

# Optimizing Customer Supply Chains

By Connecting Supply and Demand

## OUR VALUE SERVICES

### QUALITY

Quality is the primary differentiator among companies in the secondary market. Spectrum has made significant investments in building and developing screening facilities. Everything we ship to our customers is guaranteed under a two year warranty for form, fit, and function according to manufacturers' specifications. You can rest assured that Spectrum Sourcing insulates you from the quality concerns and pitfalls within the independent distribution marketplace.



### DELIVERY

Spectrum Sourcing's customized just-in-time inventory programs eliminate our customers' excess inventory liabilities and significantly reduce carrying costs. We strive for 100% on time delivery, tracking information is communicated timely, and customers tell us time and again how much they appreciate our delivery consistency.



### PRICING

Spectrum Sourcing WILL save dollars for every customer if utilized effectively. Whether driving procurement cost savings in an overage market or dispositioning excess inventory in a shortage market, these price benefits can always off-set any procurement losses in a shortage market. Call us today for more information on how Spectrum Sourcing can benefit your supply chain.

# CASE STUDY #1

## CUSTOMER REQUIREMENT

Customer was placing mostly small volume orders of ten or less pieces per part on mostly low dollar CPUs. Their supply chain was build-to-order, so customer did not forecast, and components were needed immediately upon placing the order. Transportation costs were high and were driving higher prices per component. Customer was placing two to five orders per week.

## DATA COLLECTION

Customer provided a component requirement list along with their previous 12 months' demand. Below is a snapshot of a portion of the demand list provided.

MPN	S-Spec	Intel Ordering #	Usage History
I3-6300	SR2HA	CM8066201926905	50
E5-2640v3	SR205	CM8064401830901	125
I5-520M	SLBNB	CP80617004119AE	35
E5-2609	SR0LA	CM8062107186604	86
E5-2630v4	SR2R7	CM8066002032301	57
G3930	SR35K	CM8067703015717	152
E5-2620	SR0KW	CM8062101048401	85
I5-6500	SR2L6	CM8066201920404	90
E5-2630v2	SR1AM	CM8063501288100	95
I5-3470	SR0T8	CM8063701093302	50

## PROPOSAL

Spectrum Sourcing proposed the following solution:

- Spectrum agreed to stock 50% of the annual spend as part of a just-in-time fulfillment program
- Customer agreed to commit six months of spend to Spectrum for all just-in-time parts
- Customer placed orders as needed and we shipped according to customer's delivery requirement

## RESULTS

The program substantially reduced inbound delivery costs to Spectrum which, in turn, reduced component pricing for the customer. Customer's average days to receive dropped from 4.5 days to 1.5 days. Zero stock-outs occurred, contributing to our customer drastically improving their customer delivery metrics. Customer has been pleased with the program and extended the timeframe for the past four quarters.

## CASE STUDY #2

### CUSTOMER REQUIREMENT

Customer had been in business less than five years and had entered the server and workstation marketplace. Due to their initial low volume, they were not happy with the Intel CPU pricing they were seeing from their franchised distribution partners. The customer was wary of quality in the secondary channel and had always shied away from using an independent distributor.

### DATA COLLECTION

The customer shared with us the following CPU usage information.

CPU Family Number	Item Description	Supplier Part #
E5-2658	Intel Xeon Server Processor	CM8062101042805
E5-2630v3	Intel Xeon Server Processor	CM8064401831000
E5-2620v4	Intel Xeon Server Processor	CM8066002032201
E5-2680v2	Intel Xeon Server Processor	CM8063501374901
E5-2699v4	Intel Xeon Server Processor	CM8066002022506

### PROPOSAL

Spectrum Sourcing provided quality documentation as part of a customer audit. Procedures reviewed included: CPU testing, warehouse material handling, ESD/anti-static control, product packaging, employee training, documentation, and others. A sample shipment was provided with 100% return privileges.

### RESULTS

Customer closely inspected the inbound sample units and tested them on their customer boards. Spectrum passed the evaluation 100%. Regular shipments commenced. Spectrum has been a partner with this customer for three years and has successfully reduced this customer's procurement costs by approximately \$540,000. In addition, Spectrum now holds inventory for this customer in order to fulfill just-in-time shipments. This has reduced out of stock situations to zero and mitigated all CPU inventory risk.