

## Teradyne Reduces E&O and Liability to Suppliers Resulting from Unnecessary Material Purchases

Teradyne is a leading supplier of automatic test equipment and interconnection systems that deliver competitive advantage to the world's semiconductor, electronics and network systems companies.

### The Teradyne Challenge

Teradyne operates in a complex and volatile market. Teradyne's products comprise 3,000 – 5,000 parts each. As Teradyne seeks cost savings through outsourcing relationships, new complexities are introduced into their global supply chain which now spans five Teradyne and four subcontractor sites. Particularly, long lead-times that can hamper responsiveness to change are a constant challenge. One of the most significant challenges is the transmission of frequent demand changes and the inability to lock in the supply with "frozen" demand windows. In addition, outsourcing creates new challenges in terms of inventory liability and managing excess and obsolete inventory.

In addition to an increasingly complex supply chain, Teradyne faces significant demand fluctuations. The market has seen significant upswings during good times, while customers are quick to "slam on the brakes" in soft markets. It is not uncommon to see a product's shipments double in one quarter and be cut in half over sequential quarters.

### The Kinaxis Advantage

Teradyne came to the conclusion that they required a solution with global visibility and rapid response capabilities in order to manage changes in demand, understand supply consumption and how to manage supply disruptions, shorten lead times and reduce excess and obsolete inventory.

Teradyne found that Kinaxis *RapidResponse* had the unique architecture to integrate not only with their Oracle ERP system but also with the ERP systems of their contract manufacturers while enhancing their responsiveness.

Teradyne planners, inventory managers, commodity managers and others utilize *RapidResponse* to view data across their extended supply chain and to create enabling tools to manage constantly changing business processes and business situations. *RapidResponse* is a critical tool in terms of helping Teradyne execute the reconfiguration of their supply chain to meet changing requirements.

For example, *RapidResponse* is used to determine how to manage part suppliers when parts are purchased by Teradyne or subcontractors. And, when Teradyne looks to send more product to a subcontractor, *RapidResponse* is used to get a detailed list of parts and inventory to be transferred. Teradyne staff utilizes *RapidResponse* what-if capabilities to compare various action alternatives to determine the best course of action for a given change.

### The Results Speak for Themselves

*RapidResponse* has allowed Teradyne to save money by reducing excess and obsolete inventory and liability to suppliers resulting from unnecessary materials purchases. Teradyne is developing a core competency in Response Management that enables them to meet both customer and internal objectives by being able to respond effectively to ever present changes in our business.



"In a volatile, face-paced market where customer expectations continue to rise, our ability to respond rapidly to change is what sets us apart. *RapidResponse* enables Teradyne to meet both customer and internal objectives by being able to respond effectively to ever present changes in our business."

Bob Kenney, Global Supply Chain Manager,  
Teradyne