

Agilent Technologies' integrated supply chain helps improve bottom line

By Robert L. Wallack, AJOT

Air cargo carriers' "wheels are up" hauling Agilent Technologies' direct shipments en route to customers worldwide. After a dismal two and one half years, Agilent is showing signs of recovery in its markets supported by improved transportation and logistics processes. The Palo Alto, California, multinational technology company was spun off from the Hewlett-Packard Company (HP) in 1999.

Agilent Technologies provides innovative technologies, solutions and services in many of the same businesses that William Hewlett and Dave Packard founded in 1938 with a mere \$538.

For example, Agilent's Test and Measurement business unit originated from HP's first product: the electronic instrument audio oscillator. This analyzer was used to test sound equipment for Walt Disney's movie "Fantasia."

Agilent's other business units are in Automated Test, Semiconductor Products, Life Sciences and Chemical Analysis as well as a central research organization known as Agilent Laboratories. Customers are in the semiconductor and electronics manufacturing, wireless and wireline networks, pharmaceuticals, homeland security, petrochemicals and food and flavors industries, to name a few. In fact, General Dynamics used Agilent's Automated Test system-development software for testing their Small

Deep Space Transponders. These transponders make direct Earth-communication links for the Mars Exploration Rovers *Spirit* and *Opportunity*.

Customers are served in more than 110 countries by 28,000 employees from manufacturing sites and facilities in over 30 countries. Agilent manufacturing and research facilities are found in the United States, Germany, Japan, the United Kingdom, Japan,

the Americas, 32% and Europe, 21%, according to company reports.

"Growth in consumer electronics drove orders in several businesses in Q/1. For semi-conductor products, demand was strong across all product lines, especially personal systems of cell phones fueled demand for cameras and Radio Frequency (RF) components," said Edward W. (Ned) Barnholt, Chairman, President, Chief Executive Officer, Agilent Technologies.

solutions. Agilent's relationship with Exel is to, "...create a link between order visibility and actual delivery for on-time delivery not on-time shipment," said Jack Wilson, Worldwide Value Chain Manager, Agilent Technologies in a recent interview with the *American Journal of Transportation*.

Agilent employs a direct ship program from factories to customers. "Approximately, 80% of Agilent's shipment volume is by air and 95% of the budget is

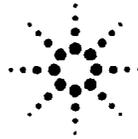
programs for Agilent's finished goods and raw materials international shipments. For finished goods, "The core part of Agilent's distribution strategy is to place 90 to 95% of trade orders moving through direct ship which by-passes their regional distribution centers (RDCs), according to Peter Kessler, Global Customer Director, Exel.

Agilent only uses its RDCs in Singapore, Amsterdam, Roseville, CA, and Japan, if a customer has a combination of products in an order.

Exports from Agilent's production locations in Singapore and Malaysia are via air shipments to the United States where they clear Customs at San Francisco International (SFO) Airport. Exel deconsolidates and stages individual customer orders for delivery to end customers, but not the final delivery. Agilent's enterprise carriers such as Federal Express make the final delivery.

"We maintain ownership for visibility from the factory in Asia to the end customer. We developed a computer Web tool for Agilent which is a highly automated process. We receive from Agilent electronic data interchange (EDI) 856, advanced shipping notices (ASN). In exchange we give ship status all the way to the point of delivery (POD). We provide the electronic POD (e-POD)

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Agilent Technologies

Agilent makes embedded camera modules for camera phones and RF devices that reduce handset size and extend battery life while lowering costs for its mobile phone manufacturing customers. Moreover, company reports indicate that in the fourth quarter inventories improved to below 100 days on hand for the first time in Agilent's history.

ONE SINGLE POINT OF CONTACT

Agilent's Global Trade departments and business units work with a limited number of global logistics solutions enterprise providers that include Exel, to control inventory levels and accelerate deliveries of next generation technology products to customers. Exel is an \$8.3 billion United Kingdom-based world leader of end to end supply chain management

for air," according to Wilson. Agilent reduced the number of transportation and logistics providers between point of origin and point of delivery through factory direct ship programs managed by Exel.

Any of Agilent's international shipments required three or more providers of local trucks to port of export, forwarder, port of import through Customs to local truckers, then to the customers. "This caused a lot of issues whereby one shipment had too many providers involved. If there was a delay, then there was a lot of finger pointing. Now, we have one single point of contact and one single responsible party that handles the shipment from pickup to delivery which includes Customs clearance," said Wilson.

Exel operates a number of different

ITC vote advances unfair trade cases filed by US steel wire strand producers

The unfair trade cases filed by a coalition of domestic steel wire strand producers advanced another step last week with a favorable ruling by the US International Trade Commission (ITC).

The ITC's preliminary determination concluded that there is a reasonable indication that imports of the product from Brazil, India, Korea, Mexico and Thailand injure domestic producers of prestressed concrete steel wire strand. The product, commonly known as PC strand, is widely used for construction purposes.

The unanimous ruling in favor of the US industry sets the stage for the US Department of Commerce to impose preliminary antidumping duties ranging up to 122% on imports from the five countries.

