Communication, reporting and accountability are greatly enhanced with the introduction of a dedicated team and a personalized portal to provide on-demand visibility of day-to-day inventory, shipping details and tracking, as well as high-level summary executive dashboards. With improved inventory visibility and control, Anixter ensures the customer always has access to the materials needed to get back up and running in the event of an outage, a common occurrence during hurricane season.

SUMMARY

Customer

Global service provider

Challenge

- Reduce expenses
- Improve cash flow
- Mitigate risk
- Improve storm preparedness
- Increase supply chain efficiencies

Solutions

- Sourcing
- Inventory management
- Warehouse management
- Supply chain management

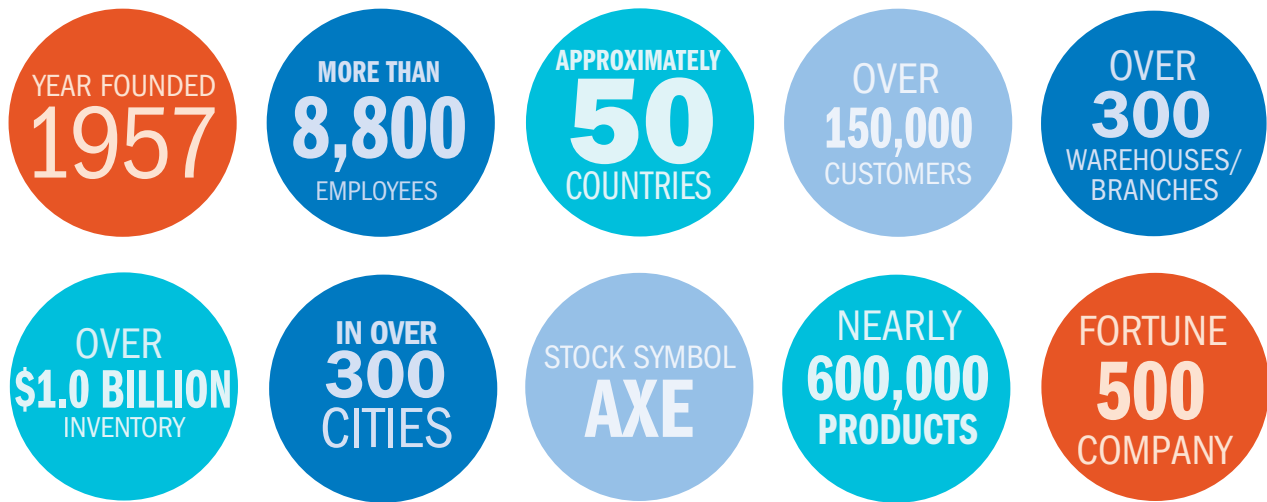
Results

- Save nearly \$500K on interest annually
- Improved visibility into inventory
- Save \$1.5 million per year on operating costs
- Increased working capital
- Reduced risks associated with inventory

Expanding Operations Across Latin America and Beyond

Anixter's formula proved so successful that the partnership was expanded into 14 additional Caribbean and Latin America locations across 11 additional countries. At these locations, Anixter is responsible for scaling staff to meet volume and business needs, meaning the customer's operational expenses are no longer fixed by location, but are variable, demand-driven costs proportionate to business activity. The onsite Anixter operations team is an expert in importing and customs procedures and the in-country warehouses stock core items to help minimize delivery time and costs.

Anixter's sourcing, stocking and supply chain management across the Caribbean is designed to help the customer maintain their service-level agreements and compliance with their customers. By leveraging its existing Latin American footprint, Anixter will continue to help the customer expand its operations more profitably and efficiently across the region and beyond.



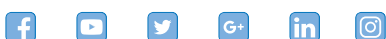
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