

R³

Returns. Re-processing. Re-selling.

introducing...

**the total solution to product
returns**

Returns. Re-processing. Re-selling.

R³

a PC Interworks LTD solution

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NB. This brochure is also available as a PDF (portable document format) file. If you would prefer to receive this document electronically please contact us.

R3 Division

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Are you tired of dealing with returns or worried about impending WEEE legislation?

Returns, Returns, Returns

Whether you are a manufacturer, importer or distributor, customer returns are a very real issue. Returned product represents not only a significant and growing cost in the business, but also missed sales revenue.

The predicted further growth in the internet driven home market, (already running at 10% of all UK retail sales), coupled with the increased power provided to the retail customer by ever expanding protective consumer law, will drive increasing numbers of returns in the future.

Companies will seek to cut overall return volumes to force down cost. They will seek to manage returns more quickly and cost-efficiently. Returned product today is a missed opportunity, and within a professionally managed process, there is a considerable amount of money to be recovered in this area.

The WEEE directive became law in January 2007. One of the fundamental objectives of WEEE is to extend product

life cycles, and to drive the recycling of returned products. Some common routes for product disposal used today will no longer be compliant.

If costs and missed sales revenue have not triggered your search for a better solution, then maybe WEEE will.

PC Interworks has a solution that can significantly reduce

your costs, and provide the compliance you need.

“Returned product is dead capital and there is a considerable amount of value to be recovered in this area”



Let's look at the existing ways of dealing with returns



Existing ways of dealing with returns...

Depending on your business sector, and the relationship between you and your retailers or the original supplier, several disposal options are available:

- First of all, you'll have to collect product from the various UK locations and ship it back to a central UK site or, in some instances, an overseas facility for remanufacture, refurbishment or disposal.
- Alternatively, an in house returns and repair centre could be established in the UK for your products. However, the overheads for such an endeavour are often colossal.
- Once refurbished, you can try and sell as new but, more typically, as graded product – but this can divert sales from your primary, often more profitable, channels.
- Your alternative route to market could be via your own owner operated outlet store - recently stores have been established by a number of electrical & PC manufacturers to sell refurbished goods direct to the public – it's sure to sell at the right price but a costly route with rent & staff costs, that can still denigrate your brand name & values.
- You can try to sell to a secondary market like specialist markdown stores, jobbers or foreign markets – it's effective, but do you want sales of your product to go through uncontrolled markets?
- You could donate selected products to charity – there's no profit return and despite positive PR gains this can still affect brand values!
- Reclaim materials or recycle. This means a lost revenue opportunity and additional cost!
- Ultimately, there is no longer even a simple option to write returns off.

You could settle for any one of these options. Each requires varying degrees of capital investment and all diminish focus from your primary business. **Or you could look at R3 solutions from PC Interworks...**

The benefits of an R3 solution from PC Interworks

Eliminate your returns headache

An R3 solution from PC Interworks can benefit your business in five key areas:

1. Maximise return for your product - without affecting your primary market

With the accelerated cycle time R3 solutions offer we can have products back to market, in resaleable condition, fast. For customers concerned about impacting their primary channels our dedicated but discreet sales channels enable maximum return for your product, without impacting existing markets. Value added services from PC Interworks such as bespoke detailed reporting facilitate the ability to pass on the costs of ineligible returns back to your customer.

2. Save your in house recycling costs - only pay for what you use

Dealing with returns in house can never run in perfect tandem with your product output. The simple reason being it is impossible to be certain which products and customers will generate returns. Having such a facility will therefore always incur cost: personnel, facilities and management. An R3 solution from PC Interworks completely removes this complication. We are entirely flexible, able to ramp up or down to meet your requirements with no additional cost to you. That way you get to pay for only the returns you do get, not also the ones you might get.

3. Ensure you are compliant with relevant laws - by pass the red tape

With ever growing amounts of legislation concerning returns and product recycling it is costing many businesses significant amounts of time and money to ensure compliance. The WEEE directive in particular will impact many companies existing returns processes and arrangements. Using an R3 solution from PC Interworks will ensure you meet all the existing and future laws regarding stock disposal, recycling and re-manufacturing.

4. Improve the return cycle time - have your product back to market fast

Products in the midst of a returns cycle process are costing you money. The returns procedures evolved and perfected at PC Interworks place cycle time at the centre of customer requirements. The moment product arrives at PC Interworks it sets in motion a streamlined set of processes to ensure your product is reworked and ready for purpose in record time.

