

Helping a software-defined storage provider with a meet-in-the-channel approach

“Our exceptionally high customer loyalty comes from providing our customers and their channel partners access to global markets and unique business models.”

Raejeanne Skillern,
President of Communications,
Enterprise and Cloud at Flex.

Software-defined storage (SDS) providers focus on building great software. They're not in the hardware business. But most SDS providers need to offer an integrated solution that delivers on demand, at scale and achieves its financial objectives.

Here's how we partnered with a customer to create a custom meet-in-the-channel business model that is both financially advantageous and implements global growth.

The challenge

Our customer, an emerging enterprise data management company, was enjoying steadily increasing demand. Their solution was resonating in the market and poised to take off on a global scale. But they were challenged to deliver their complete solution efficiently enough to satisfy the growing demand.

Like many SDS providers, our customer excels at building innovative software coupled with precisely engineered hardware specifications. Software distribution was managed by their internal workforce, made up of primarily software engineers. But this market expects an integrated hardware and software solution.

Our customer didn't have the capabilities to create world-class hardware infrastructure and the corresponding manufacturing and distribution operations. And their leadership could not justify the risk associated with such a significant capital- and credit-intensive investment.

Our customer had to eliminate this roadblock to grow. They needed a partner to take responsibility for delivering a flexible, scalable, world-class solution.

The solution

We designed a fully custom and integrated meet-in-the-channel business model that matches our customer's solution and meets their objectives. Then we built a custom manufacturing and distribution facility for our customer at our flagship campus in Milpitas, California. With state-of-the-art manufacturing equipment, automation robots and highly experienced engineers and operators, it's one of the most advanced facilities in the world.

Flex's custom global direct order fulfillment solution, "meet-in-the-channel", helped our customer optimize their financial and operational efficiency. This strategy makes 100% of the order billable directly to the distributors, allowing the hardware inventory cost burden to never touch the customer's financial books. This valued financial objective allows our customer to report higher margins and higher valuation. The channel model also enhances operational efficiency and end user experience by reducing operational overhead while automating order management, yielding faster response time and throughput. This also allows optimization for RMA and logistics with electronics workflow and faster turnaround times.

Because our customer receives significantly higher order volume in the final days of each quarter, we designed a system to enable consistent throughput regardless of demand. This includes not only ample inventory and on-demand vendor ordering agreements, but also manufacturing processes that drive efficiency and enable scale. We assemble products up to 80% of the way before they're ordered so that they're ready for configuration. And we modify our modular lines in a matter of minutes to meet changing demand.

These operations replicate globally. With 100 sites in more than 30 countries and 16,000 global suppliers, our facilities, workforce, and relationships create efficient and reliable operations. Our footprint is intentionally designed for our customer's regional and global growth: we offer flagship locations throughout the Americas, Europe, the Middle East and Africa and the Asia Pacific.

The outcome

Our customer chose us for our deep design, engineering, manufacturing and systems integration capabilities. And they're getting it – we can ship an incredible number of products in 24 hours. We're equipping our customer to deliver excellent customer service and respond with agility as they grow.

Our global footprint makes it possible for our customer to expand worldwide as well, with a significant financial advantage. Our global direct order fulfillment solution makes entire orders billable to distributors, which allows our customer to avoid hardware inventory costs. They remain a close-to-100% software company, yielding significantly higher profit margins that protect (or even raise) company valuation. Their books show low capital outlay. And we manage our customer's credit risk directly.

[Learn more](#) about how you can partner with us to grow your SDS solution.

For more information, please visit www.flex.com or follow us on Twitter @flexintl

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