



UPS Supply Chain SolutionsSM

case study

Hitachi GST Streamlines Global Distribution Network

Hitachi Global Storage Technologies High Tech

Hitachi, Ltd. is a leading global electronics company headquartered in Tokyo, Japan. In 2003, the company founded Hitachi Global Storage Technologies (GST) by combining its storage technology business with IBM's Storage Technology Division (STD). As the two businesses merged, Hitachi GST chose UPS Supply Chain Solutions to implement a global distribution system.

GEOGRAPHIC AREA SERVED

Global

Client Challenge

Hitachi has long identified data storage technology as one of its core businesses. The company underscored this commitment when it began the process of acquiring IBM's hard drive business. The resulting company, Hitachi GST, combines the strengths of both operations. Hitachi GST, with headquarters in San Jose, California, offers a full product line for traditional IT markets and emerging applications, including consumer electronics.

CHALLENGE

Combine the distribution systems of two merging electronics businesses to create a single, streamlined global supply chain with enhanced service capabilities.

Prior to the formation of Hitachi GST, an integrated distribution network between Asia, Europe and North America was created for IBM STD by UPS Supply Chain Solutions. The network gave IBM customers the advantage of immediate local delivery service or direct air transport, customs documentation and clearance, and complete shipment tracking. The streamlined supply chain produced significant cost and service benefits for IBM customers throughout the world.

SOLUTION

Eliminate the geographically-based, multi-carrier distribution network of one of the businesses and roll the inventory and customer data into the global distribution model of the other business, united by an IT operating system that provides visibility throughout the supply chain.

Hitachi GST also required a global distribution network with the flexibility to adapt to evolving market requirements. When Hitachi acquired IBM's hard drive business, it opted to use UPS Supply Chain Solutions to implement and manage the distribution network for the combined businesses.

RESULTS

"Integrating the distribution networks of the two hard drive operations was an enormous undertaking," said Hortense Vasquez, director of worldwide logistics and warranty, Hitachi GST. "The UPS Supply Chain Solutions team played a key role in the success of the transition. They helped us complete the process quickly and seamlessly so that customers could place orders without interruption."

- Consolidated 72 global distribution facilities into 52
- Optimized transportation
- Gained enterprise-wide visibility
- Streamlined operations and enhanced flexibility

Our Solution

The former distribution system for Hitachi, Ltd.'s hard drive operations was geographically focused, using different carriers for each location. IBM STD operated with a global network managed by UPS Supply Chain Solutions. The two operations were using a total of 72 distribution facilities worldwide.

Once Hitachi's and IBM's business were merged, UPS Supply Chain Solutions helped Hitachi GST consolidate the facilities into 52 and combine all of the inventory and accounts data into a common IT platform.

Acting as the network manager for all information on OEM goods shipped from manufacturing plants worldwide, UPS Supply Chain Solutions provides near real-time visibility throughout the Hitachi GST supply chain. This visibility enables Hitachi GST to meet customer requirements with less inventory in the pipeline and allows OEM customers to plan manufacturing based on the knowledge that the product will be available when needed.

The global supply chain experience of UPS Supply Chain Solutions offers benefits of particular value to high-tech, high-value manufacturers like Hitachi GST. Not only do companies gain a single, scalable source for consolidation, transportation, customs clearance, deconsolidation and direct delivery, they also tap specialized technology and systems designed to enhance speed and flexibility. For example, UPS Supply Chain Solutions holds licenses in Europe and Asia that allow "self-reporting" of duties and taxes owed after shipment, enabling a more seamless operation.

"UPS Supply Chain Solutions gives us the flexibility to rapidly change and expand our network to meet market demands," Vasquez said. "If we need to establish a new transportation lane tomorrow, all we have to do is pick up the phone and call UPS Supply Chain Solutions. As soon as that new transportation lane is up and running, our salespeople and our customers can access the system to view the status of their orders."

Building on Success

Building on the success of the streamlined distribution system, UPS Supply Chain Solutions is now working with Hitachi GST to enhance its warranty claims process, leveraging The UPS Store™ network and other retail consolidation points as well as the UPS package transportation services. After implementation of the new network, customers will be able to use The UPS Stores and other retail consolidation points as drop-off centers, eliminating the need to package the products or deal with customs paperwork, and making the warranty process more user-friendly and efficient.

"UPS Supply Chain Solutions continuously strives to add value to our global distribution system so Hitachi GST can focus on what it does best—building a broad portfolio of world-class storage technology products," Vasquez said.

"UPS Supply Chain Solutions gives us the flexibility to rapidly change and expand our network to meet market demands."

—Hortense Vasquez

Director of Worldwide Logistics

and Warranty

Hitachi GST

For more information please contact us
1.800.742.5727 U.S.
1.678.746.4365 International
info@ups-scs.com
Visit us at ups-scs.com

© Copyright 2004 United Parcel Service of America, Inc. UPS, the UPS brandmark, and the color brown are trademarks of United Parcel Service of America, Inc. All rights reserved. 10% Post-consumer content ♻️
CS.SCS.HT.542 7/04 01970198

UPS Supply Chain SolutionsSM