5. Increase information flow - make decisions on facts, not conjecture

Without detailed feedback on your returns, are your manufacturing and purchasing decisions actually based on fact? It's easy to have a feel for what may be going wrong in a process but from our experience those instincts are often found to belie fact. Our completely bespoke information exchange systems are tailored to your business. With a PC Interworks R3 solution you can have your data the way you want it.

Read on to find out how we helped one of the world's largest personal computer manufacturers.



Case Study: Fujitsu Siemens Computers

In a global market, some problems are best dealt with locally.

Fujitsu Siemens Computers is the world's fifth largest manufacturer of computer systems. Manufacturing for the European market takes place in Germany with their systems selling into major UK electrical stores like Dixons, Comet and Staples. Despite ever-increasing manufacturing standards, product returns from their customers are both inevitable and costly.

Richard Keen is the European Finance and Logistics Director for Fujitsu Siemens Computers and explains some of the problems that lead to Fujitsu Siemens choosing PC Interworks to handle their returns...

"Historically we attempted a multitude of policies for dealing with customer returns and all the issues and logistics that entails. We tried having our own specific divisions and warehousing facilities, which provided varying degrees of success. We also tried collecting all our returns and sending them back to the European factory..."

Fujitsu Siemens is an adaptable and forward thinking company, ideals embodied in Keen's desire to find a local solution.

"...Our existing facilities and procedures for dealing with returns were simply costing too much money. In terms of both time and resource. When something starts to make a significant impact on your margins it becomes imperative to act in a timely fashion. That's when we approached PC Interworks."

Since 2002 PC Interworks has worked hand in

hand with Fujitsu Siemens Computers to develop a completely bespoke R3 solution to deal with their returns. PC Interworks has invested heavily in systems, infrastructure and facilities and now handles all the UK based logistics, warehousing, re-testing and stock disposal of Fujitsu Siemens Computers. Richard Keen talks further about the impact of this relationship...





"I think the relationship with PC Interworks has proved a huge learning curve for both parties. However, perhaps the most self-evident benefit of the relationship is that whilst our costs for dealing with customer returns has reduced, the administrative burden has also decreased. Working with PC Interworks has also provided us with a totally flexible platform to deal with new factors that arise. Problems can be delegated to PC Interworks with the confidence that solutions will be forthcoming, leaving us more time to deal with production and sales."



As part of the on going solution for Fujitsu Siemens Computers, PC Interworks now provides a secure, web based, returns information system providing Fujitsu Siemens Computers with real time information, reports and discrepancy notices for their UK wide customer returns. Richard Keen emphasises here some of the benefits such a system provides...

"...Our existing facilities and procedures for dealing with returns were simply costing too much money..."

(Richard Keen, Fujitsu Siemens Computers)

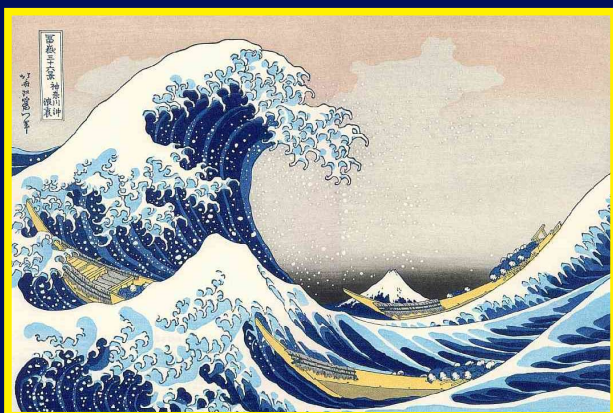
"Up to date information is critical when dealing with our customer returns. That's why we push PC Interworks hard to provide information on our returns as soon as possible. This enables us to make any relevant claims on our customers, which in turn saves us money. Consequently, PC Interworks developed a completely bespoke web based system that is both highly powerful and intuitive to use. Within a few clicks I can get secure access to the complete back catalogue of historical returns information..."

Since asking PC Interworks to deal with their returns, Fujitsu Siemens Computers is enjoying reduced administrative costs and logistical overheads. Perhaps your company could benefit by speaking to PC Interworks?

What could PC Interworks do for you?



'R-Katachi' - the art of returns processing



At PC Interworks we've met the challenge of customer returns, administration and processing many times. Now, after many years of evolution and refinement we embrace an ideology we call 'R-katachi', or put another way, the art of returns processing.

Because no two companies are the same, it stands to reason no two returns processes will be the same. However, our experience proves that all successful returns solutions revolve around certain universal truths. R-katachi embodies these truths, principles such as value recovery, information exchange and process refinement. Our focus on these philosophies creates a truly organic returns solution for your company that may well ultimately prove more valuable than the sum of its parts.

