



TECHNOLOGY CASE STUDY

SEMICONDUCTOR FIRM OPTIMIZES LOGISTICS WITH DHL SUPPLY CHAIN



DHL Supply Chain operates a highly efficient Global Distribution Center (GDC) in the Hong Kong area of China for a leading semiconductor manufacturer. With fully integrated transportation services, the GDC helps the company increase logistics efficiency and lower operational costs year on year.

The site, which operates 24 hours-a-day, six days a week, processes millions of inbound and outbound products every month and ships them to and from key destinations worldwide, across Asia Pacific, the USA and Europe. In 2010, DHL Supply Chain became the Lead Logistics Provider for the company. This included a dedicated team to help the firm track products, streamline import and export, and manage urgent order requests efficiently.

CUSTOMER CHALLENGE

Semiconductor firms have complex supply chains that connect suppliers of raw materials and services with Original Equipment Manufacturer customers globally. This is the case for one global semiconductor manufacturer, which has an annual R&D budget of nearly \$630 million and employs 3,500 engineering staff at 19 locations worldwide.

To focus 100% on creating the next generation of semiconductors, the company needed support from a logistics partner that could handle the scale and complexity of its growing global operations. Other key requirements were to continually improve the efficiency of global logistics processes and reduce operational costs year on year.

CUSTOMER CHALLENGE:

- Complex, global supply chain requirements
- Requirement to achieve year-on-year cost savings
- Rising warehousing costs in the Hong Kong area of China

DHL SUPPLY CHAIN SOLUTION:

- Global Distribution at Interlink in the Hong Kong area of China
- End-to-end warehousing and transportation solution
- Control Tower for end-to-end supply chain support
- "Clean Room" for environment-sensitive products
- Global store for sampling services

CUSTOMER BENEFITS:

- Year-on-year cost reduction
- Single, trusted point of contact for global logistics
- Continual improvement through innovation
- Reduced warehousing cost risk

DHL SUPPLY CHAIN SOLUTION

To maximize the efficiency of its global logistics operations, the semiconductor manufacturer partners with DHL Supply Chain as its LLP. In 2008, we established a Global Distribution Center (GDC) for the firm, which is now located at our Interlink megawarehouse in the Hong Kong area of China. This facility is now the hub of the company's global logistics operations.

The GDC covers roughly 102,000 square feet, stores, processes, picks and packs, labels, ships and tracks millions of inbound and outbound products each month. Around 100 shipping clerks and warehouse operators and 10 supervisory staff work 24 hours a day, six days a week to ensure that all products are processed and delivered in excellent condition, within the challenging timeframes required.

The GDC is adjacent to a "cross-dock" DHL Global Forwarding warehouse at Interlink, and a single "cross business unit" DHL solution makes it fast and simple to arrange transportation and expedite deliveries. To maximize productivity, we transport inbound and outbound goods using an optimal mix of air freight, cross-border, truck, and local delivery services – provided by DHL Supply Chain, DHL Global Forwarding and DHL Express.

In 2010, we added an innovative, control tower solution. The control tower team tracks goods across the supply chain, ensures deliveries are made on schedule, evaluates the most cost-effective transportation options, expedites urgent orders, and resolves any supply chain issues. The control tower also gives the customer a convenient, single point of contact for any queries.

The customer has specific logistics needs and DHL Supply Chain has been able to fulfil them all. As well as deploying a 'Clean Room', where a dust-free and temperature-controlled environment has been created to ensure that sensitive products are kept under purified conditions, we run a 'sample store' to support global sample delivery.



CUSTOMER BENEFITS

By bringing together multiple divisions and services from across DHL Supply Chain, we have been able to provide a single, fully integrated solution for the manufacturer's entire logistics operational globally. This has helped us achieve major economies of scale for the customer, with synergies from shared warehousing resources at Interlink contributing to year-on-year operational costs savings.

To add even more value, we are constantly looking for new ways to increase efficiency and lower costs. Recently, for example, we proposed significant changes to existing transport methods, replacing air transport with more cost-effective rail transport for some destinations and customers. We are also continually lowering costs in the GDC, where we introduced a conveyor belt to speed up goods handling.

Space is at a premium in the Hong Kong area of China, and warehousing costs are increasing as a result. To help the company mitigate this risk, and grow without disruption, we have signed a long-term lease with the GDC landlord to ensure stable rent costs.

Finally, with the control tower in place, the corporation can be sure that deliveries will be made on time, and that any issues will be resolved quickly. The control tower team is now planning to automate urgent order processes, which will help the company achieve even greater efficiency and cost reduction.

QUOTE

"The DHL Supply Chain team constantly strives to help us enhance our global warehousing and logistics processes, increase efficiency, and provide year-on-year cost savings. Whatever we need to achieve, DHL Supply Chain has the skills, resources and experience to help us succeed."

Global semiconductor manufacturer

FOR FURTHER INFORMATION

Contact our supply chain experts [here](#) >
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