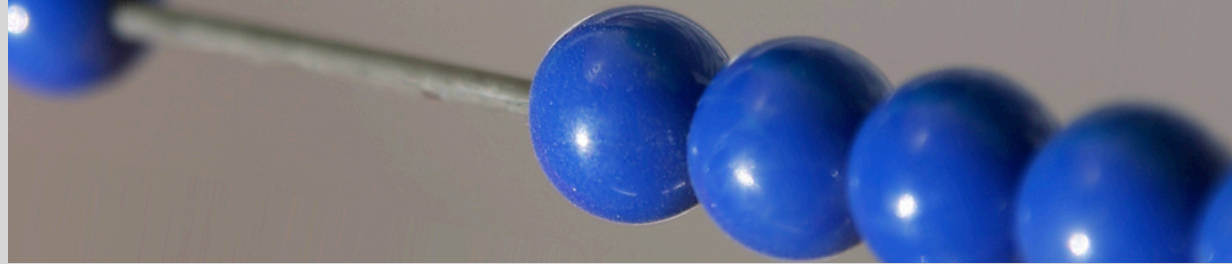




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Key Results

- Enabled global production by coordinating multi-vendor processes
- Reduced manufacturing and distribution costs
- Integrated data from entire supply base into a single, real-time view
- Improved Sarbanes-Oxley, customs compliance
- \$700,00 per year savings in shipping over prior carriers, with 97% on-time delivery performance
- Supported remote fulfillment and vendor-managed inventory (VMI) programs
- Automated document preparation

Case Study: When the Advanced Fibre Communications (AFC) division of Tellabs introduced next-generation optical networking gear, it turned to Morgan for the transportation and supply-chain expertise to coordinate a complex, new global production effort.

The Challenge

For AFC, the complexity was unprecedented: Components and sub-assemblies would be manufactured at facilities across the globe—in the U.S., China and Malaysia. Final assembly would take place in Mexico, and the finished goods would then be trucked to Texas for distribution.

All this activity required a continuous, reliable flow of both goods and information between several different companies. And, it all had to flow back through a BaaN ERP system for transactions.

Morgan's Solution

AFC turned to D.W. Morgan Company for leadership on every level of this project. Morgan is unique for its ability to create solutions that encompass transportation, IT integration, logistics and supply chain design.

Morgan's consulting team first took on the task of designing systems and transportation to

support this complex manufacturing network. Morgan visited all manufacturing sites worldwide, determined best transportation options and advised AFC on taxation and customs strategies.

The Morgan IT team also went to work, integrating data from all suppliers. Morgan used a tiered architecture for collaboration, with the RosettaNet e-business process standards governing communications between Morgan, AFC and the largest contract manufacturers. Smaller players exchanged generic XML files or EDI. The least sophisticated suppliers entered data via web portal.

Because data was shared throughout the supply chain in real time, Morgan was able to leverage that information for compliance with customs, import / export and financial reporting requirements.

The Morgan ChainLinq system enabled ERP-exact replica shipping documentation to be printed on demand from any secure web



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browser. This made it possible for AFC to fulfill orders from remote sites, when necessary, without first bringing the shipments to U.S. headquarters for transaction in the company's ERP system.

Most important, Morgan provided a single, real-time view of activity throughout the supply chain, via its web-based ChainLinq application. ChainLinq allowed AFC managers to analyze potential delays and shortages, track all in-transit goods regardless of carrier, redirect materials, audit compliance and create reports of system-wide activity.

The system also gave AFC the capability to control buy and sell triggers in the order fulfillment process. By delaying the buy as long as possible and then selling immediately, AFC minimized its inventory expenses.

Last, the Morgan ChainLinq system provided visibility to vendor managed inventory for other product lines, so that AFC could see and control goods in third-party distribution channels.

With Morgan's supply chain, logistics and transportation expertise, AFC launched its innovative line of optical networking products in 2004. The success of this groundbreaking product line laid the foundation for acquisition of AFC by Tellabs, Inc. in 2005.

Benefits of Morgan's solution included:

- Elimination of the errors and delays associated with manual processes

- Automated compliance with all business process rules on a customer- and country-specific basis.
- Coordination and timing of manufacturing processes across the entire global supplier base
- Reduction of distribution costs
- Reduction of manufacturing costs through offshoring of key processes
- Automated IT integration with the AFC BaaN ERP system and all major supplier computer systems
- Vendor-managed inventory (VMI) visibility and control tools via web-based application
- Faster customs clearance
- Automated compliance with financial and import / export mandates
- ERP-exact replica shipping and customs documentation, available via secure web interface on an on-demand basis.

About D.W. Morgan Company

Morgan pioneered "whole-process management" for its Fortune 1000 clients, overseeing every link in their supply chain—from procurement of raw goods to distribution, and coordination of service and end-of-life requirements.

As a result of its innovation, Morgan is able to improve efficiency dramatically and reduce costs for its clients. Morgan has won widespread acclaim, including two Cisco Systems "Supplier of the Year" awards, a Computerworld / Smithsonian laureate award and inclusion in *Supply And Demand Chain Executive* magazine's "Top 100 Supply Chains."