



Reverse Logistics Transformation

Case Study at Cisco



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Agenda

- What is Reverse Logistics
- Problem Statement
- Reverse Logistics Vision
- Sense to the Material-Volume
- Reverse Supply Chain
- Process Verticals & Key Enablers
- Reverse Logistics Model
- Gaps in Oracle Functionality
- Solution Benefits
- Cost Center to Profit Center
- Implementation Challenges

A woman wearing a red and white striped hat and a man are looking at a glowing blue, multi-tiered award structure. The structure is illuminated from below, creating a bright glow. The award structure has text on it: 'GLESCS and GSCMP Present the 2008 Supply Chain Innovation Awards'.

GLOBAL LOGISTICS & SUPPLY CHAIN STRATEGIES

DECEMBER 2008

www.SupplyChainMag.com

GLESCS

and

GSCMP

Present the 2008

Supply Chain

Innovation

Awards

First Place:
Cisco Systems

Runner-Up:
GENCO & Sky-Trax

Finalists:
Lockheed Martin,
U.S. Air Force,
PartyLite Gifts,
APL Logistics &
Con-way Freight,
Dynamic Worldwide
& Instaknow

What is Reverse Logistics

- Recovering Cisco's products back from Customer/ Distributor, and redeploying them in the way that brings the best value to Cisco
- Create a consistent, scalable, global end-to-end process and system for inbound logistics and receiving through disposition and fulfillment

Unlocking value from Cisco product returns

Problem Statement

- Gray Market Risk
- Lower Product Return Rate after booking
- Value Recovery Opportunities
- Brand Protection
- Building new Customer Base

