

# Jabil Circuit optimizes plant processes on three continents with a global ERP solution.

## Overview

### ■ Challenge

Having acquired 9 manufacturing plants on three continents, Jabil needed to rapidly integrate its processes with the rest of its global operations. The sooner they integrated, the sooner Jabil would realize synergies.

### ■ Why Become an On Demand Business?

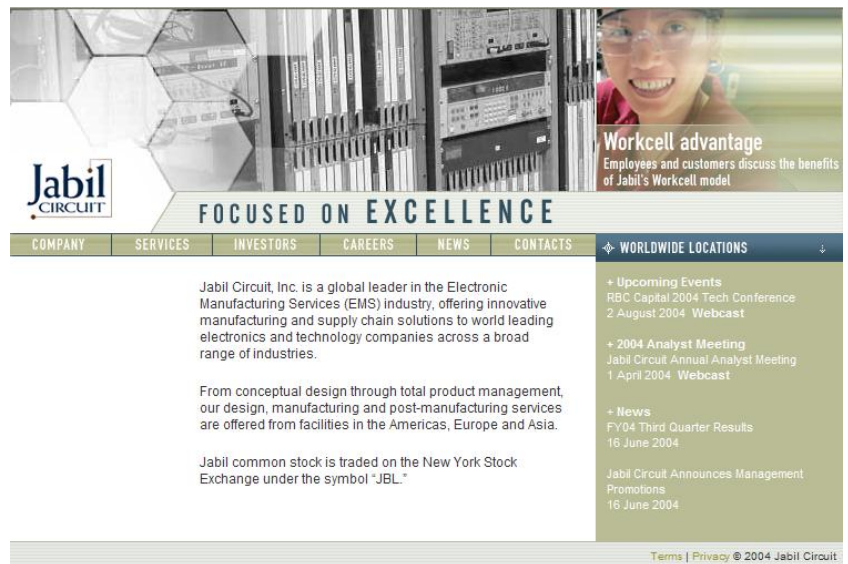
Jabil needed to harmonize its processes and systems globally to become more flexible—and therefore responsive to emerging opportunities. To achieve this rapidly, Jabil needed to align itself with a company that had the depth and expertise to balance the challenges of a global deployment with complex local issues.

### ■ Solution

Jabil teamed with IBM Business Consulting Services to migrate the new sites to its global enterprise resource planning (ERP) platform, enabling a common set of core processes to link its plants worldwide.

### ■ Key Benefits

- 60% reduction in time required to integrate 9 plants into the global ERP system
- IBM's approach gave Jabil the flexibility to change the implementation sequence anywhere in the world with only 1 month lead time, with Jabil paying for resources only as needed



Jabil Circuit employs 40,000 in over 40 design, manufacturing, and repair facilities worldwide.

Over the past decade, the exploding consumption of technology products—from cell phones to servers—has been well documented. The importance of increased affordability, made possible by the dual forces of stiff competition and relentless innovation, has also become a familiar theme. A less heralded, yet critical enabler of this consumption increase has been the growing role of electronics manufacturing services (EMS) providers in the global technology market. The EMS industry has grown significantly with the rise of globalization by providing technology vendors with flexible access to low-cost

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– Paolo Palombo, Director of Material Information Systems, Jabil Circuit

**On Demand Business Benefits**

*Engagement Benefits*

- 60% reduction in time required to integrate 9 plants into the global ERP system
- IBM's approach gave Jabil the flexibility to change the implementation sequence anywhere in the world with only 1 month lead time; Jabil pays for resources only as needed, with fast ramp-up/ramp-down of project teams

*Overall Project Benefits*

- Standardized processes and systems allow a more holistic view into production capacity, enabling Jabil to respond faster to opportunities
- Standardized processes and systems give Jabil more flexibility to move production across its base of plants, enabling it to expand capacity on short notice and more extensively leverage its plant assets worldwide
- A streamlined IT infrastructure substantially reduces application and hardware support costs
- Centralized ERP deployment expected to reduce the total cost of ownership

manufacturing capacity around the world. In addition to its powerful cost advantages, the EMS model has enabled technology vendors to channel more of their capital into innovation and less into new plant construction.

Based in St. Petersburg, FL, Jabil ranks among the top five EMS providers worldwide. A major part of its success has been a knack for keeping ahead of its customers' constantly evolving needs, a quality exemplified by Jabil's early move into value-added services like supply chain management and product design. Another has been its vision to invest aggressively in rebalancing its customer portfolio. Toward this end, Jabil recently acquired 9 manufacturing plants, located in Brazil, China, Hungary, India, Poland, Singapore and three other European countries. While this acquired capacity positioned Jabil to respond more rapidly and flexibly to emerging needs and opportunities, truly achieving this goal required the company to realize the synergies that lay untapped within its operations. This meant harmonizing processes, optimizing operations and—in an industry where margins are thin—lowering costs.

