

Supply Chain Optimization

Uber Eats

Section-C: Group 1

Executive Takeaway

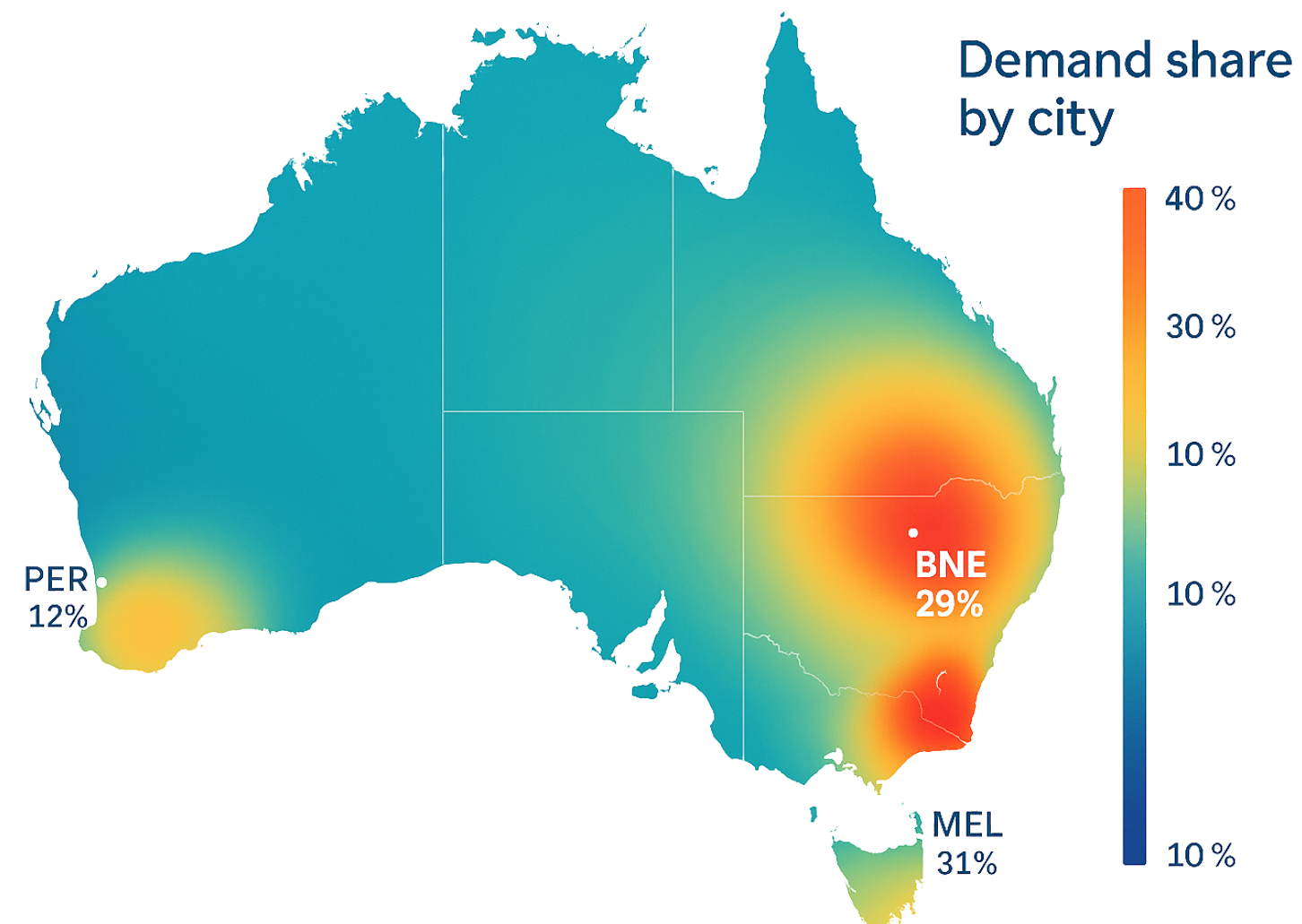
This Australia-specific redesign makes the supply chain both cost-efficient and resilient by accounting for elevated logistics costs and leveraging recovery strategies. The net effective cost of ~AUD 265–300 per kit reflects realistic Australian conditions yet delivers ~10–15% savings via supplier optimization, regional hubs, and recovery programs. It enhances supply reliability, scalability, and ESG alignment – essential for supporting ~77,000 kits by 2026.

