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## Welcome

Welcome to the May update, almost halfway through the year! In this issue we examine the convergence of computing and telecoms in detail, as this is an area of substantial growth in 2010. Indeed, our Shenzhen team are reporting vast amounts of additional convergent product at this year's Hong Kong show. A full report of this years Hong Kong Show will be included in the next issue.

## Convergence and Supply Chain Management

The telecommunications and information technology industries are facing unparalleled changes which are breaking down traditional industry boundaries. Industry players from different backgrounds are all converging on common service and device offerings. Even though convergence has been discussed for a long time, in the last couple of years, customer demand for convergent services, devices and content across different platforms has started to provide real revenue opportunities.



On the infrastructure side, IP technology is the catalyst for this disruptive change as convergence brings together previously disconnected networks (cellular, fixed, enterprise, Internet) onto a single IP-based infrastructure integrating service propositions (Triple/Quadruple play) and enabling the delivery of services and content virtually "anytime, anywhere, anyhow" service delivery.

On the service side, intensifying competition from existing industry players like the incumbent telcos and new market entrants, including cable, ISPs and content providers has created strong demand for innovation and differentiation at every level in the value chain. Customers are expecting services and content to be available in

## Solutions

SerCom provides solutions to optimize the supply chain.

- Sourcing
- Inventory planning
- Purchasing
- Materials QA
- Supplier management
- Inventory reduction
- Inventory financing
- Supplier consolidation
- Logistics
- Product kitting and configuration

## News

**DCC SerCom Exhibiting at the Hong Kong International Consumer Electronics Show**

From April 12-16, 2010 DCC SerCom exhibited at the Hong Kong Electronics Fair. Among the new product introduced was our Audio Video Consumer Range 2010,

On show also was the LINX NET-TV 7, an update of our Netbox which is now running Windows 7.



Pictured above is SerCom's GM Asia, Cillian O'Mara, at the Hong Kong Show

multiple channels and devices irrespective of technology. At a time of rapid technology change, these factors add complexity to the existing industry supply chains.



Convergence requires companies to take hard strategic decisions in the way that they manage their supply chain to ensure they keep focused on building and accelerating revenues rather than worrying about their procurement, demand planning and logistics processes. New entrants into the converged telecom/IT space have to embrace the use of 3rd party companies that can alleviate some of the pain generated by the introduction of converged products and devices into their traditional supply chains. A PC/Laptop manufacturer for example, traditionally has a supply chain focused on enterprises, resellers and consumers. This supply chain is not well suited to support the business when they make the strategic decision to introduce converged devices like smartphones or MIDs (Mobile Internet Devices) under the same umbrella brand. Mobile devices require different and higher levels of customization, programming, fulfillment and kitting than the laptops or desktop computers. In a vast majority of geographies, Smartphones are sold through telecom providers that finance the device cost to the end user by applying heavy subsidies upfront and requiring 1-2 year service commitment. Mobile operators in general have sub-optimal demand planning processes and require high levels of product availability in order to avoid stock outs at the points of sale when a product becomes a success.

### Sercom Solutions approach to support converged devices supply chain

SerCom Solutions recognizes the challenges that IT OEMs will face as they introduce converged telecom/IT products in their offering and has developed an end-to-end financial and operational model that streamlines their supply chain processes.

By outsourcing the back-end supply chain management to SerCom Solutions, the OEM can concentrate it's efforts on the Product Design, Marketing, Demand Generation and Carrier/Channel relationship management, leaving the operational and logistics process to us. SerCom Solutions will take over the demand planning and order management towards the ODMs or OEM factories providing full transparency and visibility with respect to product availability at every level in the supply chain from manufacturing to final customization. SerCom will also optimize the inherent trade-off between freight costs, packaging and availability of product by utilizing partner's logistics infrastructure in different regions of the world. For example, Smartphones can be manufactured



in China by an ODM, bulk packaged and shipped via air into a location in Eastern Europe or the US with efficient labor and logistics rates and later on customized, packaged and delivered to distributors, carriers or retailers within Europe or the US in less than 48 hours. Using a model like this, OEMs can de-risk their distribution operations, reducing the amount of customized product that is delivered to a specific customer with uncertain demand patterns.