Case Study: SEAGATE

Company Profile
- Industry: Computers and Peripherals
- Revenues: $12.7 billion
- Employees: 50,000+

Challenge
- Manual processes resulting in delayed and inaccurate distributor point-of-sale (POS) and inventory data
- Inability to respond to demand volatility
- Difficulty managing its price protection and rebate program

Solution
- E2open Integration Router automates distributor reporting to Seagate in B2B format

Business Challenge
As the largest global supplier of hard disk drives, Seagate competes in an industry that requires fast time to market and fast time to volume in order to remain profitable. In such a competitive industry—where short product shelf life is the rule—demand-supply network processes must be accurate, lean, and flexible.

On the sell side, Seagate struggled to gather timely and accurate point-of-sale (POS) and inventory data from its distribution partners. Still relying on manual methods, Seagate often experienced reporting delays of up to ten days; data integrity also tended to be low on account of data entry errors. As a result, Seagate had no reliable method of tracking product sales, customer demand, or inventory levels.

Without accurate sales reports from distributors, Seagate was unable to manage the terms of its price protection and rebate program, resulting in significant financial losses. “A lot can happen in a week!” said Seagate’s e-Deployment Manager. “The situation became more problematic as our business grew. When we reviewed the metrics and tallied up the money we were losing on rebates, we could see that the problem was becoming serious. Our losses would have grown if we had not changed our approach to electronic collaboration.”
Additionally, because Seagate did not have real-time visibility into distributor sales and inventory, the company was unable to respond quickly to sudden increases or decreases in demand, resulting in either shortages or gluts in channel inventory.

**E2open Solution**

Seagate deployed the E2open Integration Router to enable daily transfers of POS and inventory data across the company’s diverse worldwide distributor network. Distributors now provide data to Seagate simply by printing reports via the E2open Integration Router. The reports from each distributor are scheduled to print and transfer data automatically every day, eliminating the need for human intervention.

To Seagate’s distributors, the E2open Integration Router appears simply as a printer, but the router is simultaneously sending the relevant data to the Seagate trading hub (also run by E2open). The router transforms the reports into a standard B2B format that is compatible with Seagate’s sales tracking system, and transliterates POS data to enable a seamless flow of information into Seagate’s marketing database.

“When we rolled out the [E2open] solution, we worked to provide a very good level of motivation so each distributor understood the benefit to themselves as well as Seagate,” said Seagate’s e-Deployment Manager, explaining that the solution was also advantageous to distributors by enabling faster turnaround on rebate program payments. “All the distributors accepted the program—we had 100 percent participation.”

E2open worked with each distributor individually to ensure smooth integration of the system, onboarding more than 30 distributors in less than 12 weeks. Because E2open’s Integration Router is preconfigured and pretested, it required no on-site professional services, easily streamlining distributor integration with Seagate’s E2open hub.

With E2open, Seagate also expanded the types of data collected from distributors, now requiring information on distributor resellers. “Seagate can now control where we are sending the program rebates, and budget out payments accordingly,” said Seagate’s e-Deployment Manager. “We have a lot more visibility on where the distributors have sold.”

**Key Benefits**

Accurate and timely POS data has enabled Seagate to take control of its distributor price protection program, reducing risk and saving the company substantial rebate dollars. In the process, Seagate has also improved communication and tightened relationships with its distributors.

“The introduction of B2B is a great initiative from Seagate and another testimonial to Seagate’s commitment to its distributors and its efforts to provide value-add to our businesses,” said President of Millennium Computer Technology Corporation, one of Seagate’s distributors. “Furthermore, we can leverage this B2B infrastructure for transaction exchange with other suppliers. This is definitely another key step forward in our relationship with Seagate.”

In addition, the E2open solution provides Seagate with critical visibility into the demand-supply network at the POS and distributor inventory. With more accurate knowledge about demand and inventory, Seagate is better equipped to make distribution decisions in rapid response to true customer demand, capitalizing on selling opportunities and avoiding stock outs.
“The most important element of the solution is getting automated data exchanged daily between Seagate and our partners,” says e-Deployment Manager at Seagate. “We have tremendous benefits and efficiencies resulting from the daily auditable reporting provided. In addition to having the daily sales information from the resellers, we now have visibility into inventory levels in the reseller’s warehouse, something we never had before.”

In sum, by implementing the E2open solution Seagate was able to transform its sell side into one driven by actual customer demand rather than forecasts. The result is a demand-supply network that is quick, reliable, and responsive to customer need.

“The establishment of B2B connectivity with our distributors is part of our ongoing efforts to increase the value of the Seagate franchise for our partners and customers,” said Seagate’s Vice President and Managing Director of Asia Sales and Marketing.
About Seagate
Seagate is a worldwide leader in the design, manufacture, and marketing of hard disk drives, providing products for a wide range of enterprise, PC, notebook, and consumer electronics applications.

About E2open
E2open is the leading provider of software and services to manage inter-company processes such as inventory management, order management, demand/supply forecast synchronization, outsourced manufacturing visibility and multi-tier visibility—integrating trading partners across multiple tiers of distributed global supply and demand networks. For more information, call 1.650.381.3700 or visit www.e2open.com.