Final Recommendations

- Supplier Mix: A (60%) + C (40%), maximizing recovery and mitigating risk.
- Fulfillment Model: Hybrid regional hub model (Sydney, Melbourne, Brisbane) plus strategic direct shipping to Perth/Adelaide.
- Inventory Strategy: 2–3 weeks stock, frequent POs, real-time visibility dashboard.
- Contracts: Emphasize recovery SLAs, extend payment terms, air-freight options, and ESG clauses.
- Cost Inclusion: Fully account for hidden logistics, SIM costs, FTE overhead, reverse premiums, and 12% opportunity cost.
- Sustainability Loop: Formalize refurbishment and resale – cutting new purchases by at least 25% over time.

Operating Reality

Where demand lives- and why distance rules Australia



Next-day lanes exist only on eligible postcode corridors; set promises by lane.



Regional/remote drives 2–6 business day windows; avoid over-promising.



Freight charges by the greater of actual vs cubic weight; packaging discipline matters.

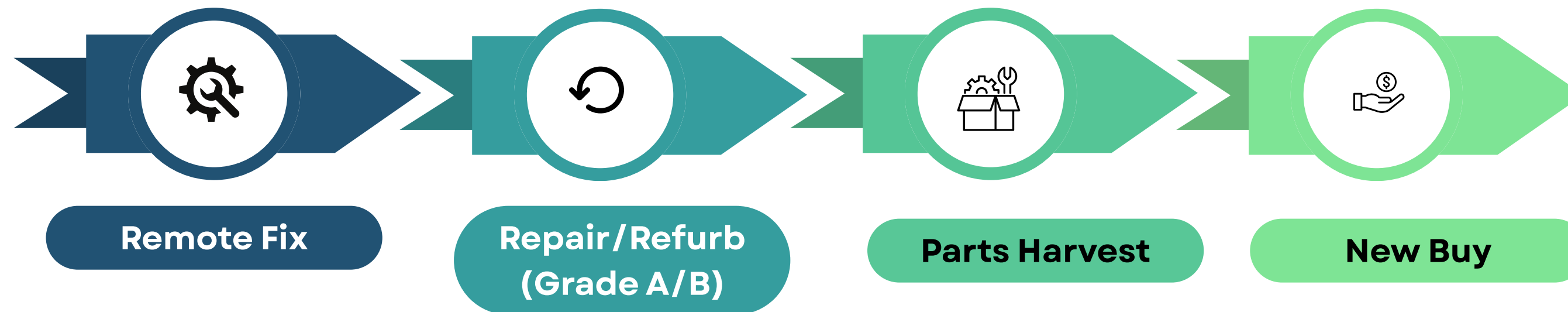


WA requires local buffer to avoid long east-west hauls.

Concentrate stock near metros, treat WA separately, and model cubic weight.

Inventory Policy → Practice

Reuse Before New, With Certified Data Handling



Blended recovery rate : 0.68

Total annual reusable pool: 8,520

Weekly demand: 1,300

Safety stock: 2 Weeks

Prefer enterprise/AER devices to extend secure, reusable life.

