

Challenge:

Vivo Technology felt it could somehow be more efficient. The company wanted better speeds and fewer shipping errors in the delivery of laptop parts and accessories to both big-box and mom-and-pop customers. Vivo looked for a logistics partner that could introduce new efficiencies and at the same time help position the energetic Midwestern company for long-term growth.

Solution:

UPS identified a laptop-full of new efficiencies for Vivo, with substantial cost savings. UPS then went beyond the day-to-day improvements into a warehouse optimization study; the resulting blueprint offered Vivo the potential to multiply savings from streamlined systems and processes for years to come.

GROWTH WITHOUT GROWING PAINS

UPS HELPED A PROMISING HIGH-TECH COMPANY GROW SAVINGS... AND HORIZONS.

Chance Knapp, founder and today CEO of Vivo Technology, turned a 2003 high school assignment into a basement start-up. The 17-year-old lined up suppliers and started selling products via the Web. In 2007, he concentrated on ordering, selling and shipping laptop parts and accessories.

Vivo soon grew into its own building. To handle burgeoning orders, Knapp hired employees in Goodfield, his prairie hometown between Bloomington and Peoria, IL.

He built a warehouse, expanding it three times.

Last year, nearly 10 years after start-up, Vivo again confronted a happy challenge — it was outgrowing its space and outstripping the capabilities of its IT systems. Global orders flowed in, and Vivo employees scrambled to move thousands of packages a week.

Knapp looked for help. He found UPS.

“This year, we’re on pace to double our sales,” Knapp said. “UPS can take more than a little credit for that — they definitely helped us grab the growth.”

Knapp grabbed a competitive advantage, too.

“Our products are not always the cheapest,” he said, “but our customers buy from us because the packaging quality, speed and reliability of our deliveries are better.

“Customers tell us we have the fastest shipping time, the fastest transit time, of anyone.”



WE ♥ LOGISTICS®

LONG VIEW FROM THE PRAIRIE

“In tech businesses, quickly getting product where it needs to be is essential,” said the UPS High Tech Marketing Manager who worked with Knapp. “An order for a replacement part means something is down, something is not working.”

Vivo briefly used a shipping company with a lower price, but as UPS discussed a relationship, Knapp listened.

“UPS has way more services than I ever realized,” he said. “And UPS definitely looks at business as a partnership, always thinking about the efficiency and logistics of your company as a whole. You’re not just a point-A-to-point-B customer. UPS thinks more of you.”

The UPS team advised Knapp in two key areas: operational efficiency and long-term partnership.

“Efficiency ultimately means a better bottom line,” said the UPS Senior Account Manager for Vivo, “and when we align with Vivo’s values, short and long term, this customer is going to win every time.”

UPS first examined Vivo’s systems and processes.

An obvious fix? Integrating WorldShip® software into IT systems. This allowed Vivo to use barcodes on shipments, replacing handwritten (and human-error-prone) paperwork.

“UPS helped us cut our order mistakes basically to zero,” Knapp said. “That’s almost unheard of.”

UPS found other efficiencies. Most Vivo orders went out as ground shipments or UPS 2nd Day Air® shipments. (Located in the central U.S., Vivo can quickly ship to customers on both coasts.) UPS looked at available shipping lanes, and engineers customized improvements in transit times that reduced costs 3 percent.

Also, UPS introduced UPS SurePost® as a shipping option. Vivo could economize by sending lightweight packages via a combination of UPS shipping and U.S. Postal Service delivery.

WAREHOUSE AWARENESS

Next, UPS and Knapp assessed Vivo’s freight import system.

“UPS ended up saving us 5 percent or more on our ocean freight,” Knapp said.

Additionally, Knapp took advantage of Flex® Global View, tracking technology for ocean freight shipments. Vivo gained real-time updates to every item on order, 24/7. Knapp also requested UPS insurance on all shipments, land or sea or air; a bundled domestic and international policy saved time and money.

“We valued the improved ability to see where our shipments stood at any given time, and to predict when they would arrive,” Knapp said.

New efficiencies freed up money for longer-range thinking, so Knapp asked UPS to review the Vivo warehouse.

After a week of onsite study, a veteran UPS warehouse engineer presented a 14-page report on space optimization — a blueprint for cost savings (and future expansion).

“It was a typical optimization scenario,” said the UPS Customer Solutions Supervisor. “Vivo has a chance now to double, or almost triple, savings in the warehouse.”

The bottom line for Vivo turned out to be much more than just the bottom line. Vivo really valued the UPS partnership and the focus on efficiencies.

“UPS gave us smart consultation and good advice for growth, and they helped us get the pure cost savings, too,” Knapp said. “We got the best of both possible worlds.”

VIVO VALUE PROPOSITION

- WorldShip enabled barcoded labels, reducing label errors to virtually zero.
- Improved times in transit for key lanes, saving 3 percent on transportation costs.
- Flex Global View saved 5 percent on freight imports, also improved tracking efficiency and enabled just-in-time staffing.
- UPS insurance bundled policies for domestic and international shipments, reducing coverage costs an estimated 10 percent.
- Warehouse optimization provides potential to double or triple efficiency savings.