**Barriers to synergy**

But in its efforts to integrate the new plants, Jabil faced key barriers. After the latest acquisitions, Jabil found itself running a variety of ERP platforms—many of which were customized. To maximize the impact of standardizing key processes, Jabil needed to bring the new sites onto its single SAP R/3 platform as soon as possible. The longer Jabil relied on disparate systems and processes, the less able it would be to meet its customers' needs and its own cost and margin goals. It soon became clear that the company's initial approach—relying on a single Jabil implementation team bringing one plant online at a time—would take far too long.

Recognizing the need for an implementation teammate, Jabil applied demanding criteria to its decision process. The teammate would need to manage the implementation globally, yet execute it locally. In the latter case, the biggest challenge would be to incorporate local statutory requirements that varied—from country to country and within free-trade zones—into the solution's processes and underlying business rules. The fact that more than 50 percent of business process requirements are country or zone-specific in Latin American countries such as Brazil attests to the importance of strong local knowledge in the implementation team. Another key requirement was flexibility, since the teammate would be called upon to follow a fairly unpredictable deployment schedule, with short-notice, and complete it within a tight timeframe. To meet this on

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– Paolo Palombo

demand deployment requirement, the ability to formulate and execute a globally standardized methodology would be a must. The final requirement was knowledge of the EMS business itself, without which—says Paolo Palombo, Director of Material Information Systems—a rapid, global deployment would be a practical impossibility. “To bring some of our plants online—in different countries, with different languages—within just 14 weeks requires a solid understanding of our business going in,” says Palombo. “It’s certainly not an area where we want to take a risk.”

#### Recipe for speed: manage globally, deploy locally

By expanding the deployment of its SAP ERP system from a relatively limited number of business units to the entire company, Jabil was able to standardize its processes, laying a critical cornerstone for the optimization of its global manufacturing infrastructure. A key enabler of this optimization was the ability to gain a more unified view of its operations, which allowed it to more accurately gauge its global requirements and leverage common materials management tools. To meet its aggressive deployment goal, Jabil teamed with IBM Business Consulting Services, which assembled a series of decentralized deployment teams drawn from 11 countries on three continents, each working in parallel, under the guidance of a global program manager. IBM followed a “roll in” approach, under which plants were brought online sequentially in an order determined by Jabil. To optimize the cost of the implementation, IBM leveraged global resources (both on-site and in global remote centers) for parts of the solution that were less dependent on local knowledge and expertise, including the conversion and importing of data into the new system. IBM’s approach gave Jabil the flexibility to change the implementation sequence anywhere in the world with only one month lead time, with Jabil paying for resources only as needed, with fast ramp-up and ramp-down of project teams. In nine months, the first five plants were implemented on three continents.

By opting for the centrally managed, locally executed deployment strategy put forth by IBM, Jabil was able to reduce the overall implementation cycle by 60 percent. Which leads to the larger value proposition—by harmonizing its systems and processes across all of its plants, Jabil has been able to more quickly unleash the intrinsic value of its plant acquisitions. Business value comes from having its plants integrated via common systems and processes. Jabil can now look more holistically at its global supply chain, enabling it to respond more quickly to existing customers’ production needs as well as near-term business opportunities. In addition to capturing more business, Jabil is now better positioned to fulfill it efficiently and cost-effectively. The key is flexibility, explains Palombo. “With standardized systems and processes, we reduce our operating costs and we can share resources across plants. This flexibility enables us to operate our supply chain more efficiently—which is what our customers demand. It also accelerates our ability to leverage our plant investments.”

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## Key Components

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### *Software*

- SAP R/3

### *Services*

- IBM Business Consulting Services
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Jabil has also achieved significant efficiency gains and costs savings in its IT operations. For instance, moving to a single, global hardware and ERP platform enabled the company to eliminate numerous servers, and with them a large hardware and software management burden. This likewise frees Jabil's internal IT resources to focus on supporting more business innovation, enabling the further process optimization efforts. By spreading the cost across several plants, centralizing the SAP ERP solution is also expected to reduce the total cost of ownership, a benefit that will continue to grow as Jabil acquires—and integrates—more plants throughout the world.

**Optimized for growth**  
With the contract manufacturing business poised for strong

growth, Palombo views Jabil as well positioned to respond to it—nimble and profitably. “Having a common, optimized set of processes puts us at an advantage in the global manufacturing services market,” says Palombo. “We could not have done this so quickly without the depth of expertise and speed of deployment we got by teaming with IBM.”

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