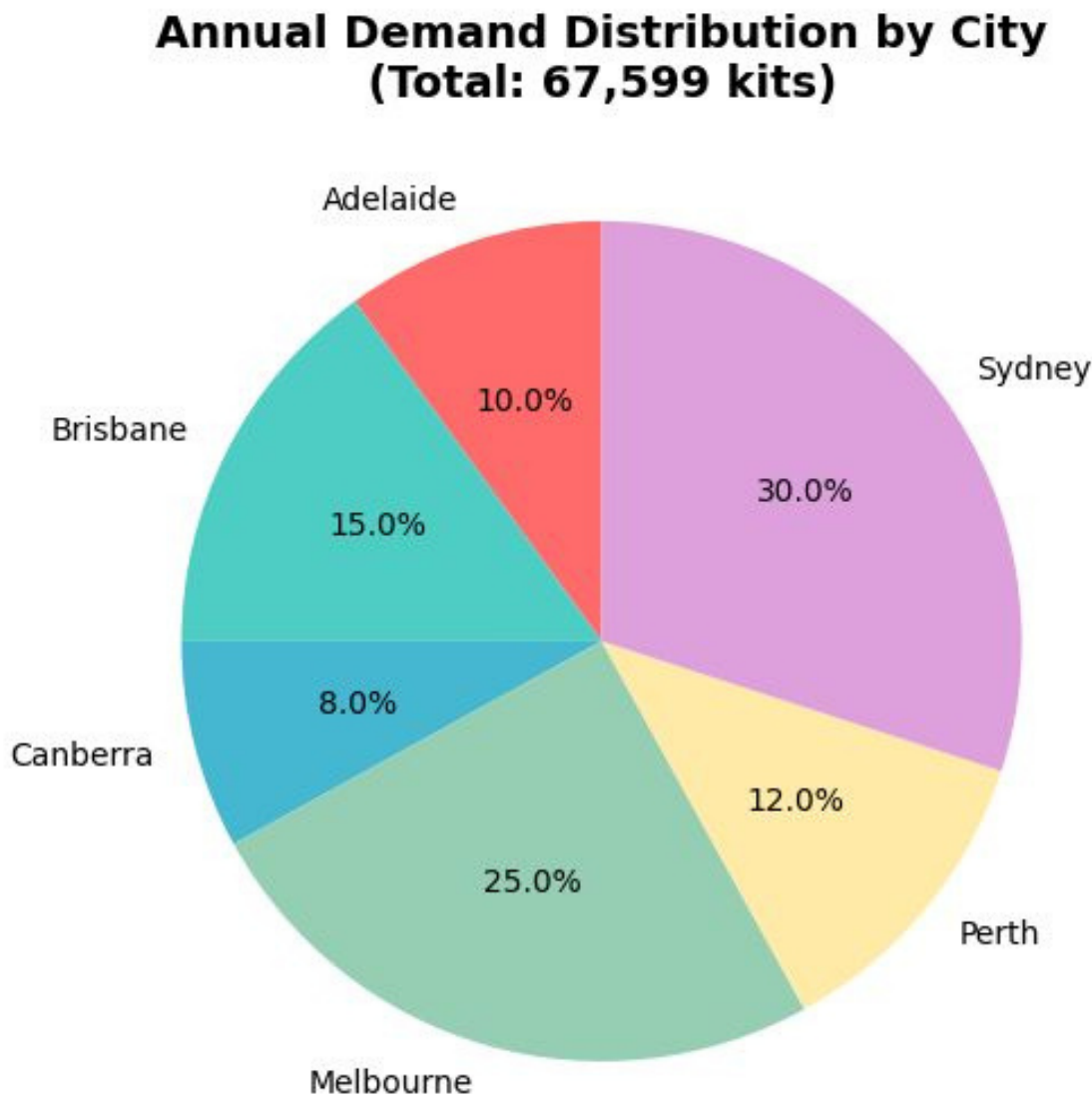
AS 5377 for reuse/data security; R2v3/ISO ITAD certs.

Buy new only after reuse paths are exhausted and measured.

