



## **Profile: Adept Reduces Costs, Increases Efficiency with Supply Chain Visibility**

*By Editorial Staff*

*Robot manufacturer gets better look into supply chain operations, increases customer service with demand-driven supply chain, logistics solution*

San Jose and Pleasanton, CA — September 9, 2005 — Sometimes businesses need a really sophisticated robot to make a lot of very small parts. Founded in 1983, Adept Technology provides robot and robot control mechanisms for small-parts assembly, material handling and precision process applications at many of the world's largest telecommunications, consumer electronics, semiconductor, automotive, and pharmaceutical manufacturing companies.

Adept robots are complex devices, constructed with up to 300,000 parts manufactured by suppliers located around the world. Adept customers are also global and expect 24-hour response for replacement parts or service. Many Adept robots are critical to keeping assembly lines running, and Adept has a well-deserved reputation for quickly meeting service requirements.

With such an extensive product line, complex industrial robots and a worldwide customer base, Adept found that it was becoming a victim of its own success. The logistics and transportation requirements needed to maintain the high service levels that Adept customers expected were tremendous — and expensive. “If one of our robotic products or controllers fails, the production line stops. Customers have to get back online as quickly as possible, so we need to meet those needs at any cost,” said Robert Bucher, Adept chairman and CEO.

Structured for growth, Adept wanted to control costs and increase operational efficiency. To do so, the company needed to expand visibility throughout the supply chain to ensure availability of parts, minimize logistics and transportation costs and maintain high customer service levels. Adept's challenge was accomplishing that goal as a small business with fewer than 200 employees.

## **A Network Solution**

To cost-effectively operate a worldwide, world-class customer service organization, Adept needed to work much more closely with its vendors and transportation companies. Adept administrators knew that would require a network infrastructure to more tightly integrate its supply chain. To retain a focus on its core competencies and still achieve its growth and customer service goals, Adept decided to outsource its logistics and transportation management functions to D.W. Morgan, a consulting, logistics outsourcing, and transportation management company.

D.W. Morgan provides services to its clients using its own end-to-end Cisco Systems network. For Adept, D.W. Morgan implemented the Cisco Demand-Driven Supply Chain and Logistics solution, which links business applications throughout the supply chain over the Internet.

By synchronizing operations among supply chain partners, the Cisco Demand-Driven Supply Chain and Logistics solution is geared to help manufacturers meet customer expectations more efficiently and respond to market dynamics with greater agility. D.W. Morgan also uses custom application software that links the Cisco solution with transportation companies.

Grant Opperman, president and chief strategy officer at D.W. Morgan, explained: “We give our clients the tools to help them move goods and manage their entire inventory. From raw goods to work-in-progress and everything in between, including in-transit inventory and products coming in from the service side, we give them visibility into every aspect of the business.”

Adept initiated talks with D.W. Morgan because of its expertise in the field, before discovering that D.W. Morgan operated its own business on a Cisco network. While the Cisco network was not one of the reasons Adept opened discussions with D.W. Morgan, it was a factor in closing the deal. “When D. W. Morgan said it was using a Cisco infrastructure, we knew that it could meet our needs with ‘six nines’ of reliability and 24-hour response time. At that point, we just focused on the company's shipping capability, its personnel and its software,” said Lee Blake, vice president/general manager, Adept Services.

D.W. Morgan worked with Adept to place Cisco integrated services routers at Adept manufacturing facilities and service depots, and with vendors throughout the supply chain. Using the Cisco routers, employees in these locations input real-time data about every transaction directly into the Cisco network. All the employees at each company have access to the same data, creating a network of networks that provides visibility throughout the supply chain. Security features integrated into the Cisco network ensure that only authorized users have access to sensitive data.

Supply chain visibility improves Adept's operational efficiency. For example, an Adept service depot can identify incoming goods and tie them to a customer, a warranty and a

service history even before they reach the loading dock, using service ID codes managed by the D.W. Morgan software. The D.W. Morgan solution also uses these codes to provide real-time visibility to replacement part locations. Tracking all inventories and equipment status worldwide is critical to helping Adept optimize business operations and maintain customer service levels.

### **Building Business Value**

The task of improving its logistics and supply chain management was both outside Adept's core competency and critical to its success. The Cisco network-based D.W. Morgan solution allows Adept to outsource these functions, yet retain a real-time data environment and worldwide access to information. With this information, Adept can see all of its inventories — whether they are outbound, inbound, in transit or work in progress — and maintain real-time visibility into the business. That allows Adept to now maintain its outstanding customer service while minimizing material and transportation costs.

“This solution will let us converge worldwide resources to respond immediately to customer needs. We might connect a customer in China to a service person in Germany, who could dispatch the necessary part from a Singapore facility. We know what parts are available, where they're located, where they're needed and how to ship them fast and cost-effectively,” said Blake.

Visibility into worldwide inventory locations and easy access to warranty information also helps Adept customer service representatives solve customer problems much more quickly. “We like to know when equipment is going out of warranty so we can contact our customers and let them know about any upgrades that are coming up. We also like to keep track of the status of the equipment in the field so that we can support it with parts and repairs when necessary. The D.W. Morgan and Cisco Demand-Driven Supply Chain network solution let us share that information worldwide, and respond to customers faster,” said Blake.

Greater visibility into warranty status information also helps Adept manage its warranty and service programs more efficiently. Adept can now monitor warranty expirations much more accurately, and offer customers timely extensions or new products to ensure that customers are protected and to generate additional revenue.

In addition to the cost savings and improved efficiency benefits, Adept said that with the D.W. Morgan's infrastructure already in place it can increase the level of service purchased from D.W. Morgan far more cost-effectively than would be possible by expanding an internal network.

For D.W. Morgan, the Cisco integrated services routers used in the Adept implementation have also provided a competitive advantage with other clients. “With the Cisco integrated services router line, I've got a remote office in a box that's pre-configured and ready to go. I can put that on a loading dock or at a supplier location

anywhere on the planet and be integrated securely back to our network for data, voice, video, XML phone applications — you name it. That is becoming a huge, huge competitive advantage for us,” said D.W. Morgan's Opperman.

### **Looking Ahead**

Visibility throughout the supply chain has helped Adept reduce costs, increase operational efficiency and position itself for future growth. In the near future, Adept hopes to improve efficiency even further with a planned installation of Cisco ISR routers with integrated wireless capability. These routers will allow Adept employees to use wireless devices for network access.

As the two companies move forward, Adept is considering outsourcing additional front-office functions that will help D.W. Morgan to become even leaner and more competitive. “I'm hoping the partnership will continue, and will be very, very beneficial in the future,” Bucher said.

### **Companies mentioned in this article:**

- [D.W. Morgan Co.](#)
- [Adept Technology Inc.](#)
- [Cisco Systems](#)