

Serving Service Success

SERVICE PARTS MANAGEMENT



“Servigistics greatly contributed to Sun’s successful global service parts operation performance in 2004 and the Supplier Award is our way of recognizing their exceptional level of commitment and service”

STEVE SIMPSON
Sun Microsystems

CHALLENGE:

Sun determined that the “first-generation” service parts planning solution the company used had outlived its use and was not capable of meeting the needs of the company’s global planning. As a result, Sun required a single, easy-to-use, highly scalable service parts management system capable of supporting the complexities of the company’s rapidly growing global service parts network and could help the company plan its resources.

Sun required a solution that could:

- Meet its existing Service Level Agreements (SLAs) and strict Six Sigma requirements
- Help align the global service organization and operate on a single, global instance system and leverage global economies of scale
- Reduce service parts obsolescence
- Reduce orphaned part revisions through true complex parts chaining
- Ensure profitable service contracts through installed base and service contract planning
- Run on Sun technology

RESULTS:

Servigistics responded with a global Service Parts Management solution that reduced inventory and provided eye-opening results. The Servigistics solution:

- Created worldwide parts visibility
- Saved or avoided more than \$40 million in its first year by reducing inventory and eliminating purchases while still achieving high service levels
- Reduced amortization spend by \$10 million per quarter
- Was recognized with the Sun Supplier Award because of success



Since its inception in 1982, Sun Microsystems has become the leading global supplier of network computing solutions.

Sun’s world-class services organization supports that success by consistently delivering high-availability service for its enterprise class users.

The exponential growth Sun experienced during the 1990s caused the company to over-stock service parts in order to achieve its SLA commitments. Although Sun had grown into a large global organization, it managed its service inventory locally through four separate geographies, operating independently on a variety of legacy transaction and planning systems. Sun’s executive management recognized the need to improve operational efficiency globally while reducing inventory and maintaining high service levels. Sun executives mandated that the service team improve its service parts operations by implementing a standard service parts management system around the globe.

With its charge in hand, Sun’s service team determined that the current “first-generation” service parts planning solution was not designed to manage a global service parts network and set off to find a system that could meet the company’s evolving needs.

Sun required a solution that could integrate its service parts processes globally while still maintaining regional flexibility. The challenge was to find a solution and company that could integrate its existing systems, meet Sun’s strict Six Sigma requirements and deliver global service parts management capabilities, all at the same time.

Sun required a solution that could:

- Meet all SLAs
- Help align the global service organization and operate on a single global instance system and leverage global economies of scale

“Servigistics clearly does what it sets out to do: deliver beyond expectations. That commitment comes from all levels of the organization.”

STEVE SIMPSON
Sun Microsystems

- Enable flexible configuration
- Automate day-to-day processes to streamline operations
- Optimize inventory investment across all locations (central and field) based on desired service objectives
- Reduce part obsolescence
- Reduce orphaned part revisions through true complex parts chaining
- Ensure profitable service contracts through installed base and service contract planning
- Run on Sun technology

After evaluating several vendors and partners, Sun selected Servigistics based on six critical qualities, including:

- Ability to meet service levels
- Ability to improve new product introductions
- Robust install-based planning
- Financial predictability
- Global consistency
- Return on investment

NOW SERVING GLOBAL SERVICE PARTS WITH A SINGLE SOLUTION

Consistently delivering high-quality performance results, Servigistics' solution improved Sun's already high standards of service excellence and streamlined its global service parts network for optimal operating performance results in just under 25 weeks. The implementation included integration with Oracle and multiple transaction systems.

SCOPE

Servigistics is used to manage Sun's global service parts business unit consisting of:

- 1.1 million SKUs
- 32,000 parts
- 1,900 locations
- Global users in Europe, Asia-Pacific, Canada, the United States and Latin America

By replacing its “first-generation” service parts solution with Servigistics, Sun has already experienced an ROI of five times its original investment, with what Sun calls ROSS (Return on Sun [Six] Sigma). Three months following the global implementation, Sun measured a \$30 million ROSS score, and it achieved a ROSS score of over \$40 million after 12 months. The Servigistics solution has delivered the highest levels of value, global visibility, velocity and compatibility within its service parts organization.

BENEFITS AND ROI

- Worldwide parts visibility across different IT infrastructures
- Achieved a ROSS (Return on Sun [Six] Sigma) score of more than \$40 million in the first year
- Reduced amortization spend by \$10 million
- Sun recognized Servigistics with the Sun Meritorious Supplier Award, which honors achievements in the areas of supplier cost effectiveness, quality, availability and technology

Consistently delivering high-quality performance results, Servigistics' solution enabled Sun to improve its already high standards of service excellence and streamline its global service parts network for optimal operating performance.



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