City-Level Stocking

Right Stock, Right City, Right Time

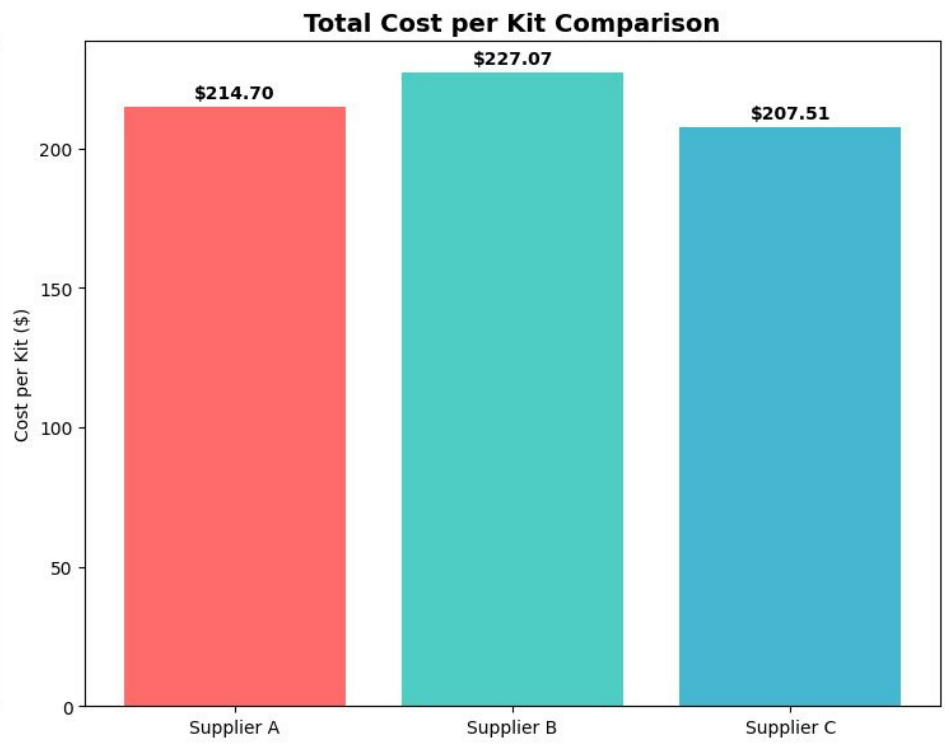
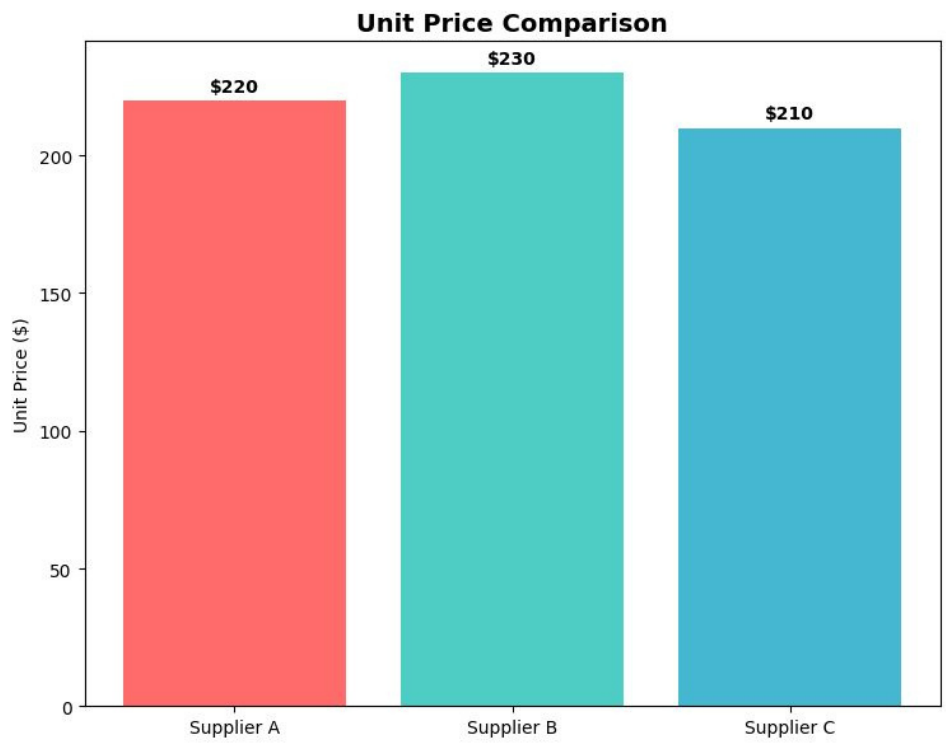
City	Share %	Annual	Weekly	Safety (2w)	Refurb alloc / week*
Sydney	30.00%	20,280	390	780	70
Melbourne	25.00%	16,899	325	650	58
Brisbane	15.00%	10,140	195	390	35
Perth	12.00%	8,100	156	312	28
Adelaide	10.00%	6,759	130	260	23
Canberra	8.00%	5,421	104	208	19
Total	100%	67,599	1,300	2,600	234



Supplier Strategy (Scorecard & Mix)

