

Issuing an order with just a click

Arrow Electronics boosts global supply chain with digital inventory management solution

The company helps its clients' better manage supply chain volatility and inefficiency.

When Rockwell Singapore first employed Arrow Electronics' innovative digital supply chain solution, the results were immediate and astonishing. "Our lead time for order placement has been cut by more than half, and we were able to significantly reduce overall inventory cost," shares Boon Sze Sze, Supply Manager at Rockwell. Speed, reliability and efficiency are at the core of Arrow's electronics distribution services, which is trusted by over 125,000 customers worldwide. "Arrow allows its customers to gain the ability to manage greater supply chain complexity. Our clients are able to do more with less, and able to execute more processes with greater speed," says Natarajan MM, Vice President, Sales-South Asia, Arrow Electronics. In a cutthroat industry where companies are always trying to outdo each other, Arrow's suite of digital supply chain (DSC) solutions allows customers to stay ahead of competitors by reducing reliance on manual processes.

A valuable partnership

Before rolling out Arrow's dedicated inventory program, Rockwell had merely relied on e-mails to communicate their back-to-back order and forecasts. "It became very challenging when Rockwell had spike orders, sudden increase in demands and received short lead time orders from end customers," says Boon. Arrow's digital supply chain logistics solution, which was also in place at Rockwell's other manufacturing plant in North America, has significantly boosted the company's inventory management system. The system does not only assure the continuity of product supply; it has also helped minimize costs by reducing purchases from the open market and lessened errors by cutting down on manual entry.

Rockwell's inventory system has gone a long way thanks to Arrow's digital supply chain solution. Here's how it works: Arrow Electronics downloads Rockwell's forecast weekly via Electronic

Data Interchange (EDI), and they plan the buffers based on rolling forecast. Arrow also submits a safety stock report weekly. The buyer will review then the report with Arrow's planner and critical parts will be escalated to the Account Manager for further assistance. "This weekly action has definitely help to improve the delivery, although a three-party conference call with the Original Equipment Manufacturer (OEM) is required at times, which happens when the delivery of OEM is likely to be delinquent," Boon explains. "We also perform a quarterly review of component lead time and refreshing of the part list in safety stock partnership."

Arrow's digital supply chain system allows customers to issue an order with just a click. Customers then receive an order confirmation and a shipment alert either through their system or via e-mail. "This saves time and minimizes any finance disputes due to the wrong quantity or pricing issue," Natarajan notes. "Arrow's DSC solution is also based on the customer's historical purchase trends. This way, we can provide relevant information such as product change notices, which are critical to our customer's operation," he adds.

Escaping the manual grind

Even in the highly-competitive electronics industry, many players are still bogged down by traditional and inefficient manual processes. "Under the traditional system, customers manually issue thousands of orders per day, and they will then seek Arrow's reply via email on whether or not the order had been received," Natarajan narrates. "Customers also need to wait for a weekly report to confirm if the shipment had been arranged from our warehouse. Should there be any urgent issues, manual tracking via phone calls and emails are required," he says. Apart from these cumbersome processes, traditional supply chain systems are also heavily impacted by frequent human errors. "For example,

frequent issues faced after sales involve quantity mis-match/ pricing problems. Not only that. In the customer warehouse, invoice numbers are manually keyed in and receiving the goods might take half a day due to the high inflow of shipment. Arrow Electronics' digital supply chain solutions helps customers to get away from the manual process," Natarajan says. Arrow's digital supply chain solutions change all that. Apart from an easier ordering process, all of Arrow's invoices are also equipped with a barcode, which does away with the need to manually input details. "As a global technology company, we strive to provide a comprehensive supply chain solution to our customers without having to go through the trouble of increasing human resource," Natarajan notes. "We aim to provide a frictionless yet accurate process to our customers to reduce human touch but increase efficiency. High human interface resulted in human error would be most pressing problem that our solution is seeking to address."

