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# Panalpina expands Logistics Manufacturing Services with Ericsson

Two years ago, when Panalpina started with the assembly of SKD units for base stations of mobile networks in Brazil, this outsourced manufacturing

marked a pioneering step for both the logistics and telecoms industry. In what Panalpina calls Logistics Manufacturing Services (LMS), the company not only executed the final assembly, but took full ownership of the whole process – from planning to quality control. Since then, telecoms companies have entrusted Panalpina with more manufacturing work. Panalpina first offered LMS in São Paulo and Panama. Now Dubai has been added for Ericsson.

Earlier this month, Ericsson officially inaugurated its first telecom equipment hardware and software distribution center in the Middle East. The Ericsson Supply Center located in Panalpina's Dubai South facility is the company's first distribution center globally that unites hardware assembly and software load under one roof.

Panalpina engineers and technicians pick SKD units, configure, assemble and test them with the latest software uploaded. Panalpina then inspects and packs the finished products on site before delivering them directly to Ericsson's end customers in the region. "We can call off components, manufacture and ship in one day," says Anthonie Verploegh, Panalpina's regional head of logistics for the Middle East, Africa and CIS (MEAC). The configure-to-order process customizes the product as late as possible in the supply chain. It allows materials to be allocated against orders only when required in the order fulfilment process. "With this postponed manufacturing approach, customers like Ericsson can significantly reduce working capital requirements and order fulfilment lead times," adds Verploegh.

Ericsson's customers, the mobile operators in the region, also benefit from more flexibility, shorter network roll-out times and, ultimately, a higher return on investment as they build their networks.

To be able to support Ericsson, Panalpina Dubai was required to obtain an assemblies trade license in addition to its logistics trade license. Prior to that, the new customs processes that would result from the manufacturing operations had to be vetted and approved by Dubai Customs. Since go-live of the operations in November 2015, Panalpina has successfully completed various Ericsson process verification tests and is now accredited to fully assemble and test different cabinets.

The two companies have worked together in the United Arab Emirates since 2010. "Our partnership has evolved greatly in the past five years. We started off with a spare parts operation and have now moved into manufacturing," says Peter Triebel, Panalpina's CEO for the MEAC region. "The journey is far from over. We see more opportunities where we can add value for Ericsson and grow together. We are already investing in resources and infrastructure to support this."

Mike Wilson, Panalpina's global head of Logistics, adds: "This is a significant

milestone for Panalpina. Dubai is developing into a show case site for the region. It is a perfect example of how we are executing on our highly successful LMS strategy."

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## About Panalpina

The Panalpina Group is one of the world's leading providers of supply chain solutions. The company combines its core products of Air Freight, Ocean Freight, and Logistics to deliver globally integrated, tailor-made end-to-end solutions. Drawing on in-depth industry know-how and customized IT systems, Panalpina manages the needs of its customers' supply chains, no matter how demanding they might be. Energy Solutions is a specialized service for the energy and capital projects sector.

The Panalpina Group operates a global network with some 500 offices in more than 70 countries, and it works with partner companies in a further 90 countries. Panalpina employs over 16,000 people worldwide who deliver a comprehensive service to the highest quality standards – wherever and whenever.

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