Two Lanes, One Scoreboard

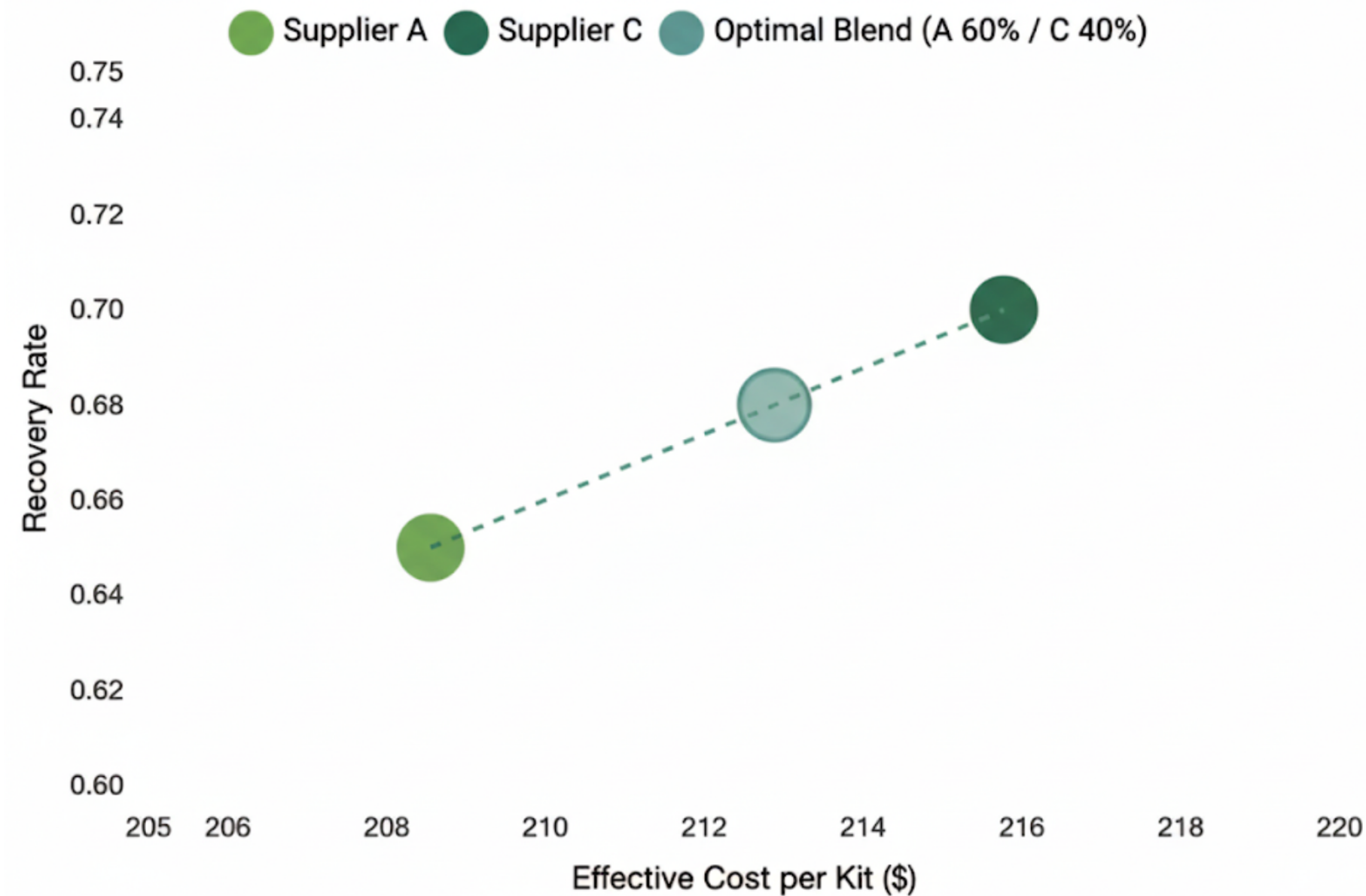
Supplier	Unit Price	Recovery Rate	Effective Cost
Supplier A ✓	\$220	70%	\$215.77
Supplier B	\$230	60%	\$228.20
Supplier C ✓	\$210	65%	\$208.55



Allocate by effective cost per working device, hence A/C mix, B excluded.

Supplier Frontier (Trade-offs)

Pick the Efficient Frontier, Not a Favorite



Supplier Comparison

A Unit Price: **\$220**

A Effective Cost: **\$215.77**

A Recovery Rate: **0.70**

C Unit Price: **\$210**

C Effective Cost: **\$208.55**

C Recovery Rate: **0.65**

💡 Conclusion

The A/C blend lands at \$212.88/kit — better than A or C alone once recovery is considered.

Choose the balanced mix that meets recovery floor and caps turnaround.

Suggested Contract Design

Pay for Outcomes, Not Promises

Outcome-Based Metrics

METRIC	TARGET	WEIGHT
Recovery %	≥ 68%	40%
Effective Cost/Kit	≤ \$212.88	35%
DOA	< 0.5%	25%

SLA thresholds to be added when available in the sheet

Credit Mechanism

Credit = miss% × weight × unit fee

Example: If recovery drops to 65% (3% miss) with 40% weight and \$210 unit fee, credit = 3% × 40% × \$210 = \$2.52/kit

Current Tracked Metrics

- Recovery Rate**
Directly from Supplier RFP analysis
- Effective Cost/Kit**
From Supplier RFP analysis with actual recovery
- DOA (Dead on Arrival)**
To be added to sheet metrics

Conclusion

Tie money to Recovery% and Effective cost/kit – exactly what the sheet measures today.

Implementation Benefits:

- Align supplier incentives with Uber’s goals
- Drive continuous improvement in recovery
- Transparent performance measurement
- Quantifiable financial impacts

Tie fees and bonuses to recovery, speed, first-attempt success, and certified data wipes.

Suggested Contract Design

Guarantees, Make-Goods, Guardrails

01



Recovery guarantee:

If recovery falls below floor, auto credits or extra refurb capacity until floor restored.

02



Audit & QBR:

Quarterly pack (erasure certs, downstream recycler proofs, SLA ledger, failure Pareto, make-good tracker).

