



Nortel Networks Leverages “Miami Gateway” to Enhance Customer Service for Latin America

Kuehne + Nagel’s integrated capabilities to provide customers with door-to-door service, from manufacturer to final destination

SITUATION

Nortel Networks is a global leader in telecommunications equipment with customers in 150 countries. Its customers include major telecommunications providers like AT&T, MCI, Deutsche Telecom and Vodafone, whose installers require Nortel Networks to deliver products, just in time, to installation sites that range from skyscrapers to mountaintops.

In the late 1990s, Nortel Networks began to move to a more agile logistics infrastructure model, outsourcing warehousing to third-party providers, including Kuehne + Nagel.

Nortel Networks has a substantial customer base in Latin America, which poses unique logistics challenges when processing and shipping product worth millions. For example, each country has specific import variances, requiring various dock receipts, export licenses, pre-shipment inspection certificates, insurance certificates, etc. Exporters are confronted by Latin America’s extremely fragmented distribution with numerous freight forwarders and agents. As a result, when a carrier such as UPS picks up a delivery in North America, it won’t necessarily make the final delivery in Latin America. Instead, the shipment may be passed through variety of agents to its final destination, limiting the customer’s visibility to the product’s status.

SOLUTION

The company, which had outsourced management of its global logistics to Kuehne + Nagel in 2002, relies on Kuehne + Nagel’s integrated capabilities to provide Latin American customers with door-to-door service, from manufacturer to customer.

Kuehne + Nagel has invested significantly in its Miami capabilities to meet the needs of high-tech, consumer electronics and other companies exporting to the Caribbean and South and Central America. It is an integrated, end-to-end logistics solution that includes export documentation, air and sea transportation, customs clearance and delivery in every country in Latin America and 300,000 sq. ft. of modern warehouse space available on a variable cost basis (pay only for space and service required), including value added services such as labeling and kitting for in-country requirements.

At Kuehne + Nagel’s Miami distribution center, approximately 90 percent of the Nortel Networks volume is consolidation and crating of international shipments, primarily to the Caribbean, Central and South America. This means coordinating with Nortel Networks’ contract management organization, which manages OEM orders that may be coming to the facility from Europe or the Far East. Using a merge-in-transit approach, Kuehne + Nagel order-assurance associates verify shipments and assemble specific orders.

The distribution center staff, thoroughly versed in U.S. Customs regulation and compliance issues has comprehensive expertise with import and export documentation requirements of more than Latin American countries.

RESULTS

Because of Kuehne + Nagel’s extensive global infrastructure, it is able to maintain full control and custody of product from pick up through delivery to Nortel Networks’ customers. There’s no reliance on agents, unlike other forwarders, ensuring uniform processes and quality. Importantly, Kuehne + Nagel’s technology provides visibility to goods in motion, regardless of the carrier used. In addition, using multi-client warehousing has allowed Nortel Networks to avoid taking on fixed costs and has flexed its space requirements between 100,000 and 30,000 square feet, depending on volume requirements. Service quality levels are extremely high (such as 99.3% inventory accuracy and zero missed shipments out of more than 4,500 in 2002).

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