



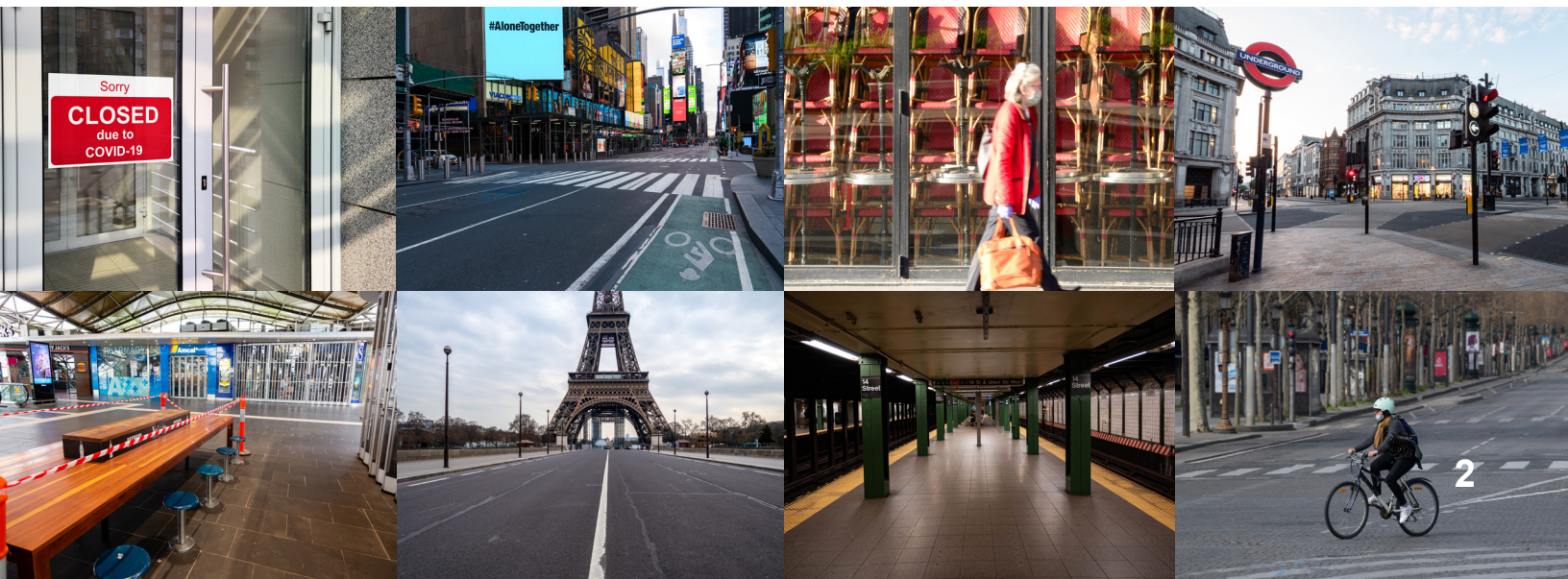
From Economic Instability to Global Pandemics

# **How Smart Use of Global Service Supply Chain Creates Resilience**



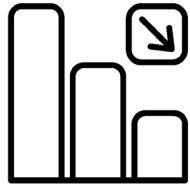


There is simply no way to sugarcoat it: 2020 was a difficult year in so many ways. Yet even amid the challenges and unparalleled uncertainty the world united to solve problems that inspired hope. The pandemic accelerated technological advancements that pushed the collective world squarely in the middle of the Fourth Industrial Revolution. Technology leaders and rapidly evolving innovations are keeping the world connected even as COVID-19 continues to lay a path riddled with challenges. Read on as we shed light on how the pandemic is affecting economies, the projections for near-term impact, and what high-tech companies can do to not only survive but thrive as we emerge from this time of unprecedented uncertainty.



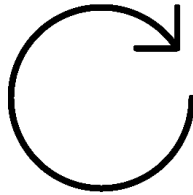
# The Impact of a Pandemic

The year 2020 undoubtedly will be remembered as one of the most disruptive and transformative periods of time in modern history.



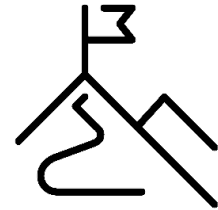
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Global economies  
have crumpled.



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Peoples' lives were flipped  
upside down seemingly  
overnight.



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Life as we knew it changed,  
forcing a micro-evolution of  
sorts that has led many to take  
a closer look at how to improve  
moving forward.

