In 2013, Cork-based Bill O’Connell assumed responsibility for co-ordinating all global logistics for EMC, having previously been responsible for the Revenue side of the business on a world-wide basis.

As Vice President – Global Logistics, Bill heads up a team of 400 people spread around the world who are directly involved in managing outbound logistics and the provision of after-sales spare parts. His team also work with a similar number of people employed by third-party logistics (3PL) providers who operate on an outsourced basis for the corporation.

Jerry Sheehan and Brian O’Connor are the two highly experienced logistics professionals who work closely with Bill in Cork in directing global logistics. Jerry oversees EMC’s core International Logistics business while Brian’s speciality is taking care of all customer service (after sales) logistics’ needs.

A Centre of Excellence (COE) operated across three sites in Cork plays a pivotal role in the global operations of information management systems leader, EMC. One example is the logistics sector, where three Cork-based personnel now spearhead operations for the corporation, as Colman Garrihy reports.
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Bill O’Connell’s appointment represented a huge vote of confidence in the Cork facility by the U.S. headquartered corporation. He now oversees a widely diversified set of functions worldwide, from back-office support operations to spare parts delivery.

Five Corporation VPs

“There are, in fact, five Vice Presidents of EMC now based full-time in Cork, which is a major endorsement of the skills and capability of the whole team here in Ireland,” explained Bill.

“The three Cork facilities in Ovens, Ballincollig and City Gate Park in Mahon, together with the company-owned security division, RSA Shannon, are designated as a Centre of Excellence with over 30 functions, which now employs 3,000 people from 41 countries who speak 26 languages.

“The Irish COE is just one of seven in the world, and Bob Savage heads it up as VP, while also having oversight of the COEs in Egypt and Russia.” Other VPs based in Cork are responsible for manufacturing operations, IT and a Global Solutions Centre.

Customer focus

The Logistics portfolio handled by Bill, Jerry and Brian involves a major commitment and significant annual budget, as EMC supplies products to customers located in over 140 countries.

“The customer is at the heart of everything we do; all our systems and efforts are geared towards meeting their needs,” said Bill, who reports directly to Roynan Jones, Senior Vice President, Global Manufacturing Operations, incorporating Global Logistics and Global External Manufacturing (GEM).

The model

In carrying out its logistics functions generally, EMC’s strategy in recent times has been to closely partner with core logistics suppliers, thereby outsourcing many of its activities in this area. This collaborative delivery model covers Inbound, Outbound, Reverse Logistics movements, Site-to-Site Technical moves and all Warehouse operations to name but a few of the services. In addition to this, EMC have a number of Logistics Partners’ personnel on site at the EMC campus to support the different day-to-day logistics needs.
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OUTBOUND LOGISTICS

In outlining some of the significant operational changes implemented recently by the company in his area of responsibility, Jerry Sheehan stressed that the customers’ expectation within the international marketplace is that their order is delivered complete.

“One order, one delivery is the bottom line expectation even though the source of supply can differ for different parts of the sales order. The logistics solution must support this challenge,” said Jerry, Director - International Logistics.

Mr. Sheehan added that EMC’s approach has been to assess each region’s requirements individually and create bespoke unique solutions when needed.

“In Europe, for instance, we have taken the approach of putting in place a Virtual Merge in Transit Model (vMIT) while, in ASIA & Latin America, we have opted more for physical Merge in Transit Centres (MITs).

“The use and success of the vMIT Model in Europe has helped reduce our dependency on the number of physical MIT Centres. However, physical MIT Centres are still critical to support our logistics in ASIA & Latin America where key centres are located in Hong Kong, Japan, Australia, New Zealand and Brazil.

Customer profile

Mr Sheehan stressed that while the profile of EMC’s customers continues to broaden, there is a common key logistics requirement, i.e. one order, one delivery, applies in each case. He said the company’s products are now designed and pitched for all company levels and not just the high end market, as was the case in the past. Higher end customers tend to be still linked to the more mature markets where EMC has a direct presence in the country itself.

Partnership approach

“With such a diversity of markets and high volumes, we couldn’t directly reach end customers at all times so we forge agreements, in many cases, with major technology and other sector partners,” Mr Sheehan said.

The logistics activity in support of the Partner Business is either controlled by the Partner or EMC. The Contractual Agreements and incoterms associated with a Partner will decide on who controls the physical logistics. EMC’s policy is to support the Partner and enforce the conditions of the agreement along with completing all of the relevant export documentation required to ensure a successful delivery at all times.

“Compliance, especially in supporting emerging countries, is key to the success of delivering the right regional logistics solution,” he emphasised.

Logistics initiatives

Jerry’s team needs to be innovative in how they address the multiple challenges and requirements of the different countries and regions served.

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European Delivery Model), technology with the introduction of TMS (Global Transportation Management System) and sustainability. All initiatives are geared towards enhancing the customer experience and keeping the logistics model competitive while having a positive sustainability impact,” he said.