Read on and we'll explain how the innovative facilities, services, processes and information systems we have developed can help you. Alternatively, look at the case study section to see how we helped Fujitsu Siemens Computers, the world's 5th largest computer company, significantly reduce their operating costs and provide real-time feedback on their returned products.

Obvious signs that your existing returns process isn't working...

Everything may seem fine to you but you should seriously consider changing your current processes if you encounter one or more of the following:

- Q** You are concerned about compliance with WEEE legislation?
- Q** Have you found that because product lifecycles are continuing to decrease this is now having a significant effect on your existing service and returns process?
- Q** Are you questioning how you can effectively deal with an increase in low cost product that is uneconomical to service via traditional routes?
- Q** Do customers perceive your products to be lower quality than your competitors?
- Q** Is your warehouse full of returned product that is taking up valuable space?
- Q** Does your returns pile never seem to diminish?
- Q** Do you employ a significant number of staff processing returns?
- Q** Do you lose considerable revenue & profit through your current returns process?

Answered 'YES' to any of those questions? If so, you should take the earliest opportunity to speak to us and find out what an R3 solution from PC Interworks could do for you.

What PC Interworks could do for you

Yes I Want To Change But Where Can I Make Cost Savings?

With the need to effectively manage engineers, spare parts, product remanufacturing, disposal and sale in the most cost efficient manner, it will come as little surprise that many companies are seeing the benefits of handing these operations to specialist third party providers like ourselves.

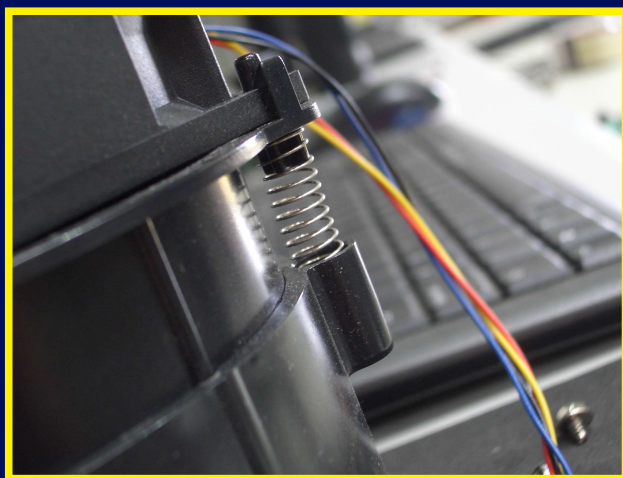
Our refurbishment services are keenly priced and offer you total flexibility, from a simple check & sort process right up to a full reboxing and rebranding of your chosen product through to market sensitive stock disposal.

We can offer fixed cost solutions that can flex to meet the demands of the most challenging client, providing genuine cost savings year on year. However, these lower costs certainly don't equal lower quality...

PC Interworks, a paragon of technical expertise.

Quality of workmanship is paramount in our work ethic. We source only the very finest technicians who between them have trained with market leading OEM manufacturers such as IBM, Hewlett Packard, DELL and Sun Microsystems. The expertise within our body of technicians is such that repairs can be carried out to a military grade component level.

Furthermore, our ideals, embodied in the 'R-Katachi' principles, mean we place great emphasis on inward investment, both intellectually and materially. Our live in house information system ensures that no stone is left unturned and no requirement unfulfilled.



Enjoy the value of information.

An often overlooked benefit PC Interworks can offer you is that of information. The ability to receive up to the minute data on your returns can often impact your business in two distinct ways.

Firstly, detailed information on exactly which products are being returned, and why, will identify key problem areas in manufacture or logistics. For example, if areas such as poor packaging are the root cause of rejection this data could be used to correct packaging issues or provide new carriage instructions.

Secondly, the data we provide can be used to identify abuse by your customers of your returns agreements with them. Reports showing trends of items returned with 'No Fault Found' identify which products, sent from whom, should never have originally entered your returns process.

Advanced, detailed information on your returns is just one of a host of services we can provide. What follows is a list of common services and facilities we routinely employ for existing clients.

Menu of services

Return To Base Repair

Reverse Logistics - we can either receive your returned product at our warehouse or we can offer a full collection service from your designated pick up locations.

Advance Exchange – we can warehouse additional stocks of your products and, if a customer receives a faulty item, we can replace it, collect the faulty unit and repair it on receipt.