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**Recovery will not come quick or easy; in fact, it may take years.**

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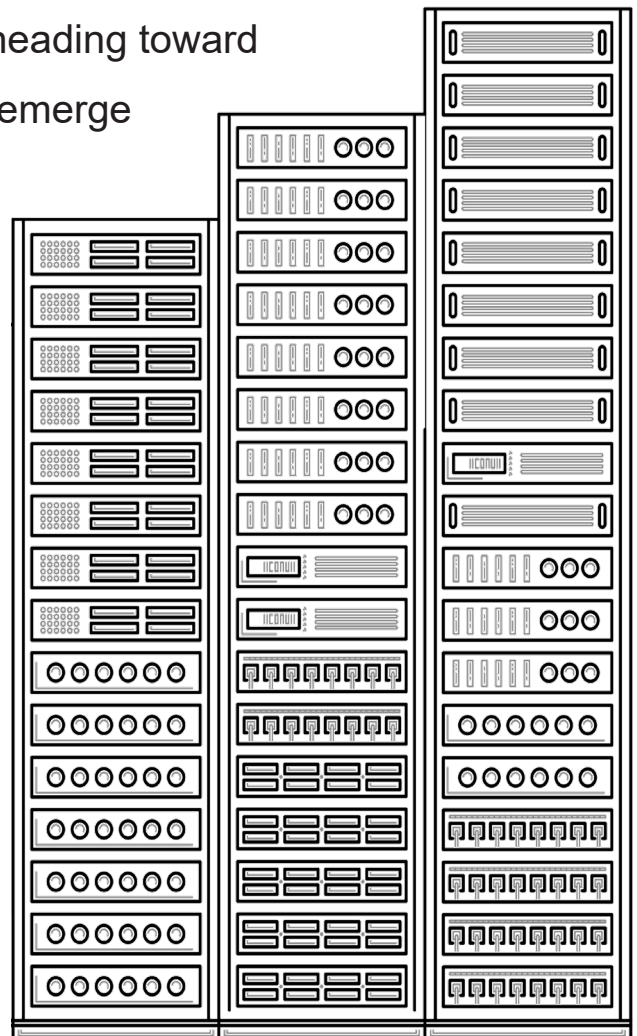
From a business perspective, logistics was a hot topic. More specifically, it was the lack of effective logistics that was top of mind — from the delivery of toilet paper and medical supplies to raw materials needed to manufacture high-tech products. The initial global siege, as short as it was (from February to early May), derailed economies around the world and created shortages of food and other essential supplies. Even now, nearly a year later, COVID-19 continues to spread at an alarming rate through new mutations of the virus. Though several vaccines are in the early stages of roll out and more are on the way, experts are projecting up to another year of disruption is likely. **This will put an even greater emphasis on technology advancement to keep the globe connected.**



As a global civilization, we depend on technology more than ever. From virtual birthdays to video conference calls to continued vaccine research and maintaining global economies, technology enables it all. With our dependency on technology increasing exponentially, so, too, does the importance of being able to maintain uptime. Regardless of how well an appliance is engineered — think servers, routers, switches and hard drives, to name a few — the appliance or a part of it will eventually fail, causing downtime. And no one has time for downtime.

The expectation of minimal downtime has remained even as **millions of people are now forced to work remotely to flatten the curve on the virus.** Businesses and employees alike have adapted to ride this roller coaster we've been on since the first quarter of 2020. From strict shelter-in-place lockdowns in the beginning to phased re-openings to now heading toward tighter restrictions as new strains of the virus emerge that threaten to bring economies to a grinding halt once again.

The ongoing virus could reduce global economic growth to an estimated rate of -4.5% to -6.0% in 2020, with a partial recovery of a rate of 2.5% to 5.2% in 2021, according to “Global Economic Effects of COVID-19,” a report produced in late October 2020 by the Congressional Research Service for members and committees of the U.S. Congress.





However, a resurgence in infectious cases in Europe, the United States, and various developing economies in September and October is prompting new waves of restrictions such as tighter lockdowns and curfews that could weaken or delay an economic recovery. U.S. President Joe Biden has not ruled out the possibility of nationwide lockdowns as new strains of the virus arrive from the United Kingdom, Brazil and South Africa.

