



## With MCA Solutions and DHL Logistics, Tellabs Gains a Ready-To-Go Service Network – And a 60% Inventory Reduction

Most people may not realize it, but when they pick up the phone or send an e-mail, their message is probably being carried over equipment provided by Tellabs. Tellabs, based in Naperville, Illinois, provides next-generation optical networking, managed access, carrier-class data, voice-quality enhancement and cable telephony solutions to telecom service providers such as MCI, SBC and Verizon. Companies in almost 100 countries count on Tellabs not only to provide the equipment they need, but also to supply the critical spare parts required to keep it running. And Tellabs counts on a partnership between MCA Solutions and DHL Logistics to get those parts to its customers, anywhere in the world, in as little as four hours.

### Building a New Service Business

Tellabs formerly handled its service business by simply provisioning initial spares to the customer with the equipment sale, and selling customers parts from a central distribution center to enable customers to manage the planning and stocking of the spare parts themselves. "With the marketplace becoming more competitive every day," says Rick Gonzalez, Tellabs' manager of customer logistics, "we realized we would have to offer our customers a much broader range of service options, including same-day service contracts."

To do that, Tellabs had to determine where to stock its spare parts so they would be available to customers quickly. Under pressure to implement the new service offering in a very short timeframe, Tellabs turned to MCA and DHL, who teamed up to provide a service supply network able to supply spare parts to Tellabs' customers.

That meant building a network of strategic parts centers to ensure the right parts are always available, as well as creating the infrastructure required to deliver parts to customers in very short timeframes. "Our customers can't afford periods of downtime," says Gonzalez. "They're relying on us to keep their networks up and running."

### Tellabs At a Glance

- Global provider of telecom equipment
- Headquarters: Naperville, Illinois
- Employees: 3,800; 1,000 based outside of the United States
- 2004 revenues: \$1.2 billion
- Assets: \$3.5 billion



"MCA enabled us to cut our inventory levels by more than 60%. We're now carrying \$5 million less in spare parts on our shelves."

– Rick Gonzalez  
Manager of Customer Logistics, Tellabs

## A Fraction of the Time

With the required infrastructure already in place at both companies, MCA and DHL provided Tellabs with "a new spare parts service business in a fraction of the time it would have taken to create it ourselves," says Lindsay Huber, Tellabs' supply chain manager for repair and return logistics. The company selected MCA and DHL in August 2003. Two months later, Tellabs had a working service network in place, and was able to offer its customers premium service offerings that include delivery of spare parts in four hours or less.

MCA and DHL bring complementary strengths to the partnership. With its global network of more than 350 parts depots, and a sophisticated transportation and communication infrastructure to support it, DHL now handles the warehousing, transportation, and logistics of Tellabs service business. And MCA's Service Planning and Optimization (SPO™) software suite, hosted by MCA, supplies inventory forecasts based on the customer's installed base, provides contract coverage analysis, and determines where to position spare parts most effectively to meet the customer's requirements.

By providing precise information on the optimum stocking levels and locations for spare parts, MCA's solution provided Tellabs the opportunity to dramatically reduce its spare parts inventory. "MCA enabled us to cut our inventory levels by more than 60%," says Gonzalez. "We're now carrying \$5 million less in spare parts on our shelves."

SPO is able to provide that level of information by using highly sophisticated risk-based algorithms specifically designed to handle the inherent



uncertainty in knowing when or where a particular piece of equipment may fail, and a spare part will be needed.

After initially rolling out the new service program in North America, Tellabs has expanded it to Europe, and is now looking for opportunities to support Asia as well. The MCA/DHL partnership makes it easy to do that, says Huber, because it doesn't have to build the infrastructure in-house itself, or deal with different logistics vendors in each region. "MCA and DHL had all the systems we needed already up and running," Gonzalez says, "which is why it was so quick to start up the process, and easy to expand the network when we choose."

## MCA Solutions and DHL Logistics... Working Together

- A complete, fully-integrated service supply chain solution
- Worldwide network of spare parts depots
- No need to deal with multiple regional 3PL vendors
- Immediate ROI with pay-as-you-go model
- Comprehensive communications and management infrastructure
- Highly optimized planning and forecasting that optimizes inventory levels and slashes inventory costs in real-time
- Extensive experience with spare parts management and logistics
- Ready-to-go systems – extremely fast deployment



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