Refining processes and overcoming skepticism

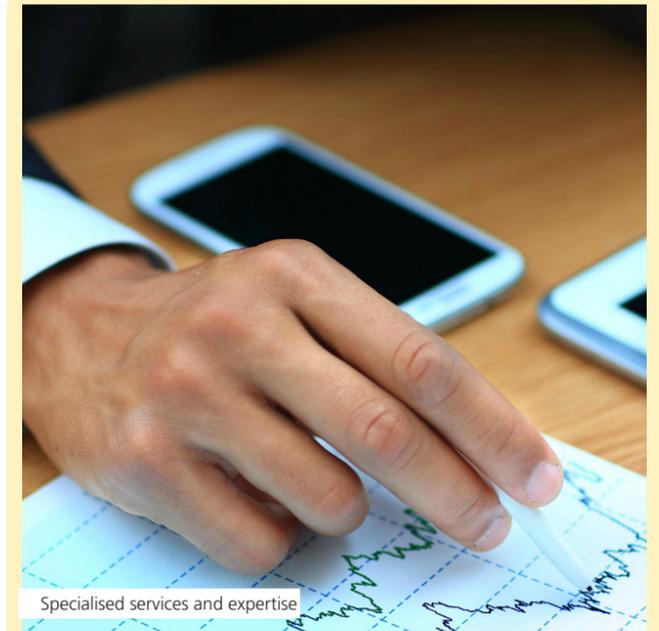
It's never easy to break tradition, and the greatest challenge which Arrow Electronics faced is hesitation from its clients. "When we introduce digital supply chain to our customers, they are skeptical due to security concerns. They are also wary about how effective and efficient the solution is," Natarajan says. To remedy this, Arrow studies the customer's usage trends and presents how the solution can refine their existing processes. Another challenge is the fact that different companies are using different softwares, as well as the fact some companies have more limited technological know-how. "The most notable milestone since we offered our digital supply chain solution to the market is the marked increase in customers' recognition of our DSC solution," Natarajan says. "More customers are now eager to work with Arrow's to move away from traditional process."

Arrow's digital supply chain solution has undoubtedly revitalized Rockwell's inventory management, but Boon notes that there are still some aspects which require improvement. "The dedicated supporting team is relatively inexperienced and the urgent issues are often resolved by the more experienced Account Manager," she notes. "An immediate task is to strengthen the supporting team and Account Manager to share his expert knowledge."

There is a need to build up a more independent supporting team and the ability of multitasking, particularly when one's peer is on vacation/medical leave," Boon says. Still, Boon remains impressed with Arrow's system. "With Arrow providing a dedicated Supply Team composed of sales, customer service representative and planner, as well as its capacity to build up substantial inventory based on our demand forecast, we are assured of a continuity of supply to meet Rockwell's requirements." Arrow has always led the pack when it comes to finding new solutions for the electronics distribution industry. The number of its clients and the global reach of its operations are a testament to its industry leadership. In 2016, the company's sales hit an impressive \$23.8b. "Arrow is always ahead of the curve in offering comprehensive suite of technology services and solutions that will enable innovators, engineers, builders and dreamers to use new technologies," Natarajan notes.



Natarajan MM, Arrow Electronics



Specialised services and expertise

Always moving forward

Arrow Electronics has a long and proud history of transforming the electronics distribution industry. Founded as a small radio shop in Manhattan in 1935, the company has since become a leader in electronics distribution, trusted by more than 125,000 original equipment manufacturers, contract manufacturers and commercial customers worldwide. Arrow boasts a global network of more than 465 locations serving over 90 countries. Arrow was the first to inaugurate electronics distribution's first integrated on-line, real-time computer system to provide up-to-the-minute inventory positions and facilitate remote order entry. Arrow experienced rapid growth after successively winning key semiconductor franchises, led by Texas Instruments in 1970. It was listed on the New York Stock Exchange in 1979, and has since rapidly expanded into Europe and the Asia-Pacific region. The company's growth was fuelled by a series of aggressive acquisitions, including such prominent names as Ducommun (Kierulfff), Lex (Schweber), Zeus, Anthem, Bell, and Wyle (all in the U.S.), Spoerle (Germany), Silverstar (Italy), and CAL (Hong Kong and China). Since 2009, Arrow has completed over 40 strategic acquisitions that further expand its global components and computer systems businesses, project the company into the unified communications arena, and add reverse logistics and end-of-life management to Arrow's product-life-cycle services.

In 2016, Arrow ranked as number 119 on the Fortune 500 list, based on 2016 sales of \$23.8b. The company has 18,700 employees worldwide and brings technology solutions to a breadth of markets, including telecommunications, information systems, transportation, medical, and industrial. Arrow provides specialised services and expertise across the product lifecycle by connecting customers to the right technology at the right place at the right time and at the right price. Arrow provides extraordinary value to customers and suppliers - the best technology companies in the world - and connects them through the company's industry-leading services.