The World Trade Organization predicted in October that global trade could fall by an annual amount of 9.2%, noting the global economic downturn would be especially hard on trade-dependent developing and emerging economies. **The full impact will not be known until the effects of the pandemic peak.**

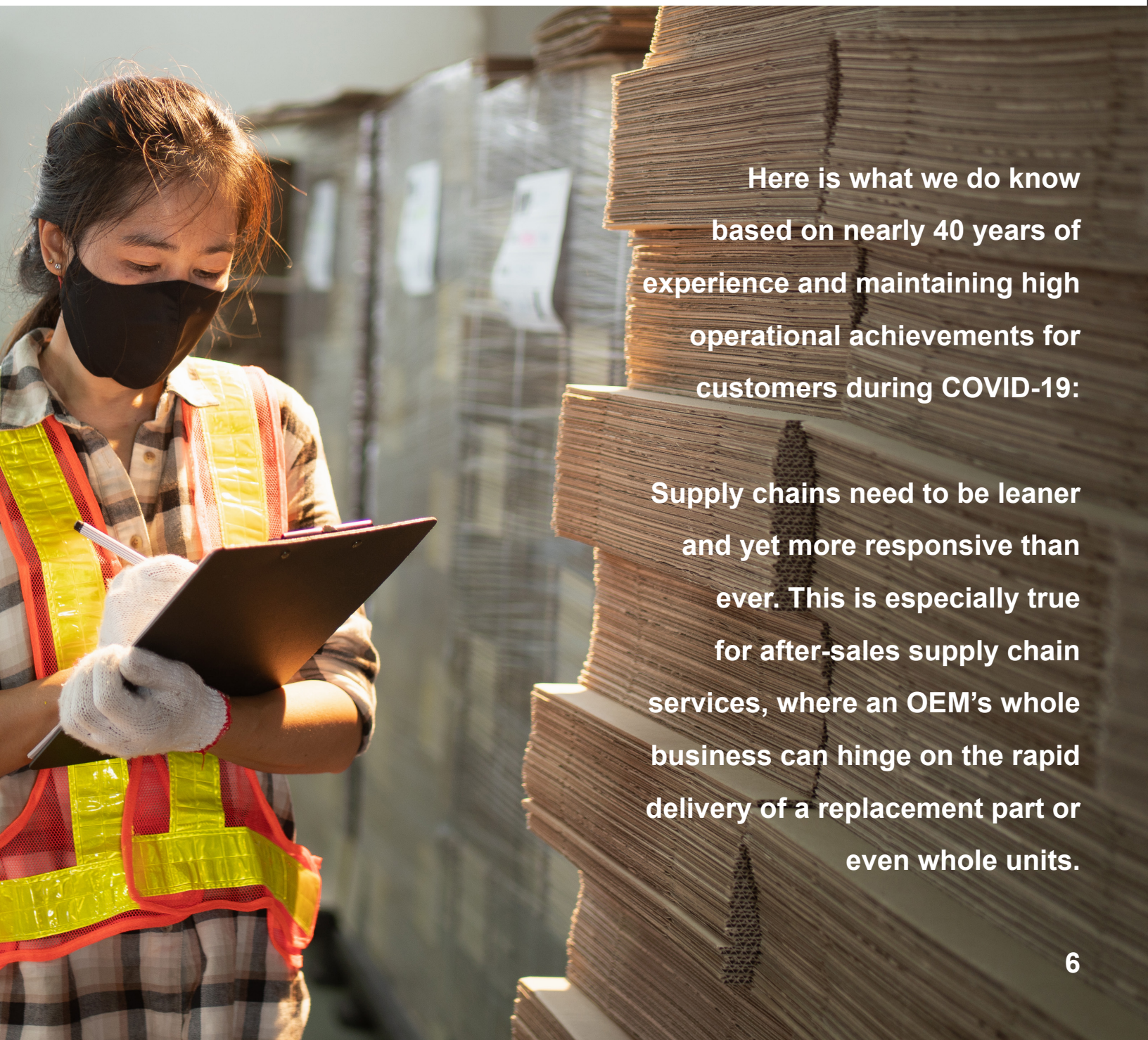




When will that be? We don't have a crystal ball. But the more important question may be:

**How do you make sure you retain profitability while protecting your brand reputation and maintaining outstanding customer service during this time of continued uncertainty?**

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Here is what we do know based on nearly 40 years of experience and maintaining high operational achievements for customers during COVID-19:

Supply chains need to be leaner and yet more responsive than ever. This is especially true for after-sales supply chain services, where an OEM's whole business can hinge on the rapid delivery of a replacement part or even whole units.



## WHAT IF...

What if, instead of watching your after-sales service costs eat into profits that are already threatened during a downturn, you could utilize the flexibility and speed of great service supply chain operations to trim those costs down to the minimum, while keeping end-customers happy? What if that meant you could actually expand during a recession?

