



Time to get smart about recycling

New mandatory data control regimes such as GDPR mean recycling companies need to take a fresh look at compliance and control, says **Charles Stewardson**

Reverse supply chains for smartphones are a critical component of the customer lifecycle for brands and service providers. If a company cannot deal with customer returns in a timely manner, the brand is at risk of being damaged.

Customer churn is the inevitable consequence. Company initiatives like customer-oriented return policies and product lease options can boost customer retention by convincing customers to remain with a particular supplier and spreading the word on a brand. They can also add significant costs to the supply chain.

Any customer-friendly policy carries a cost proportionate to the level of convenience being offered. Not to mention the expensive process of acquiring and managing a large inventory of exchange devices. As the market for used smartphones grows, the necessity to implement more efficient reverse supply chain operations will become essential. And customer-friendly policy initiatives aren't going to cut it.

USED SMARTPHONE SALES TO RISE

Redeem recycles phones for mobile operators and claims sales of recycled phones increased by 18 per cent last year to £95 million. Whilst this is primarily due to the increasing cost of smartphones, it is also because of a growing public sentiment that 'newer' isn't always 'better'.

IDC predicts that used smartphones will triple in sales by 2020, growing to a \$30 billion global market. This surge is primarily being fueled by trade-in strategies by major US carriers and retailers, to purchase used devices at a steep discount, a trend which is being replicated in the European market.

Much higher volumes, shorter product lifecycles and higher demand will continue to put pressure on reverse supply chains and returns processes to find efficiencies that offset costs, speed processing and offer new revenue opportunities.

The problem is that many OEMs and MVNOs are missing faster routes to returns. This is because many companies run supply chains that use different systems and suppliers for handling those returns.

This, in turn muddles the device lifecycle. Also they often use basic software



Stewardson: automation is the key

“As the market for used smartphones grows efficient reverse supply chains are essential”

in diagnosing faults. Legacy device testing is costing companies because they lack oversight on the entire process of device testing, which means processes are normally carried out one-at-a-time. Using such basic software and being over-reliant on manual processes leads to higher labour costs.

THE BENEFIT OF AUTOMATING PROCESSES

Automating processes has far-reaching productivity and cost benefits, particularly when it comes to a company's workforce. By deploying software solutions based around improving processing (in particular automated systems) companies are able to gain significant time and cost efficiencies that directly impact their bottom line, with average labour cost savings per device as high as £1.25 per unit.

FutureDial's LeanOne Touch, software automatically detects a device's make, model, memory size and other information. It saved \$15.3 million (£108 million) annually in reduced labour costs for one North American customer. A model like this can reduce costs because it frees personnel time previously used to move thousands of devices from station to station. Reducing the amount of times an employee has to handle a device means they can carry out other tasks in administration or quality control, with greater efficiency thanks to automated software solutions.

Such a model also has a beneficial impact on operations. Companies can declutter their procedures and make the device lifecycle as streamlined as possible by running the model from customer-owned data to predict savings.

In fact, these procedures may result in an additional \$763,200 (£542,000) in reduced operational handling due to improved quality. Challenges remain when it comes to smoothly integrating these systems into a business model. Automated solutions are still in their infancy. Compared to manufacturing models, where everything is meticulously planned and executed, returns logistics is relatively chaotic and unplanned. So specialised systems for processing returns are

often overlooked, and hence are still developing. With returns there is also the problem of variability, which can be high, this further prevents automation and industrial robotisation. The rising global resale market may prove a problem as the availability of devices is struggling to keep pace with demand in a rapidly growing market.

EVOLUTION

Another consideration is the evolution in mobile device technology. New innovations, like security for facial and fingerprint recognition and lockdown technology such as FindmyiPhone are becoming commonplace. Thus new problems will arise and there will be issues revolving around the testing of devices without compromising security.

Being able to keep pace with the volume of items to process will pose a challenge for companies circulating resold devices. This will be especially challenging with tighter data regulations in the shape of GDPR coming into force in May. Companies in returns logistics will need to be more careful than ever with data left on traded-in devices. They'll need to ensure it's handled and erased both safely

and responsibly. Being clumsy with device data may make a company liable for huge fines of up to 20 million euros. This would ultimately lead to brand reputation being lost. This loss of reputation means that there will be less money coming in due to fewer customers trusting your brand.

Automated systems give companies the opportunity to efficiently erase and safely deal with multiple devices at once before recirculating a device back into the market. The ability to manage multiple software configurations easily allows service providers to flexibly adjust to dynamic product changes and accelerated pace of the market.

The reduction of waste in the system also opens new opportunities for aftermarket service providers to improve productivity, develop new services, or pass along cost savings to customers by being able to declutter the process and, in turn, decreasing labour costs and streamlining customer journeys. With more devices passing through the supply chain it is time for business models to use more intelligent software to ensure transparency across and by continue the automation of the returns process. Benefits that businesses may glean from automating the recycling process are undeniable. Ultimately it's about the people and customers who need to be reassured that their devices are being processed with utmost precision, care and ease. With GDPR, meeting these requirements is more important than ever from a legal perspective, as shown by the significant fines that may be imposed on failure to comply. When new technologies like the IoT become mainstream, we will see an even greater need for more efficient means of streamlining processes.

The rapid pace of technology is driving all industries to seek new pathways to more efficient processes that deliver higher quality. OEMs, MVNOs and mobile retailers must find ways to limit waste and variation in all areas of the business.

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