The unfair trade petition, filed by the PC Strand Coalition on January 31, 2003, presented evidence that producers of the product from the named countries "dumped" their products in the U. at prices lower than the normal value in their own markets, and that imports from India were receiving unfair government subsidies.

"The unanimous vote of the ITC is an important step for-

ward," said Paul C. Rosenthal, an international trade attorney with the Washington, DC law firm Collier Shannon Scott, PLLC, and lead counsel to the coalition. "We are confident that the foreign producers are dumping their product in the United States in violation of US laws and international rules governed by the World Trade Organization. The case now moves to the Department of Commerce, which will investigate in detail the dumping and subsidy charges and range of margins we have alleged. This next crucial step involves contacting the foreign producers to obtain confidential information regarding their pricing practices and determining whether they are violating US law by dumping product in the US."

A dumping investigation takes approximately one year to complete. The Commerce Department is the agency responsible for determining the margins of dumping. The ITC determines whether a US industry has been injured as a result of the dumped product. The United States has had an antidumping law for more than 80 years that is consistent with international trade rules as established by the World Trade Organization.

MOL, Sinotrans launch joint venture to transport completed cars in China

MOL announced the establishment of a joint venture with Sinotrans, Ltd. to transport completed cars in China. The new company, Sinotrans-MOL Shipping Co., Ltd., is based in Guangzhou.

The Chinese automobile market showed drastic growth in 2003, exceeding 4.5 million units. MOL expects China to emerge as an automobile exporter in the near future, while foreign automakers require pure car carriers (PCCs) to transport completed cars. To meet these needs, MOL decided to establish a joint venture with Sinotrans to transport

complete cars in China. The establishment of Sinotrans-MOL Shipping will allow the deployment of top-quality auto-related logistics services in a broader area of China.

Sinotrans Group offers inland transport services, and MOL has nearly four decades of extensive know how on global transport of completed cars, making this an ideal joint-venture combination. The new JV company will develop weekly service in northern, eastern, and southern China by launching two small-size pure car carriers with capacities of 600-700 units this fall.

US Lines receives C-TPAT certification

US Lines announced that it has become a fully certified carrier by US Customs and Border Protection (CBP) in the Customs-Trade Partnership Against Terrorism (C-TPAT) program.

As part of the C-TPAT certification, USL has committed to conduct on-going and comprehensive self-assessments of its supply chain security using the C-TPAT guidelines that were jointly developed by CBP and the trade community. The C-TPAT certification guidelines state that USL must work with all of its trading partners and customers to ensure that proper security measures and procedures are in place to protect the flow of cargo moving into the United States.

"Our number one goal in applying for C-TPAT certification is ensuring that our customers, our staff and our fellow citizens stay safe," said Robert A. Berlin, senior vice president, operating services. "We have a big responsibility as an ocean carrier to make certain that nothing harmful or illegal is transported on one of our ships or in one of our containers and we believe that following the C-TPAT guidelines is one of the best ways to do so."

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notice into Agilent's single Oracle information system," said Kessler.

Agilent's Global Trade team worked very closely with the Marketing Organization to develop a multinational pricing policy based on the terms of delivery defined by INCOTERMS. "This policy allows Agilent to offer customers flexible worldwide pricing which factors in the costs of logistics and trade," said Wilson. INCOTERMS, organized by the International Chamber of Commerce, are 13 standard trade definitions used to make international trade easier for buyer and seller.

For raw materials, Exel manages direct vendor shipments from Agilent suppliers to Agilent factories. Exel collects source material from the suppliers' US production site and ships to Agilent factories in Malaysia and Singapore. There is a "regional integrated solution where different parts merge in transit," said Tom Golden, Worldwide Logistics Process and Performance Manager, Agilent Technologies. "In Penang, Malaysia, we manage the logistics hub. We deliver raw materials to the production lines at the Agilent factory. Within the plant we have personnel moving parts to the line position," said Kessler.

Agilent is not experienc-

ing any delay in air shipments from Asia and complies with US Customs and Border Protection (CBP) programs. Agilent participates in the Customs Trade Partnership Against Terrorism (C-TPAT). "We see benefits in terms of fewer examinations of our shipments, and thus pipeline predictability, as well as just good corporate citizenship," Steve Handy, Americas Trade Compliance Manager, Agilent Technologies told AJOT. However, as for the recent advance Air Automated Manifest System (AMS) data requirements, "We will be ready to provide the required information...and hoped that participation in the C-TPAT would have exempted us," said Handy.

Agilent is part of Exel's select group of top customers with a value proposition of providing not just transportation freight management and contract logistics solutions, but the capabilities to offer integrated logistics solutions. Fewer logistics providers for a direct import air shipment of semiconductors from a factory in Asia, or an export of electronic parts to an Asia factory are resulting in better control over customer service and costs. "Service is increased with a single point of contact for more accountability, and cost savings are mostly internal by managing only one carrier and paying only one freight invoice," said Wilson.