# Oh, How Things Have Changed!

In at least one important regard, most industries are already doing, or think they're doing, what they did in the last recession: reducing equipment costs. The dramatic dip in the global economy in 2008 meant customers — whether OEMs, their contract manufacturers or ultimately their end users — tended to avoid buying new equipment, instead doing everything they could to extend the life of the product. Now, technological advances over the past 15 years mean there has been a significant drop in the price of hardware as well as an increase in hardware redundancies. Ironically, those lower prices have encouraged a mentality that even essential hardware is disposable and easy to replace. When the key concern was that products were expensive, most businesses took the approach that it was worth servicing that equipment for extended periods. It's still a good idea.





Meanwhile, a shift from next-day to same-day delivery mentality, across all industries, has made downtime a threat to businesses now more than ever, and has also increased the impetus to optimize inventory. So, while the need to avoid making and protecting huge investments in hardware has been greatly reduced, **the critical need to keep the wheels turning, 24-7, has increased.**

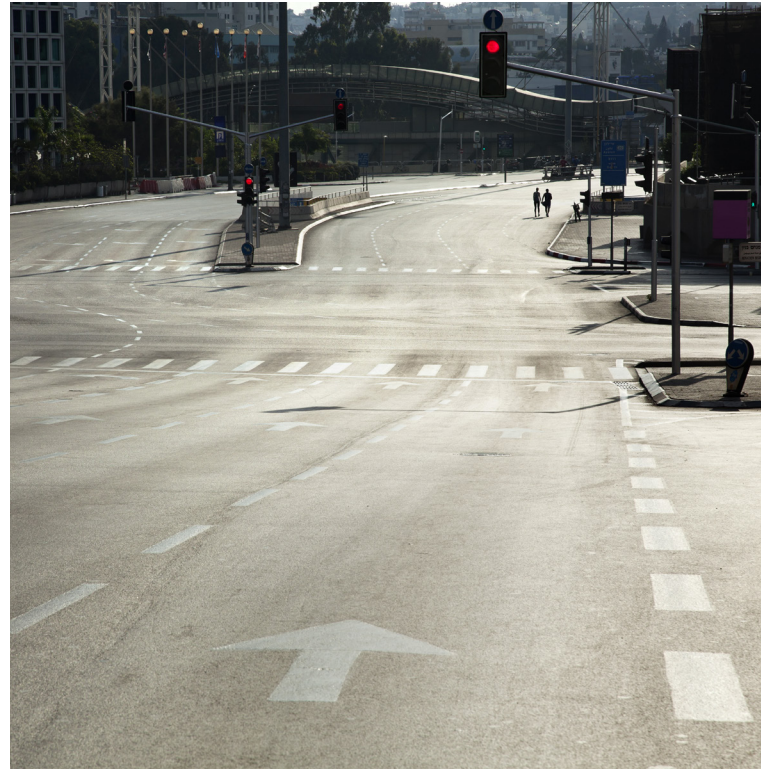
The increased need for agility in the supply chain means businesses might be rapidly changing where they source from as well as where their customers are, and don't have the deep expertise about importing and exporting regulations and compliance with trade agreements. Working with a company such as Flash Global, whose teams keep a careful eye on the intricate landscape of local regulations, helps enterprises greatly minimize their risks.



# Lessons Learned... Or Not!

One of the broader benefits of working with a service supply chain partner is that they have seen a wide range of responses and levels of preparedness in previous recessions.

In the most recent recession, in 2008, Flash Global saw that some customers were already seasoned in terms of surviving downturns, with supply chains that had been thoroughly thought-out, making them strategically well prepared for the next one. But we also saw other companies — especially ones that hadn't been around that long and did not have a service supply chain partner — that were not as experienced in navigating the landscape of global trade, with all its rapid changes, glitches and challenges. It's essential to build risk into your business model, across the board, so you're more prepared for a large-scale shift.



Having said that, it's true that in the last recession, the whole global economy got caught off guard. This prompted a lot of knee-jerk reactions among high-tech companies to rapidly drive down costs and achieve 2- or 4-hour service level agreements. Often, enterprises would call a sudden halt to business development or improvement projects that had been four or five years in the making but were unwisely abandoned. As a result, customer service levels often suffered, exacerbating the problem. The companies that kept their eye on the bigger, customer-centric picture, avoiding panicked reactions, typically did the best.