Warehousing & Stock Management

Warehouse - we can warehouse your additional or overstocks and distribute on demand.

“Boot Stock” Management – we can hold stocks of notebooks or hand held terminals, pre loaded with your proprietary software and, if they break down, we can offer advance replacement and repair & restock the faulty item.

Returns Management

Check & Sort – we receive your entire returned product into our warehouse and sort working from non working stock.

Product Refurbishment – once sorted, we will repair/refurbish product back to your original specification which, if required can include new boxes, packaging, instruction manuals etc.

Parts Ordering Management – in order to return product to its original specification, we can either obtain parts through the original source, producing a spares audit trail, or buy spares on the open market whichever is your chosen option.

Product Grading – once repaired, we grade product in order to accurately identify its resale state that, in turn, obtains the best margin return on resale.

Product Reconfiguration – if an inherent fault is detected in a batch of product which logistically cannot be returned to the factory, we can quote for batch reworking as necessary.

Rebox/Rebadge – sometimes product must be disposed of without any reference to its original manufacturer or retailer. We can achieve this by supplying replacement logo's, boxes, packaging, manuals etc.

Delivery to return destination – once product is reworked, we can arrange to ship the stock back to you or onto a designated third party. If you prefer, we can dispose of the product as described below.

B2B Trade Disposal

Single/Batch Product – through our extensive network of trade buyers, we can dispose of your product in single item lots or mixed palletised batches.

Pallet Returns – after check & sort, we can dispose of product in working or non-working, tested or non-tested states.

Discreet B2C Sales

Consumer Sales - We will resell your product (without damaging your existing retail or dealer channels) through our existing mail order/internet site, established in 1996.

Price Guarantee - we can fix a minimum resale value or establish a sliding scale structure where the product has a time driven margin return.

Profit Share - from a minimum agreed price, we can share in the profit achieved in resale which guarantees you a better return.

WEEE Directive and the Harazardous Waste Regulations 2005

If I ask you to handle my returns, are you fully compliant with the relevant laws?

WEEE (Waste Electrical and Electronic Equipment) is one of the fastest growing waste streams. UK households will throw away around one million tonnes of WEEE this year. Many items of WEEE contain hazardous substances such as lead (found in solder) and cadmium (found in batteries) and until now recycle rates have been low. The WEEE directive aims to deal with this issue.

You may still be unclear as to how you will deal with the implications of the WEEE Directive, which became UK law in January 2007. To complicate matters, the UK Government has implemented two separate sets of regulations, one dealing with site licensing and treatment standards and the other covering 'producer responsibility' aspects. These include product marking, take-back, and financing treatment and recycling.

If you are a Manufacturer, Producer, Importer, Exporter, Reprocessor or Retailer you will have to be aware of the relevant regulations. Below are just some of the things that you might have to consider...



- > Manufacturers, Re-Branders and Importers of WEEE had to join a Producer Compliance Scheme by 15 March 2007. They need to pay a fee and supply data on the equipment they place on the market during 2006. Producers have to finance the treatment and recycling of separately collected WEEE as well as mark all new products put on the market from 1 July 2007 with the crossed-out wheeled bin symbol.
- > Retailers and Other Distributors need to decide whether to join a Distributor Take Back Scheme or offer in-store take back of WEEE by 1 April 2007.
- > Exporters and Re-Processors will need to apply for accreditation by July 2007 to deal with WEEE.

As well as our own in house expertise on both WEEE and RHoS, we have arrangements with specialist partners to provide for the safe dismantling and disposal of both Categories 3 & 4 WEEE products (IT & Telecoms Equipment & Consumer Equipment respectively) that are at the end of their normal life cycle as specified under the directive.

With regard to the sale of products covered under RHoS, the Hazardous Waste Regulations (which became law on 1st July 2006), we would be happy to work with you to provide solutions which ensure compliance with all aspects of the regulations.

Interested in learning more?

About PC Interworks LTD

PC Interworks Ltd was established in 1995 as a specialist employee sales company. Since that time, the business has grown progressively and we are now recognised as one of the UK's foremost product returns facilitators offering a variety of solutions to a diverse client base.

What to do next?

If you wish to join the growing numbers of manufacturers, importers and distributors that are currently using our services, please contact Managing Director, Roger Jones or R3 account manager, Steve Rochefort who will be happy to arrange a convenient time and place to come and talk to you about how we can save you money.

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"We know that only the very highest standards of customer service will satisfy you and your employees, and I give you my personal commitment to delivering nothing less."

Roger Jones, Managing Director

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