

Response management in a cyclical, build-to-order environment



For its build-to-order environment, Varian Semiconductor chose RapidResponse to satisfy customer demand, quickly respond to product and engineering changes, reduce excess and obsolete inventory.

Varian Semiconductor Equipment Associates, Inc. (NASDAQ: VSEA), headquartered in Gloucester, MA designs, manufactures, and services semiconductor processing equipment used in the fabrication of integrated circuits. With 30 years of experience in the industry, Varian Semiconductor is dedicated to meeting the exacting demands of IC production and satisfying the ion implantation needs of IC manufacturers worldwide. With over 3,300 implanters installed throughout the world, Varian Semiconductor systems implant more than five million wafers each and every day—more than all of their competitors combined.

The Varian Semiconductor challenge

Varian Semiconductor manufactures capital equipment for the semiconductor industry—a highly cyclical market that involves complex products that are subject to significant customized requirements and ongoing engineering updates. Add to that an inconsistency between long lead times required from suppliers for intricate parts, and short order lead times called for by customers due to inevitable delays in their capital expenditure decisions, and you have an organization, like many others, plagued with potential threats to operations performance and customer satisfaction. Varian Semiconductor required a supply chain response management solution that would help them not only satisfy customer demand in short order, but quickly and effectively respond to ever-present product and engineering changes, reduce excess & obsolete (E&O) inventory levels and avoid or address other potential performance impediments.

The Kinaxis advantage

With a four-month deployment, Kinaxis® RapidResponse® software started giving immediate payback within the Varian Semiconductor materials organization by providing the supply chain visibility and flexibility required to quickly respond to a constant stream of changes to build plans and effectively manage the resulting impact on operations.

In particular, with over 60,000 active part numbers (each individual Varian Semiconductor system alone having over 6,000 parts), managing inventory levels was a complicated and time-consuming process. A typical general “what-if” build-plan analysis could take days to complete. RapidResponse, integrated with their SAP ERP application, providing Varian Semiconductor with the ability to review the full impact of Engineering Change Orders (ECO) prior to implementation, appropriately schedule new product cut-in dates, and analyze high-level assembly outsourcing opportunities that can deplete current inventory. “What-if” analysis of various additions and subtractions to original build plans can be done to see their impact on operations, determine and score the action alternatives and ultimately pursue the optimal option—one that best satisfies both customers’ requirements and internal operations performance goals.

The results speak for themselves

Varian Semiconductor is now managing E&O inventory levels as a result of ECO better than ever before. RapidResponse provides a multi-level review and automated what was a very time-consuming and complicated manual process leading to significantly better results.

“What-if” analysis of changes to build plans has been reduced from hours or days to just minutes. For example, identifying requirements and gating items when incremental demand is added used to take 27 hours of processing time in SAP (56 hours of elapsed time). Today, total elapsed time now takes less than one hour and processing time in RapidResponse is mere minutes. Using the Live Scorecard feature and a Varian Semiconductor-created workbook, RapidResponse provides quick results that can be easily emailed to key participants throughout the supply chain for a jumpstart on changes. Producing a Quarterly Receipts Forecast was reduced from two days to just minutes.

Also important, through RapidResponse, Varian Semiconductor has been able to automate many processes ensuring speed, accuracy and consistency across the organization. The RapidResponse Alert function has also been a great tool for automated report generation.

Overall, RapidResponse enables Varian Semiconductor to meet customer commitments without sacrificing quality or operational performance, which is paramount to its long-term business success.



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About Kinaxis Inc.

Offering the industry's only concurrent planning solution, Kinaxis helps organizations around the world revolutionize their supply chain planning. Kinaxis RapidResponse, our cloud-based supply chain management software, connects your data, processes and people into a single harmonious environment. With a consolidated view of the entire supply chain, you can plan expected performance, monitor progress and respond to disconnects when reality hits. RapidResponse lets you know sooner and act faster, leading to reduced decision latency, and improved operational and financial performance. We can prove it. From implementation to expansion, we're here to help our customers with every step of their supply chain journey.

This case study is accurate as of the date published and may be updated by Kinaxis from time to time at its discretion.

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