

HOW CIENA CORP ACHIEVED OVER 70% ASSET UTILIZATION

THE SITUATION

Ciena Corp is the network solution specialist in packet and optical networking and distributed software automation. Ciena enables a high-scale, programmable infrastructure and open interface to coordinate computing, storage, and network resources in a unified, virtualized environment

Ciena Corp. is a leading provider of network infrastructure solutions. As a key supplier to 2/3 of the world's largest telecom companies, Ciena relies on test equipment in the field to ensure its products are installed and operating properly.

Ciena's North American field service division was spending over \$1 million per year on rental test equipment. But a cumbersome manual ordering process made obtaining test equipment complicated and slow. And the company had no way to track or control equipment usage.

This meant that test equipment owned by Ciena often sat in the company's warehouse or with field personnel, unused and under-utilized. When test equipment arrived at the customer's site, it was sometimes non-functional or missing parts. On-site engineers were regularly forced to delay installation and maintenance processes. Every day of delay cost Ciena thousands of dollars and jeopardized its relationship with customers. In addition, technicians were keeping rental equipment out in the field longer than needed, leading to expensive cost overruns.

THE CHALLENGES

- Create a system that would allow Ciena engineers and contractors to receive reliable equipment on-site quickly and seamlessly, and would eliminate delays due to faulty or delayed test equipment.
- Maximize utilization of Ciena-owned test equipment.
- Minimize the cost of test equipment while providing modern and reliable test solutions.
- Reduce the administrative headache associated with the purchasing and billing process.





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THE SOLUTION

Using its customized software, Electro Rent crafted an asset management solution geared to Ciena’s unique logistical and financial needs. Electro Rent assumed responsibility for managing, testing, and deploying all Ciena-owned test equipment and augmented Ciena inventory with Electro Rent rental inventory. They set up an online ordering system that allowed Ciena managers to request equipment quickly and easily, with a guarantee that orders placed before 4 p.m. would arrive the next day or as requested by the project manager.

Electro Rent analyzed Ciena’s usage patterns and suggested strategies to maximize the return on Ciena’s test equipment spending. They cut costs while improving the quality and capability of test equipment by adjusting the mix of rented and owned equipment, and generated revenue by selling off outdated equipment. To improve accounting and cost management, Electro Rent set up a system that tracked logistics costs by individual project. They also instituted a system of overdue reports to ensure the timely return of rental equipment.

THE RESULTS

Today Ciena’s field service division has an asset utilization rate of over 70 percent, well above the industry average of 30 percent. More than 99 percent of the company’s requests for test equipment units are delivered on time and functioning, effectively eliminating delays due to non-functional/incomplete test solutions. The online order process reduced the volume of Ciena’s printed purchase orders from 60 per month to fewer than five, saving \$70,000 in personnel costs.

With Electro Rent's strategic advice on the mix of owned/rented equipment, Ciena is reducing its annual test equipment costs by \$240,000. It is also able to book more of these costs as operating rather than capital expenses. Meanwhile, the new overdue reporting system eliminated an additional \$50,000 to \$100,000 in cost overruns each year. Sales of obsolete equipment brought Ciena \$25,000 in revenue.

Managers and field engineers today are able to access the test equipment they need promptly and reliably. In addition, Ciena and its customers are benefitting from more than \$1.5 million in state-of-the-art test equipment that Electro Rent added to its inventory to meet Ciena's rental needs.

Ciena today relies on Electro Rent as a genuine partner – working closely together to make the company's use of test equipment continually more efficient and cost-effective.

"Electro Rent has given me complete peace of mind," says Mark Schutte, Ciena's Director of NA Field Operations. "They are like an extension of our internal team. If any issues arise, they react quickly to address them. This allows my team to focus on our customers and improve our project performance."

CONTACT

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our internal team."
-- Mark Schutte, Ciena

70%+ asset utilization rate

99%+ on time & functioning delivery

\$70,000

annual saving in personnel costs

\$240,000

annual saving in test equipment costs

\$50,000 – \$100,000

elimination in annual cost overruns

\$25,000

revenue from selling obsolete equipment