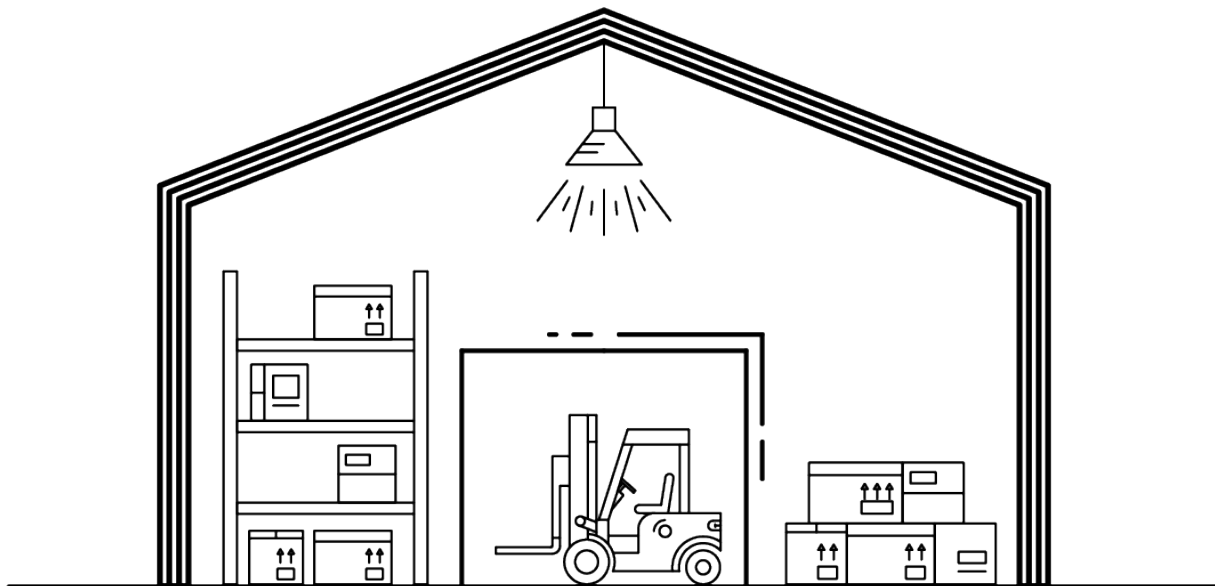
During the most crippling period of the COVID-19 pandemic, most supply chains failed, apart from Flash's global service supply chain. Through rapid and agile change management Flash was able to adapt and keep our staff safe and our customers' service parts moving around the world. In fact, many of Flash's customers expanded during the pandemic. They added forward stocking locations closer to their customers in order to reduce risk associated with hyper-local shutdowns due to safety concerns. Having spare parts closer to customer sites is an optimal way to increase the resiliency of spare parts management.

# How to Vet Potential Partners

Pandemic or no, increasing market pressures means a smart after-sales supply chain strategy is critical to the survival of your business. Take control of your inventory costs through end-to-end visibility, expand into new countries with importer and exporter of record services and find a flexible partner can anticipate you current and future needs. Your best bet is to enlist the help of a global service supply chain company. There are several out there – how do you choose the right one for you?

## Factors to consider when researching a potential partner include:

- A global network of warehouses and people that can deliver to your installed base in as little as two hours.
- In-country employees and a strong partner network with local expertise.
- The ability to have as few contracts and contacts as possible, streamlining operations and providing cohesive customer experience.
- Integrated technology that provides near real-time visibility into order management and inventory management.
- Transportation options and volume-based pricing that take advantage of a partner's buying power.
- Global, 24/7 live customer support – call centers and dedicated teams.





You should also look for the range of services truly designed to support your customers' uptime requirements while reducing cost and accelerating revenue. These could include:



Same day (2 or 4 hour) or next business day delivery of spare parts around the world.



Warranty management.



Warehousing & distribution.



Robust order management operations, including pre-shipment checks to ensure the parts will not get held up by customs or put you at risk of trade compliance violations.



Returns management.



Global importer of record and exporter of record services.

# When Your Supply Chain is Right and Tight, with All the Crucial Data Elements in One Place, Disruption Can Have Minimal Impact

Overall, it's important to remember that, in times of global disruption, it's too easy to panic and look for immediate cost reductions at almost any price in terms of performance, especially customer service. With customer satisfaction at a premium in the global marketplace, that's simply not an option anymore.

Experience management firm Qualtrics reported that organizations that led in customer experience in 2018 outperformed laggards on the S&P 500 by nearly 80%.

**Enterprises that manage to build risks into their supply chains and keep the end-customer front and center of their business strategies, even in a recession, stand to gain against their competitors who have not.**

But almost no business can keep its finger on the pulse of what's going on, and what's possible, in global trade, without a partner who is dedicated to doing so.





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Businesses that want to stay competitive in this changing economic landscape need to wake up to the necessity of driving down equipment costs while keeping an eye on spare parts strategies as well as compliance with global trade regulations. They need to do their homework, carefully assessing the where, how and what of after-sales supply chain service partners. Then they need to choose the right partner and form a collaboration that will ensure the next recession is not so much of a threat, as an opportunity to grow.

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