

# CASE STUDIES



**MGH**  
Technology Solutions

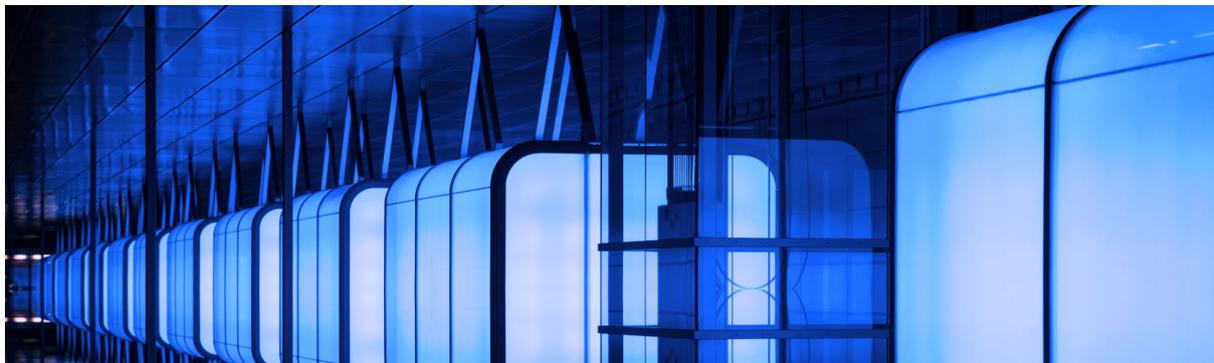
## BACKGROUND / CHALLENGES

We approached Vodafone UK in 2009 as we understood that their after sales costs were very high. We had a track record of unwinding cost plus deals in the UK. We were commissioned to conduct a drains up review of their end to end reverse logistics offering, process and costs. We reviewed everything from the customer proposition to the entire UTL operation.

## MGH DELIVERY

This initial review led to numerous projects both in the UK and group over the next five years:

- Repair transformation cost reduction
- OOW billing programme
- Accessory replacement programme
- Bailment swap stock demand planning
- Vendor bill reduction programme
- Returns transformation
- Supplier P&Ls and terms negotiation
- 4 level repair and returns P&L



## BENEFIT

- In excess of €200m per annum saving
- Considerable reduction in claim volumes due to increased warranty validation and checks
- Standard partner reimbursement
- Standard warranty rules and validation
- New global process and policy on retail returns/reverse logistics, as well as product end of life management
- Industry leading material return centre handling material from 1m repairs and 30,000 retail returns per month
- Complete transparency of warranty costs across 4 sales regions (Europe, APAC, and MEA, Americas)

## **BACKGROUND / CHALLENGES**

- Warranty costs twice that of industry benchmark
- Warranty validated locally in 20 countries
- No reporting, payment, or validation standards
- Huge variations in warranty cost between countries, with little understanding of the drivers and therefore limited ability to rectify
- Evidence of major fraudulent activity
- Few benchmarks or valued reports

## **MGH DELIVERY**

- Developed the centralised validation concept, created the detailed business case and presented to senior management to get funding and go ahead
- Developed and deployed a standard reporting format in XML
- Developed and deployed an in house warranty validation system
- Standardised warranty payments across all countries to an activity based standard
- Wrote and ran an RFP process to select the best vendor
- Deployed the solution country by country, managed the implementation, trained the staff and handed over a fully operational and documented set of processes
- Created a validation centre employing 30 multi lingual validation staff
- The centre validates 17 countries / regions in Europe and 50 countries from Middle East and Africa
- Each month over 1 million warranty claims from over 3000 authorised service partners are validated and paid
- A specialist analytical group analyse trends and work with local and regional care to drive the right reporting behaviours and to detect fraud
- The centre creates a detailed reporting suite from a service supplier level through to regional summaries
- The centre has since expanded to support 2 major IT warranty operations

## **BENEFIT**

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## BACKGROUND / CHALLENGES

- Large UK multiple retailer with too many service agents and a lack of central control on what is outsourced to whom
- Varying service delivery quality and performance by agent
- Complex and costly store based service network management
- Varying labour rates by service agent with no control
- Limited spare parts usage and parts pricing control
- Limited invoice validation control and variable uneconomical repair definition
- Existing structure open to abuse by service agents

## MGH DELIVERY

- Analysed existing service network costs and performance across major product groups for install plus field and bench repair
- Defined optimal service network structure for repair and installation across major product groups and UK regions
- Categorised current best in class service agents for repair and installation
- Mapped new invoice validation process and beyond economical repair guidelines
- Developed new accreditation programme guidelines to ensure:
- Consistent use of standardised invoices
- Fixed labour prices
- Agreed spare parts margins
- Defined SLAs
- Clear TAT commitments
- Controlled uneconomical repair guidelines
- Developed supporting business case to show forecasted savings of implementing



## BENEFIT

- Optimised blue print for service network restructure
- Documented accreditation scheme to implement across agent network
- Capability to centrally manage service network decreasing complexity and cost
- Valuable analysis of existing service agent costs and delivery performance
- Standardised and documented admin processes for effective network management
- Supporting business case highlighting ~£750K saving per annum
- Estimated £5M one time cash benefit from reducing the repair reserve