

Native Instruments

Music Technology Company's Supply Chain Expansion Scores a Hit

Challenge

- Complex e-commerce fulfillment including mass customization
- Immense service area coverage
- Scalability to meet growing demand
- Quality testing and reconfiguration
- Fulfillment delays and inaccuracies

Solution

- Digitized warehousing and inventory management
- Automated order management with status reporting
- Real-time business intelligence monitored visibility
- Postponement configuration model
- Product testing and quality assurance

Benefits

- End-to-end turnkey supply chain solution
- Rapid order processing (same day/24 hours or less)
- 99.9% on-time worldwide shipping
- Scalable support to meet peak demand
- Improved sustainability
- 38% postponement SKU reduction



ALOM Orchestrates Successful Postponement Supply Chain Strategy for German Company

As one of the world's largest and most influential music technology companies, Native Instruments helps musicians share their sounds with the world. Headquartered in Berlin, Native Instruments manufactures software and hardware for computer-based audio production that is used by more than 1.5 million creators every month – from award-winning artists and professional musicians to first-time producers and amateurs.

ALOM and Native Instruments have been working together to streamline and optimize the company's global supply chain since 2007. Recognizing ALOM's expertise with omni-channel supply chains and its ability to scale, Native Instruments chose ALOM as its supply chain services partner to launch and grow its brand across the Americas.

ALOM has played an instrumental role in Native Instruments' impressive growth for more than a decade. With a track record of supporting industry leaders and their complex supply chains, ALOM expertly handles Native Instruments' freight, inventory, and e-commerce fulfillment supply chain components for North America, South America, and Central America. These three regions represent 95% of the company's business.

Native Instruments products are available online through its own e-store, as well as other online retailers. They're also sold in music stores across the U.S.

With ALOM's expertise and support, Native Instruments has been able to implement a complex supply chain strategy that has simplified its operations while achieving significant cost savings and improving customer satisfaction.

Native Instruments' supply chain, built on an innovative postponement strategy, is both agile and adaptive. By leveraging ALOM's data-driven inventory management, e-commerce order fulfillment, product testing, system configuration, and global freight management, Native Instruments can maintain a fresh and innovative product line in a world that's often erratic and offbeat (and not in a fun or quirky way).

“ALOM has always done whatever we've needed them to do, providing excellent customer service and quality at every step.”

Patrick Day
Supply Chain and
Account Support Manager
Native Instruments

“ALOM allowed Native Instruments to grow from a brand known almost exclusively in Europe into a premier, globally-recognized digital music production and hardware brand. There aren’t many supply chain services providers that could do that. It’s pretty remarkable.”

Patrick Day, Supply Chain and Account Support Manager, Native Instruments

Achieving an agile, adaptive supply chain with postponement

Postponement deliberately delays final manufacturing or configuration of a product until receipt of a customer order, thereby reducing finished goods inventory levels and the risk of obsolescence without sacrificing customer satisfaction.

Instead of manufacturing and storing products entirely in anticipation of future customer orders, Native Instruments’ adaptive supply chain uses “delayed differentiation.”

Native Instruments’ end-users want an extensive selection of product, high levels of customization, and lightning-fast order fulfillment and delivery. A postponement supply chain strategy makes this possible.

A large portion of Native Instruments’ customer base are professional musicians who rely on perfectly functioning equipment, right out of the box, for their financial livelihood. Delivering orders on-time and correctly configured is critical for the integrity and survival of Native Instruments’ brand across the music industry.

“ALOM’s willingness and technical ability to accommodate Native Instruments’ unique requirements has made them a great partner throughout the years.”

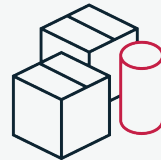
**Patrick Day
Supply Chain and Account Support Manager
Native Instruments**

Keeping customers rocking with flawless product quality

As a supply chain strategy, postponement is usually closely intertwined with modularization – products in a certain product family are designed so all of them consist of different standardized units.

With ALOM’s guidance and support, Native Instruments transitioned from hundreds of SKUs to a much smaller number that can be converted as needed, or just-in-time. By developing a model to track and control product modifications, ALOM allows Native Instruments to make frequent changes to its product configuration with ease.

Native Instruments supply chain performance



**Postponement
SKU Reduction
38%**



**On-time
Shipping
99.9%**



**Six Sigma
Quality
99.999%**

Providing visibility across the supply chain

ALOM’s collaborative and problem-solving culture, coupled with its advanced technology infrastructure, gives Native Instruments visibility across its supply chain, allowing the company to track inventory and obtain real-time visibility into a range of essential performance metrics. This visibility provides agility to react quickly and make critical decisions to reduce disruption impacts.

When Native Instruments’ customers make purchases through its e-commerce channel, those orders travel through the ALOM API and directly into ALOM’s secure and SOC 2 Type II certified integrated order management system called COMPASS™, where they are received, processed, and fulfilled, usually on the same day.

By leveraging ALOM’s expertise in data-driven inventory management and its capacity planning tools, Native Instruments is able to build a range of demand models that allows it to rapidly scale capacity to meet order volumes.

Throughout the COVID-19 pandemic, Native Instruments experienced rapid growth, and with most of its products manufactured in Asia, the company dealt with component shortages due to manufacturing and freight disruption. ALOM never missed filling an order throughout the pandemic and achieved 99.9% on-time shipping despite increased demand and COVID-related pressures.

“ALOM has always done whatever we’ve needed them to do, providing excellent customer service and quality,” Day says.

