

CUSTOMER SUCCESS STORY

SUPPLY CHAIN VISIBILITY REDUCES COSTS AND INCREASES OPERATIONAL EFFICIENCY FOR ADEPT

EXECUTIVE SUMMARY

CUSTOMER

- Adept Technology Inc.

INDUSTRY

- Manufacturing

BUSINESS CHALLENGE

- Position company for growth by increasing operational efficiency
- Maintain excellent customer service while reducing costs

NETWORK SOLUTION

- Cisco Demand-Driven Supply Chain solution including routers, firewalls, IP Communications, and security products
- Cisco integrated services routers at Adept manufacturing facilities, service depots, and vendor locations throughout the supply chain
- Consulting services, logistics outsourcing, and transportation management expertise provided by Cisco Partner D.W. Morgan

BUSINESS VALUE

- Supply chain visibility supports more efficient, less expensive service operations
- Outsourced solution allows greater focus on core competencies, increased flexibility, and lower-cost growth

Adept Technology improved visibility into supply chain operations, increased customer service, and reduced costs with a Cisco Demand-Driven Supply Chain and Logistics solution managed by Cisco Partner D.W. Morgan.



BUSINESS CHALLENGE

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 meeting service requirements quickly.

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," says 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.

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 powerful 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 expert.

High Reliability, Fast Response

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 helps manufacturers meet customer expectations more efficiently, operate more profitably, 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, explains: “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,” says Lee Blake, vice president/general manager, Adept Services.

“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.”

—Lee Blake, Vice President/General Manager, Adept Services

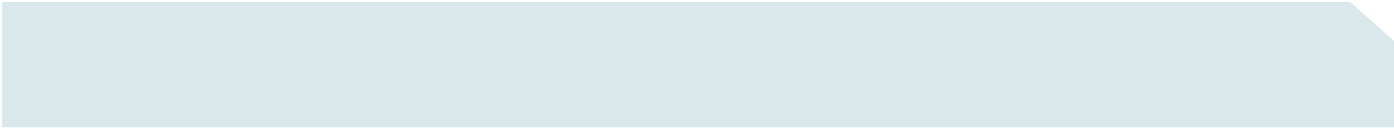
Dramatic Efficiency Improvements

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 dramatically 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.

BUSINESS VALUE

The task of dramatically 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.

Worldwide Supply Chain Visibility

“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,” says 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,” says 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.

Cost-Effective Scalability

In addition to the cost savings and improved efficiency benefits that Adept is realizing today, outsourcing to D.W. Morgan lets Adept scale the business very cost-effectively. With D.W. Morgan’s infrastructure already in place, Adept 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,” says D.W. Morgan’s Opperman.

NEXT STEPS

Visibility throughout the supply chain provided by D.W. Morgan 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 says.

FOR MORE INFORMATION

Cisco Systems has helped manufacturing companies worldwide transform their businesses with improved operational efficiencies that benefit customers, vendors, remote employees, and sales representatives, as well as internal staff. To learn how Cisco manufacturing industry solutions can help your company, contact your local account representative or visit www.cisco.com/go/manufacturing.

To find out more about Adept Technology Inc., go to: www.adept.com

To find out more about D.W. Morgan Company, go to: www.dwmorgan.com

This customer story is based on information provided by Adept Technology and D.W. Morgan and describes how Adept Technology benefits from the deployment of Cisco products. Many factors may have contributed to the results and benefits described; Cisco does not guarantee comparable results elsewhere.

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Corporate Headquarters
Cisco Systems, Inc.
170 West Tasman Drive
San Jose, CA 95134-1706
USA
www.cisco.com
Tel: 408 526-4000
800 553-NETS (6387)
Fax: 408 526-4100

European Headquarters
Cisco Systems International BV
Haarlerbergpark
Haarlerbergweg 13-19
1101 CH Amsterdam
The Netherlands
www-europe.cisco.com
Tel: 31 0 20 357 1000
Fax: 31 0 20 357 1100

Americas Headquarters
Cisco Systems, Inc.
170 West Tasman Drive
San Jose, CA 95134-1706
USA
www.cisco.com
Tel: 408 526-7660
Fax: 408 527-0883

Asia Pacific Headquarters
Cisco Systems, Inc.
168 Robinson Road
#28-01 Capital Tower
Singapore 068912
www.cisco.com
Tel: +65 6317 7777
Fax: +65 6317 7799

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