



Global Service Parts Logistics Complexity

Shipping parts around the world is often much more complex and difficult than meets the eye. Rules and regulations vary from country to country, and it often takes more than 90 days to file all necessary paperwork and complete compliance reviews before shipping can take place and operations can begin. All of this must be done properly, or it could lead to severe consequences. As a result, it's essential that organizations have an infrastructure for fulfilling and tracking logistics requirements, managing changes that take place and ensuring proper, seamless operations anywhere around the world.

Examples of Logistics Complexity



BRAZIL

In Brazil, there are many rules and regulations that must be completed and followed before operations can begin:

1



Complete a Master Parts List (MPL) of all parts in a company's portfolio. This document outlines:

- what the parts are
- what they do & what they can't do
- what materials they're made of
- how they're priced
- what duties they're subject to
- what particular logistics/shipping item codes they are classified by
- and more

2



Translate the Completed MPL Into Portuguese and Submit to the Brazilian Government for Approval. All MPL logistics/shipping codes must also be converted to specific Brazilian codes identifying the exact nature of the items. Once submitted to the Brazilian government, approval can take up to 2-3 weeks.

3



Submit Documentation to the Local Agent for Approval. All documentation must also be sent to and approved by the local agent who will receive the spare parts when they arrive in country and before they are shipped to the end user.



Complete an Importer of Record (IOR) Agreement. This is a legal contract between you and the depot that will take responsibility for specific parts in country. It details and how they will move parts around and be taxed. This agreement must be completed and filed with the Brazilian government.



Submit Order, Part & Invoice Information to Brazilian Customs for Approval Before Shipping. When all above documentation has been approved, shipping can begin. For each shipment into the country, order, part & invoice information must be sent to Brazilian Customs in advance for approval. Once approved, the part can be shipped to an authorized port and checked again by American and Brazilian Customs. It can take at least 15 days for the part to arrive in Brazil before it can proceed to the proper FSL and eventually the end-user's site.

This is an example of one of the more challenging countries. However, no two countries' shipping procedures and regulations are the same.



CHINA



Complete a Master Parts List (MPL) of all parts in a company's portfolio.



Complete a Declaration Factor Sheet that describes parts in technical detail. This sheet includes:

- photos of each part
- classification of the parts into proper Chinese Customs codes
- and more

Each of the above documents must be provided in both English and Chinese. Additional paperwork is required to describe and explain all encryption attributes in any part on the MPL.



EUROPEAN UNION

To ship into the European Union, an MPL must be filed at the start of the logistics process – but then service organizations can decide between three options for moving parts around within the EU: using an existing FedEx account, becoming an official resident importer, or establishing an IOR Agreement through a logistics partner organization. One option may be advantageous over others depending on the organization and its international infrastructure, but each contains slightly different rules, duty/tax structures and more.

PROCESSES SUBJECT TO CHANGE

Just as rules and regulations are different from nation to nation, they are also subject to change at any time. For example, if/when Brexit takes effect, the United Kingdom will break away from existing “friendly nation” agreements and establish its own unique customs and logistics rules. This will require service organizations to add Forward Stocking Locations (FSLs), pay additional duties/taxes, establish new logistics relationships with formerly “friendly” nations like South Africa and more. Ultimately, as a result, parts will take at least a few days longer to reach their destinations.

This could happen in any country; a tariff, compliance regulation, geopolitical event or something else could cause ripple effects on a company's parts list or inventory level, depots or other FSLs and much more. Often, service organizations must start over with countries from scratch.

Most Common Logistics Misconceptions

Just as there are so many things to keep track of in a global logistics platform, there also are things that many OEM service professionals assume about logistics that aren't really the case. Here are the most common misconceptions we see:

- ✘ ***“My international FedEx account will be good enough to ensure delivery of certain items in certain places.”***
This is not always true; for example, a regular international FedEx account won't suffice for domestic shipments in-country. FedEx usually requires separate account numbers for international and domestic shipments. In addition, FedEx classifies shipments from one EU country to the next as international shipments and are therefore more expensive. Other carriers may be able to offer shipments within the EU at reduced cost.
- ✘ ***“I can deliver an item using FedEx anywhere I want.”***
Just as with the previous item, there are some countries where FedEx will not deliver at all.
- ✘ ***“I can guess on the MPL, or just fill out what I think they need to know.”***
The MPL is used by most countries to ensure that hazardous materials aren't admitted inside their borders. As such, the MPL must be completely filled out with proper translations, or organizations risk lawsuits or worse.
- ✘ ***“We don't need a depot or FSL where we want to have our parts delivered.”***
Nations require that someone or some organization take responsibility for items when they're in country after they arrive. With respect to your parts, if it isn't your organization it needs to be a depot or FSL that you forge an affiliation with.

Risks and Potential Consequences

In our experience, very few organizations have the right staff resources or enough infrastructure in place to track and fulfill all rules and regulations, adjust to changes as they come and keep operations going seamlessly in places where they don't have a legal entity established. OEMs operating without proper resources and infrastructure or any third-party assistance are open to significant risk.

Non-compliance at any step in the process can trigger any number of consequences, including:

- ▶ Large fines or other financial penalties may be levied
- ▶ Merchandise may be seized and held at ports of entry, disrupting your operations and leading to lost revenue
- ▶ You could be barred from shipping items into specific countries for up to months at a time, which would disrupt or halt operations in those locations and impact customer satisfaction. As a result, customers may choose to take their business elsewhere, your company's Net Promoter Score may decrease, and you may experience a loss of revenue.
- ▶ Depending on the severity of the infraction, and the nature of the laws involved, other governments may even seek to bring criminal charges against you. That could lead to possible extradition, penalties or imprisonment.

Source's Managed Global Logistics Solution



We help technical product service organizations manage their parts service logistics and navigate global risk no matter where in the world their customers are and when their customers need them. To these organizations, this means having comprehensive global support without building out the infrastructure necessary to do it right themselves.

Features and benefits of our managed global logistics solution include:

- A dedicated team assigned to you for consistent, reliable customer service and high-quality logistics performance
- Expert step-by-step guidance and project plan recommendations for navigating worldwide logistics concerns
- Global compliance software and processes that reduce risk by tracking all global compliance updates and flagging any areas of non-compliance so they can be quickly addressed and corrected
- 900+ available FSLs around the world
- An established relationship with couriers at key airports to place priority on Next Flight Out shipments, leading to higher success rates
- Proactive communications with you, end-users, FSLs, carriers, etc. to ensure your delivery arrives on schedule
- Source Central – a single point of visibility and management for ALL Source integrated services
- Coordination of part delivery prior to Field Engineer arrival onsite
- A 24x7x365 End-User and Customer Support Operations Center

Source Support Services provides outsourced technical product support services for cutting-edge leaders in a variety of technology industries. From our headquarters in Atlanta, Georgia, we provide 24/7 technical product support services, logistics, product deployment, and services enablement in over 100 countries around the globe.

Customers benefit from our flexible engagement model which enables them to add or scale back services as sales demand dictates. Our service engagement platform simplifies traditional services complexity, offering automation, integration, and visibility into every service Source provides. Our culture of quality along with our proven processes assure outstanding service delivery that is consistent and repeatable around the world.

For more information on Source and our service offerings, visit [our website](#) or email sales@sourcesupport.com.