03



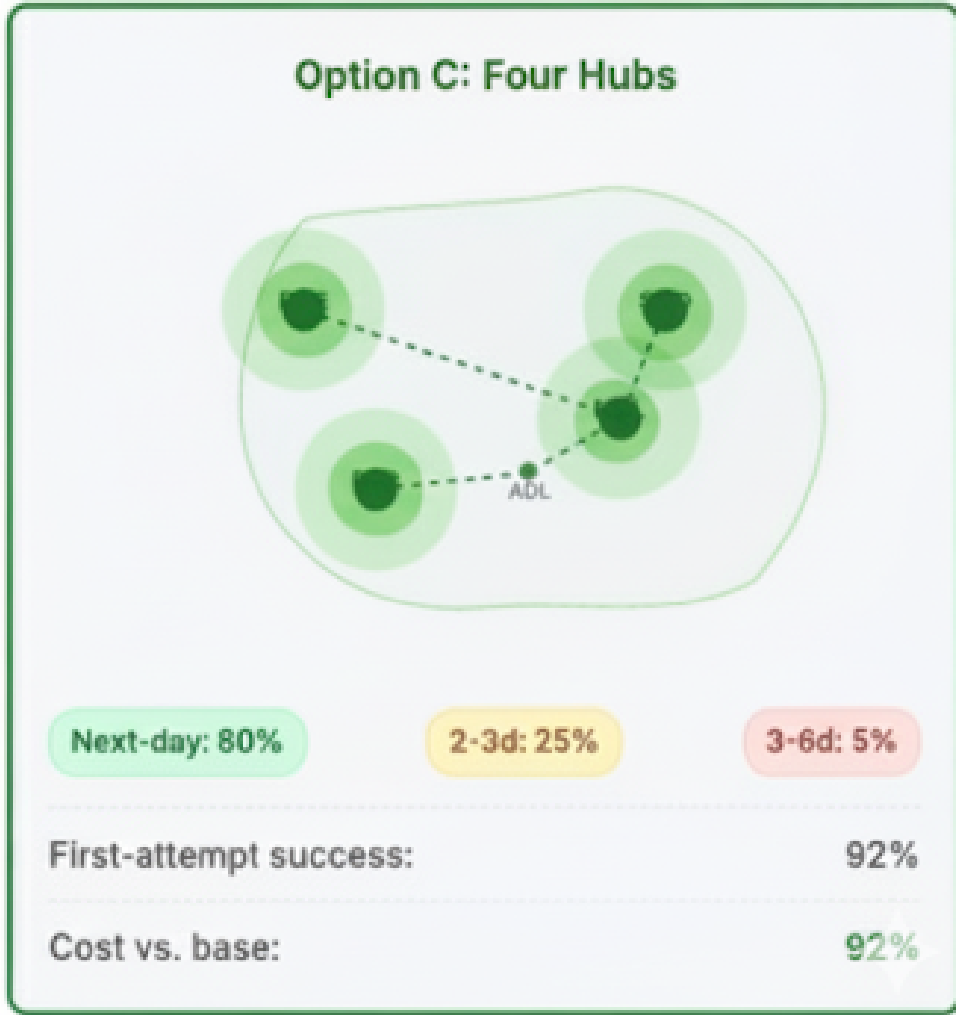
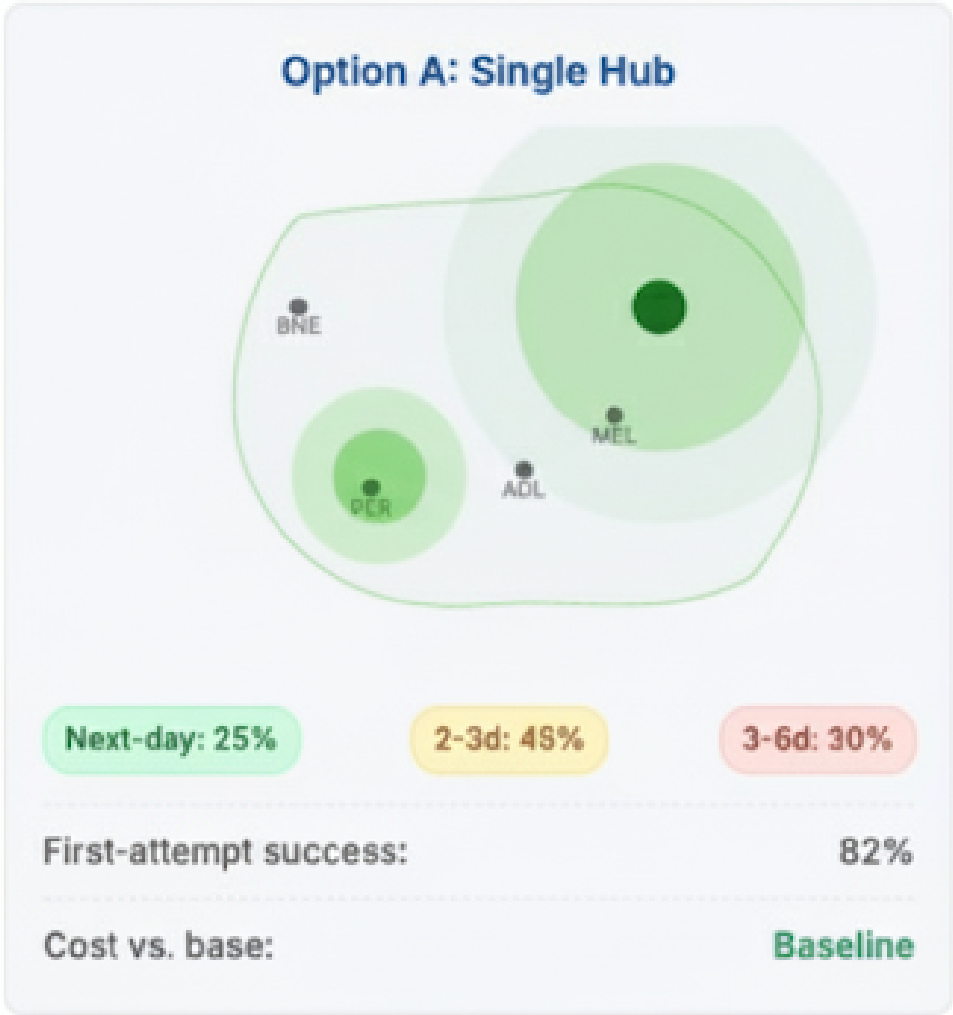
Export & disposal:

No cross-border movement without required permits; irreparable devices routed to accredited domestic recycling schemes.

Lock measurable remedies, auditability, and compliant end-of-life lanes so SLAs actually bite.

Suggested Fulfilment Network

A network that fits Australia



Key Benefits of Option C: Dedicated Perth hub isolates Western Australia risk, reduces air-haul reliance, and improves overall SLA performance across all regions.

💡 *Adopt 3-4 node model including Perth buffer and match service level agreements to postcode eligibility for optimal coverage.*

Adopt 3–4 nodes including a Perth buffer and match SLAs to postcode eligibility.

Suggested Fulfilment Process & Cost Knobs

Kill the Exceptions That Bloat Costs

Exception waterfall:

Mislabeled → Cubic upcharges → Redeliveries
→ Return loops.

Cubic factor 250 kg/m³; carton 28×20×8.5 cm;
actual weight 1.5 kg → (designer note: chargeable
= max(actual, cubic)).

Current cost model: Base shipping 16.50 +
expected reattempt 0.95; inter-city logistics
(weighted) 14.87.

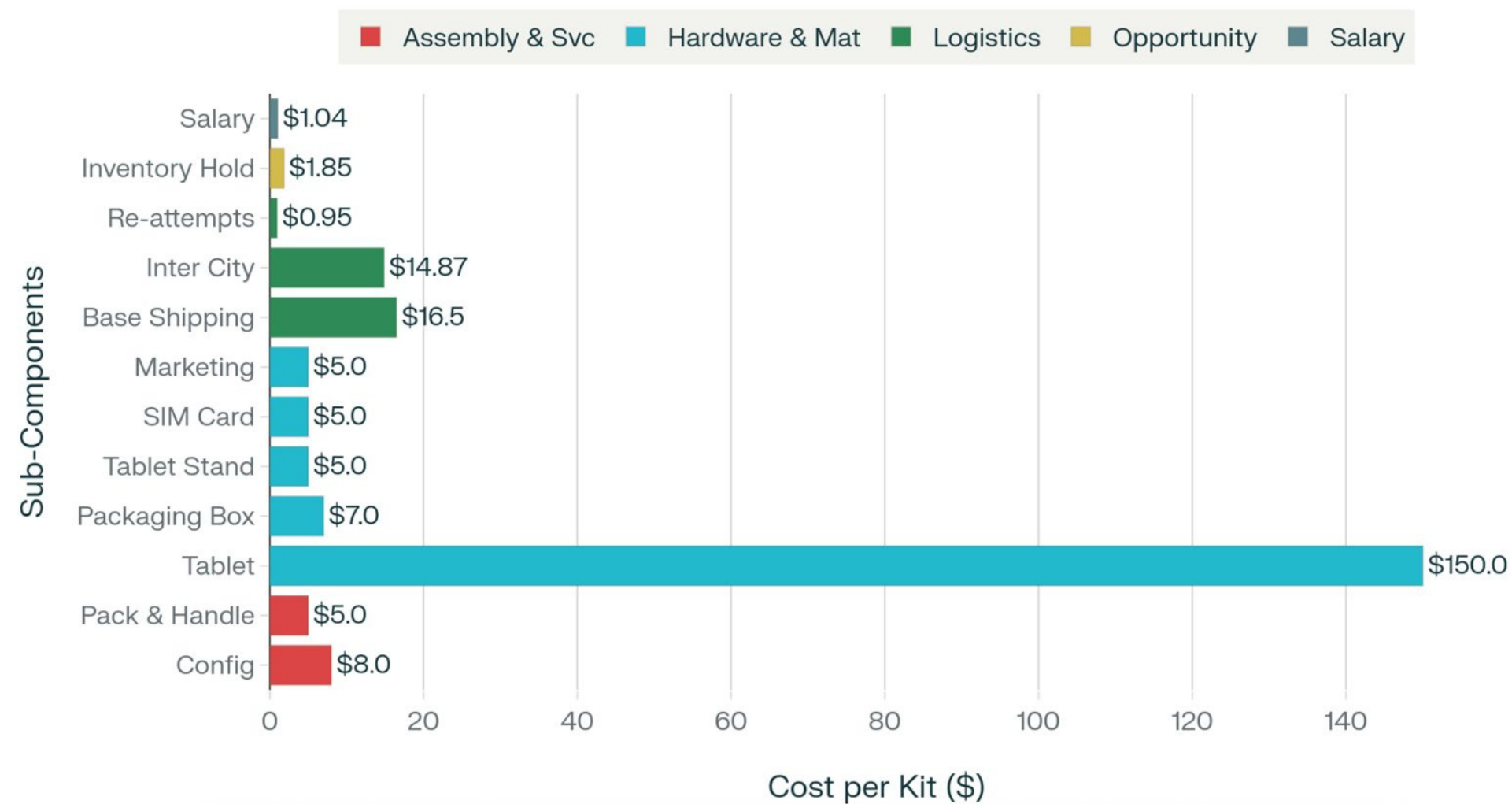
Pack & handling 5.00; Configuration 8.00.

Design cartons and process to minimise cubic weight and rework—those are controllable costs in the sheet today.

Total Cost per Kit (LCPK)

One Number to Judge Everything

Cost per Kit by Sub-Component



Total cost: \$212.88

Suggested for Pilot Calculations

Working Units = Shipped × (1–DOA) × (1–Infant)
 LCPK = (HW + Setup + Pack + Ship_out + Returns + Ship_in
