

Abbott Laboratories *Speeds-up Its Product Distribution* with Help from LXE.

CASE STUDY

ABBOTT LABORATORIES The installation of a completely new wireless network supplied by LXE has allowed Abbott Laboratories - one of the world's leading health care companies - to significantly reduce delivery lead times.

ABBOTT LABORATORIES



Abbott Laboratories has been a technological innovator in the health care industry for more than 100 years. The company fully intends to maintain its leading position well into the future. A policy of continual improvement is indispensable to achieving this objective. In this context, Abbott Laboratories B.V. in Zwolle recently commissioned LXE to supply and install a completely new, wireless network.

"Because we are Class A certified, this investment was an absolute necessity for us," explains Guus van Driel, the company's ICT manager. He continues, "One of the requirements for the Class A rating is that the inventory listing must be accurate to at least 97%. This was not achievable in the old situation, largely due to the high number of inventory mutations. An automatic identification system is the only way you can be sure of achieving this kind of accuracy."

LXE Awarded Contract

Abbott's production site in the capital city of the Dutch province of Overijssel has manufactured high-quality food products for infants and medical applications for more than 200 years. The food products are packaged in liquid or powder form in cans, plastic bottles and tetrapak cartons. The company's distribution specialist, Abbott Logistics, then distributes and sells the products in more than 130 countries worldwide in Europe, Latin America and Asia.

In order to track and register all movements of goods into and out of the warehouse and the consumption of materials in production, Abbott Laboratories B.V. decided to implement a major improvement program. "We approached this project with great thoroughness," says Van Driel. Having created a project group called 'Barcode Abbott Zwolle' (BAZ), a number of suppliers were invited to bid for the project. Capturetech and LXE were selected. "They had the expertise we needed and

were able to supply the right products," explains Van Driel.

Phased Implementation

In view of the scope and complexity of the project, Abbott decided to phase the new system roll-out on a departmental basis. The warehouse was the first department to go live. The project recently reached completion when the new, wireless network on the production floor was put into operation. Van Driel is pleased with the way the project has progressed, "The advantages of the new system were immediately obvious."

All pallets, cartons or bags of incoming raw materials and packaging materials are given a unique label to allow internal tracking. This label carries a unique Code128 bar code that appends to all the data about that pallet, carton or bag in the bar code system: product description, use by date, batch number and pallet/carton/bag number.

Once Quality Control has released the raw materials and the work order has been raised, the goods are collected and moved to a work-in-progress storage area. They then find their way into the production, packaging and dispatch areas. The pallet, carton or bag is scanned each time the goods are moved or used.

The procedures used for raw materials and packaging materials also apply for finished products. All finished products are transported to a distribution center in Breda. An electronic prenotification message, that precedes the physical movement of goods to Breda, informs the distribution center of batch and quantity details of the pallets due for dispatch. Van Driel elaborates on the new process, "All raw materials and finished products, varying from small jars to complete pallets, are now registered." The number of inventory

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mutations registered in the new environment is five times higher than previously. "That is an indication of how much more accurate our information is now. The regular stocktakes at the various inventory locations also help increase the accuracy of our information," Van Driel continues.

Employee Involvement

A project like the one at Abbott Laboratories leads to substantial changes. Consequently, the opinions and views of its employees were of great importance to the company. "After all, our employees are the ones who will have to work in the new environment. So they will also influence the success of any changes that are implemented," says Van Driel. One or two key users from each department were involved in change management workshops from the very beginning of the project.

"The ergonomics of the handheld computers were particularly important. Is the unit easy to hold? Is it heavy? How legible is the display? Those were the most important aspects for our people," Van Driel recalls. The size of the display and the keyboard and the ruggedness of the terminal itself were the primary considerations for the forklift computers. Because dust can be generated when dosing ingredients in production, all the terminals meet the NEN dust- and splash-proofing guidelines.

Confidence in the Future

In order to ensure adequate security of the new network, Abbott Laboratories decided to use extra protocols in addition to the standard security features of the LXE access points. Van Driel noted "We have to prevent hackers from accessing our network. Furthermore, we want to manage log-in authorization. The new system features excellent safeguards in these areas. So we can sleep soundly at night!"

Van Driel is clearly pleased with the results of the improvement program. "With the new wireless, mobile computers, we have not only achieved accuracy levels that exceed the 97% target, we also have immediate real-time information available. We have been able to further improve service to our customers. And there have also been significant internal benefits. Our inventory information is much more accurate now," he added.

The reliability of the wireless network is also an important factor for Van Driel, as the next project has already started. The company's growth in turnover has prompted the construction of an extension to the current production facility. Here too, Abbott Laboratories intends to work as efficiently and effectively as possible. After all, staying ahead is all about anticipation and foresight.



About LXE Inc. LXE Inc. improves supply chain performance by applying over 35 years' experience developing wireless products and solutions. From wireless computers, advanced auto-ID technologies, and wireless network infrastructure, to our award-winning customer support - LXE's easy-to-use products are as reliable as the people who install and support them.

Based in Norcross, Georgia, LXE also offers a full range of turnkey services, including radio integration, project and installation management, network design, technical support, and repair services. LXE is a wholly-owned subsidiary of EMS Technologies, Inc. (NASDAQ: ELMG), and has offices worldwide. For more information, visit www.lxe.com.