



radisys

## Steelwedge Enables Radisys to Integrate Supply and Demand into a Single Plan of Record

### Company

Radisys

### Headquarters

Hillsboro, Oregon, USA

### Industry

Telecommunications

### Products and Services

Wireless Infrastructure Solutions, Systems for Telecommunications Networks, Aerospace and Defense Applications, Telecom Cloud Solutions

### Employees

1,000 globally

### Web Site

<http://www.radisys.com>

### By increasing visibility and collaboration with its contract manufacturer, Radisys is making faster, smarter decisions that impact the bottom line

The outsourcing of manufacturing operations is not a new trend, but it's a growing one. The global electronics contract manufacturing industry reached an astounding \$360 billion of revenue in 2011, and is expected to grow to \$426 billion by 2015. While the cost-saving benefits of outsourcing manufacturing to low-cost countries are clear, many companies do not fully grasp some of the inherent challenges of outsourcing—namely the loss of visibility and control of operations.

Radisys, the market leader in enabling wireless infrastructure solutions, experienced this dynamic when it outsourced all of its manufacturing in late 2009. Founded in 1988, Radisys supports the telecommunications, aerospace and defense, and medical markets. The telecommunications market represents the largest portion of Radisys's business, and as a fast-moving sector, it's also the one that requires the most agility from its vendors.

Radisys experienced a distinct loss of agility once it moved from in-house to outsourced manufacturing.

“ We lost visibility into our supply, but maintained control over the demand elements,” said Lisa Aleman, Director, Sales and Operations Planning at Radisys. “At the same time, our contract manufacturer had visibility into the supply elements, but lacked an understanding of the demand. We no longer had a single plan of record. ”

Further exacerbating the problem, Radisys utilized an antiquated forecasting tool that only allowed serial inputs—multiple people couldn't input data at whatever time period made sense for their customer base. The company found it difficult to answer relatively simple questions such as “Do I have enough supply? Do I have enough demand? Can I commit to certain orders? Can I respond to this customer in a fast timeframe?” Radisys's forecasting system at the time was only updated monthly, the contract manufacturer was operating on a weekly cadence, and Radisys was trying to commit to orders on a daily basis. This gap in time frames meant that certain forecast elements were out of sync by two or three months in some cases.

“ To make matters a little more complicated, we had what I called a 'glorified Excel spreadsheet,' which was connected to an Access database that contained about 150 different file splices,” Aleman said. “Just generating the demand profile by itself was a problem because that tool broke every week. Since there were so many files splices, oftentimes we couldn't even figure out what broke and where, only to have to be back in another cycle before it was resolved. We were just not making decisions nearly fast enough to address the telecommunications market. ”

### The Sales and Operations Planning (S&OP) Solution

In 2010 Radisys regrouped and began the process of implementing the sales and operations planning (S&OP) infrastructure that would integrate supply and demand—partnering with Steelwedge and E2open to accomplish this goal. “One of the reasons we chose Steelwedge was because it enabled us to manage multiple forecasts from multiple locations, with the same products or different products, and it could be updated at any frequency,” Aleman said.

During the course of implementing the new S&OP process with Steelwedge and E2open, Radisys discovered that its initial objective to update the plan weekly proved to be insufficient. The company moved to a daily cadence to be able to incorporate data such as new supply elements, changes to purchase orders, and new demands signals.

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Radisys now gathers cross-functional plans and creates a company-wide forecast within the Steelwedge solution. That consensus forecast is then pulled into E2open's E2 Planning & Response (E2PR) where it is used to create a multi-site build plan that is optimized by order prioritization and sourcing strategies. The supply elements from E2PR are then matched against the Steelwedge demand forecast for mid- and long-term supply/demand matching.

## Radisys Achieves Dramatic Improvements to Forecasting and Decision-Making Processes

Radisys was able to complete most of the automation of the forecasting tool and the supply-demand tool within six months. "By implementing Steelwedge for forecasting we were able to update our forecast in near real time," Aleman said. "We were able to move that forecast into E2PR, and then share that information with our contract manufacturer. We could get supply responses back all in one tool set, and it really sped things up for us and allowed us to see what our destiny was. We were able to make our own decisions based upon demand changes even before our contract manufacturer knew having full visibility into their supply chain."

Radisys made dramatic improvements to its S&OP process and technology without adding any headcount because automating previously manual processes enabled the planning teams to focus on more strategic activities. "Before we implemented Steelwedge, we spent more time figuring out why the spreadsheets were broken than we did in the analytics," Aleman said. "Now we've completely reversed that so we do very little spreadsheet updating.

The system is set up to take in the prioritizations schemes that Radisys needs, and we're able to spend approximately 80 percent of our time performing the analytics."

Leveraging Steelwedge dashboards to quickly identify demand changes, Radisys can now resolve issues in hours instead of weeks. "By being able to see all those elements in one plan along with our prioritization scheme, we can now collaborate with our contract manufacturer to make tradeoffs if material pegging is less than optimal," Aleman said. "That's the definition of a shock absorber. In the past, we didn't have that visibility, and the contract manufacturer might have made a decision that was great for them but poor for Radisys."

"By implementing Steelwedge, we were able to bring in finance, sales, and operations all in to one plan," Aleman said. "We're able to match supply and demand and give a commitment to not only our financial community, but also to our CEO and CFO to demonstrate what we can support from a revenue perspective. In another words, we've tied up full our full S&OP process. "

"Given the success we have achieved with the software solutions we deployed for our hardware business we plan to fan the solutions to other segments of the Radisys business," Aleman said. "We will likely leverage the Steelwedge salesforce.com integration for ease of tool use for our sales teams in the field. "

## A Unified, Singular Company Plan:

### Short-term planning: Focus on ~3 months (one quarter)

- Maintain and continue to enhance high service level
- 3-month capacity focus
- OTD/Delinquency
- Allocation management
- Revenue management

### Long-term planning: Focus on months 4 through 18

- Focus beyond 3-month horizon
- Obsolescence
- Strategic planning process
- Demand planning
- Master data development



### With Steelwedge Radisys has Achieved the Following Benefits:

- Optimize decision support with one integrated and synchronized platform
- Deliver more current forecasts to contract manufacturers to enable better
- Reduce forecast cycle time from approximately 2.5 weeks to 1 to 1.5 weeks
- Lower CPM input cycle time from 5 days to 3 days
- Reduce operations cycle time from 4 days to 2 days
- Decrease finance review time from 3 days to 2 days
- Accommodate out-of-cycle changes more easily
- Monitor EMS materials for planning for advance notice of shortages/excesses
- Reduce costs of excess materials due to procurement policies, forecast changes, and engineering changes
- Leverage supply flexibility with very fast advance planning capabilities
- Reduce customer lead times and response time to capture more demand
- Collaborate on consensus demand to improve forecast accuracy
- Align Sales, Operations, and Financial plans around true supply feasibility



**Steelwedge Software, Inc.**

Steelwedge integrated sales, operations and finance planning solutions provide the "shock absorbers" to recognize, recalibrate and respond in a volatile environment. Business agility starts with Steelwedge for a clear line of sight from plan to performance to profit. For additional information, please email us: [info@steelwedge.com](mailto:info@steelwedge.com).