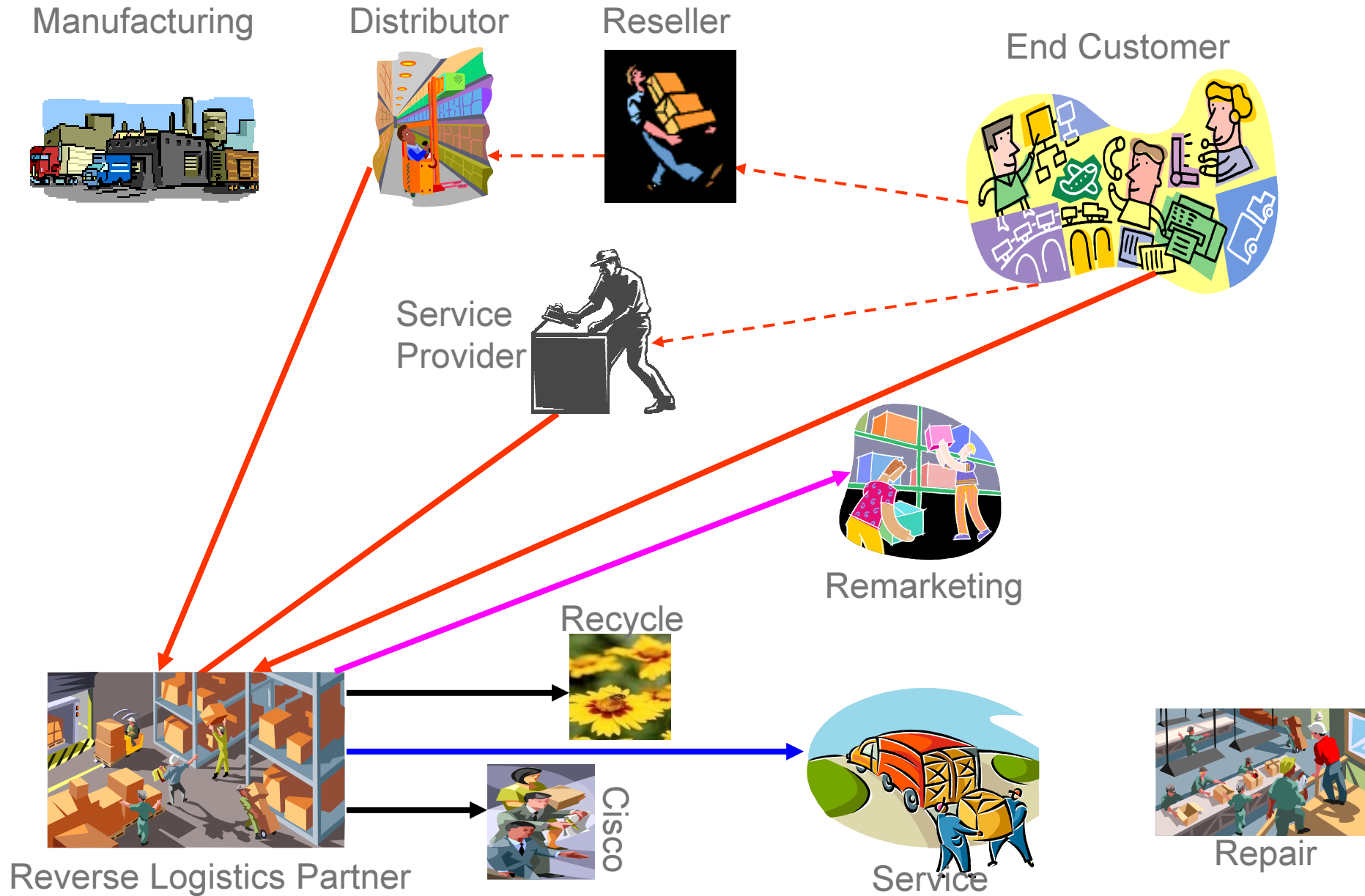
Reverse Logistics Vision

“Deliver a globally consistent, scalable, world class, end-to-end business solution by unlocking value from Product Returns aiming to Optimize net cash contribution, Reduce transaction cost, Improve customer satisfaction, and Promote corporate citizenship”.

Sense to the volumes in the Reverse Logistics Operations

- 30,000 Units received each week
- 22,000,000 Lbs of material recycled annually
- \$100,000,000 Net Contribution annually