**Transport methods**

The mode of transport varies greatly depending on the need. International transportation (EMEA, Asia, Latin America) is mainly supported by overland trucking or airfreight. Domestic USA shipments are usually by land with occasional use of air freight and large integrators.

RFQs are issued at regular intervals in order to select logistics providers for the different markets. “We look at cost, performance (score cards are kept to track performance) and also the particular strengths of firms,” Mr Sheehan concluded.

**CUSTOMER SERVICE LOGISTICS**

Brian O’Connor is Director of Global Logistics Operations, with responsibility for Services, Global Freight and Network Solutions. The task is sizeable: there are 800,000 demands for parts per annum and in the region of 2 to 2.5 million part movements to be managed – ranging from deliveries to field locations and end customers to reverse logistics back to centres in Thailand, Cork and Franklin.

One of the key decisions facing Brian and his colleagues as they work to meet global needs in this area is to determine which distribution category is appropriate for each product.

EMC operates two main distribution channels for spare parts. They have over 400 Forward Stocking Locations (FSLs) dotted around the globe, which hold a stock of spare parts that are deemed to be critical and necessitate immediate, same-day delivery.

For low severity cases, EMC then operates a number of Regional Distribution Centres. The major ones are in Cork and in Franklin MA in the U.S. serving EMEA and North America respectively, while Singapore is the main hub for the Asia-Pacific region. A number of sub-regional centres are also located in Dubai, Leipzig, Birmingham and Sydney, Australia. These centres are used for next business day (NBD) shipments as well as replenishing the FSLs.

A recent initiative was to create a bonded hub in the Jebel Ali FTZ in Dubai. This will be used to support the Middle Eastern countries and significantly reduce lead-times for replenishing the FSLs in the region.

**Parts capitalised**

As spare parts are classified as capital assets by EMC, involving depreciation over three years, it’s critical for Brian and his colleagues to make the right calls on quantity and designated location. In the region of 650,000 parts are dispersed through the network at any one time, valued at approximately $250m.

“There is no point in having surplus supplies of a particular part lying in local FSLs if urgent deliveries of that product to the customer are not needed,” said Brian O’Connor, who liaises with counterparts in the U.S.

**35% same-day delivery**

“With greater redundancy being built into the design of our systems, resulting in less chance of data becoming unavailable, the need for immediate delivery is reduced. Five years ago, we had 80% same-day delivery but this has now been reduced to 35%,” added Brian. This was a collaborative approach between cross functional teams in EMC, including Engineering, Product Management and Field Service.

However, Brian emphasises that same day delivery is still very much a critical part of their service offering,
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“Another key factor is the geographic location involved. Moving parts quickly within the EU and U.S. is much easier than getting parts to locations in other geographies, due to customs and other regulations as well as network availability. Therefore it is vital to get your stocking levels set correctly to meet customer satisfaction levels” said Brian.

**Systems of Record**

“Our planning team, who report to a global counterpart in the U.S., provide key information on demand and replenishment times, using the PTC Servigistics planning/forecasting tool.

“We use Oracle and Salesforce.com CRM systems to liaise with the field service network and co-ordinate returns and repairs. We also now use D2L software to monitor costs, invoices and rate cards,” added Brian.

**High performance**

A critical aspect of the team’s role is to work closely with Engineering, Product Development and Finance as new products are developed so that the optimum spare parts stocking option is in place for each item.

The company prides itself on achieving a Field Availability Rate of 98.5%, which is well above the industry norm of 95%. All spares distributed through the network have undergone the same rigorous manufacturing and test procedures as revenue product.

**88% of logistics outsourced**

Up to 88% of the logistics services are outsourced by Brian and his team. We pride ourselves in using best of class 3PLP’s across the globe. We work in partnership with these providers as they are an integral part of our success. “Our customers expect our spare parts to be in the right place at the right time and we pride ourselves in meeting and beating their expectations”, said Brian

Managing transportation and material handling issues, relating to EMC’s move away from lead acid to lithium ion batteries, is one of the challenges facing Brian’s team for the future. Another is to deal with the complex issue of fuel price fluctuations and surcharges along with changes in customs regulations and compliance requirements. The other challenge is that more and more customers are not willing to accept unsolicited packages using the NBD services, which requires more complex network solutions.

**Vote of confidence**

To summarise, managing EMC’s total global logistics operations relating to outbound supplies and the provision of after-sales spare parts is a highly complex and demanding role.

The role incorporates overseeing and implementing many different facets, from back-office support operations through outbound order logistics to spare parts delivery. It also entails managing partnerships with a wide variety of 3PL providers.

The fact that the Cork-based logistics team has been given this additional responsibility is a strong endorsement of their capabilities by EMC, and the team is determined to repay this trust as they plan to cater for the corporation’s needs into the future.