 – Salvage – Reuse + Holding + FailureAdj) / WorkingUnits
Failure Adj = (DOA + Infant) × Replacement Cost; Holding =
AvgInv × (annual%/12)

Sensitivity chips

±1% DOA | ±5% Recovery | ±0.5 kg Cubic →
 show Δ LCPK

Report LCPK monthly—net of salvage/reuse—and steer every lever by its movement.

6-Week Pilot & Decision Gates

Prove It Fast, Then Scale

Pilot Volume & Metrics



PILOT TARGET VOLUME

7,800 Kits

(6-week sample from 67,600 annual)

Track Key Metrics:

RECOVERY RATE

0.88

EFFECTIVE COST/KIT

\$212.88

OUTWARD SHIPPING

\$17.45

REATTEMPT COST

\$0.95

SAFETY STOCK

2,600

REUSE POOL

8,520.4



Conclusion

- Demand tab total 67,599 vs 67,600 in Proposed model → round to 67,600
- Add SLA metrics (TAT, first-attempt delivery, DOA/infant) as new columns

Implementation Timeline

Week 1-2: Initialization

Setup tracking systems, prepare baseline measurements, onboard suppliers

Week 3-4: Execution

Process initial volume, track metrics, validate recovery rates, monitor costs

Week 5-6: Evaluation

Analyze results, validate cost model, prepare recommendation report

Post-Pilot: Decision

If targets met → lock contracts and scale nationwide



Success Criteria

- Maintain blended cost = \$212.88 per kit
- Achieve target recovery rate of 0.68
- Validate safety stock levels (2,600)
- Confirm successful reuse model implementation



If criteria met: Full nationwide rollout

Long-term contracts, scaled operations

Approve scale-up only if all four KPIs clear the thresholds.