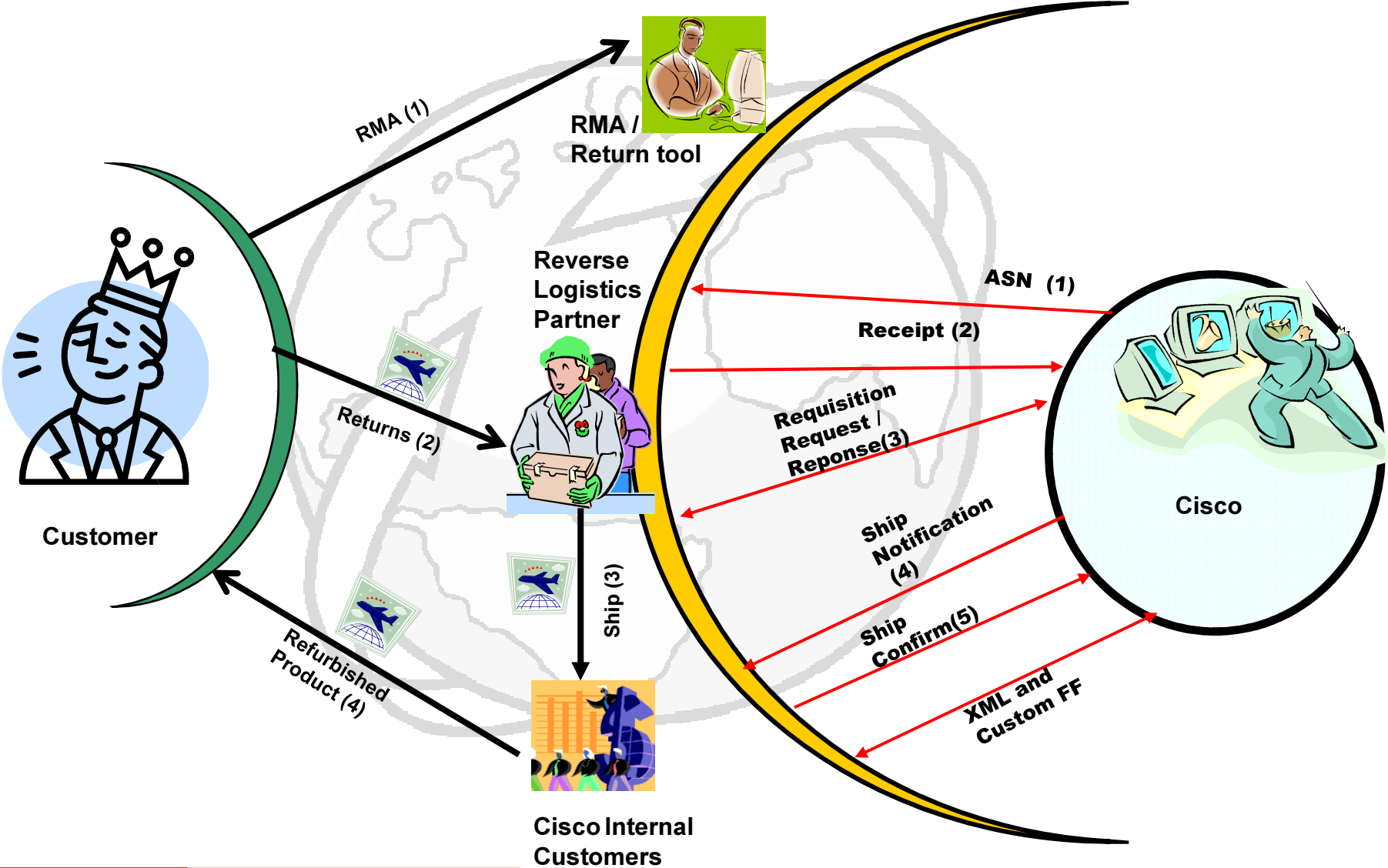
Reverse Supply Chain



Process Verticals

Inbound Logistics	Customer Product Returns Management, Management of product returns in transit to receiving location – Inbound
Receiving & Disposition	On-dock receipt to put away as per disposition instructions
Express Screening & Testing	Repair order management, Express Test NPI process, Shop floor control set up, DGI to FGI conversion
Inventory Management	Managing DGI/ FGI inventory, Management of Purge/Scrap process
Order Management	Point of receipt of order to point of report pick
Order Fulfillment	Report pick to actual ship confirm
Outbound Logistics	Management of refurbished product shipment from the supplier location in transit to customer location - Outbound

Reverse Logistics Model



Logistics	Reverse Logistics
3B11 – Ship Notification	Return ASN - 3B2
3B13 – Ship Confirm	Return Receipts - 4B2
	Requisition Request - 3A4
	Product Update - 2A1

Gaps in Oracle Functionality

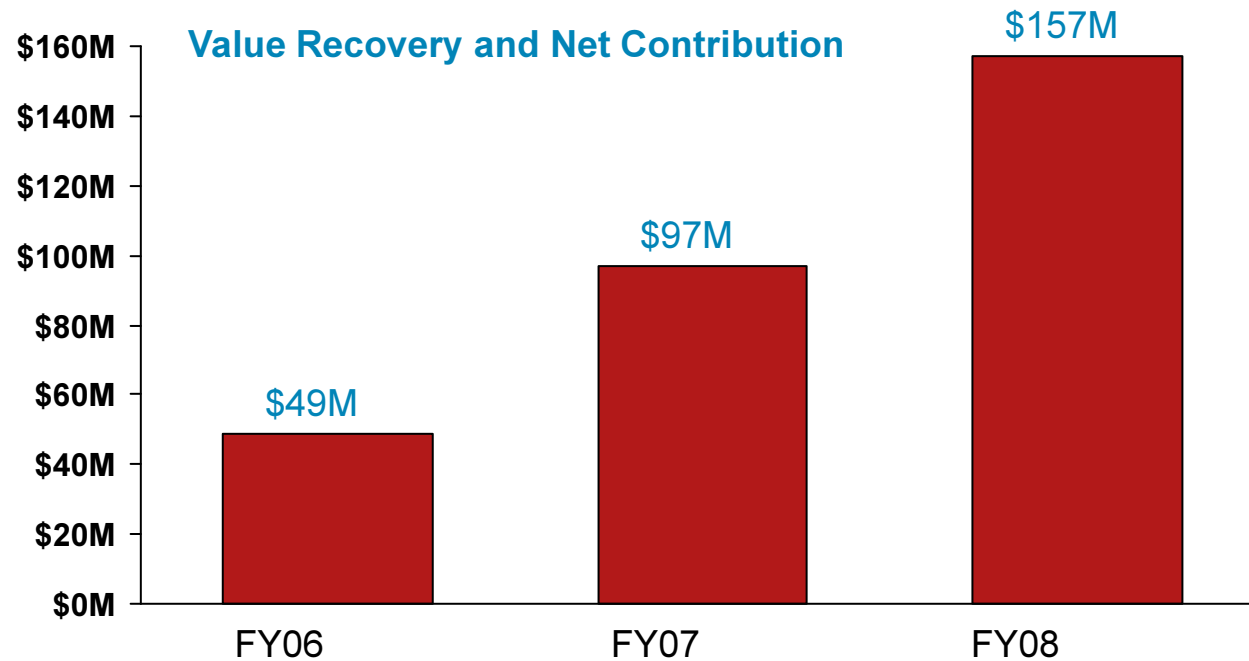
- Like Part Processing
- Pro Active Asset Recovery Functionality
- Inventory Request: Supply Demand match engine

Solution Benefits

- Bring new customer into Cisco
- Improved Process Efficiency
- Reduced Transaction Cost By ~ 30%
- Improved Visibility on Business Metrics
- Enhanced Customer Experience
- Improved Process for Product Reuse & Shipping
 - Provided Rule Based Demand Management / Compliance Regulation

Cost Center to Profit Center

3 Year Trend Analysis



Implementation Challenges

- Short Time To Market
- Evolving Business Model
- Unavailability of Out Of Box Functionality in Oracle modules
- New Reverse Logistics Partner On-boarding

Q and A

