

"From a technology perspective, we are a generation ahead of the rest," says K. Cyrus Hadavi, president and CEO.



SPEEDING UP

The need for intelligent supply chain management continues to fuel ADEXA's success.

—BY KIRSTEN SRINIVASAN

ADEXA GREW 300 TO 500 PERCENT EVERY year during its first three years in business, recounts President and CEO K. Cyrus Hadavi. He founded the company in 1994, a time when "people were just starting to realize having an effective supply chain meant a competitive edge over the industry," he recounts.

Rather than operating with an isolated factory or business silo, he says, "to make the right decision internally, one has to look at the entire picture of supply chain including customer needs and multiple tiers of suppliers."

The strategy caught on fast, and by 1997, the company had rapid growth and many prominent customers, he says. That year it raised money from the venture capital community for the first time and expanded its presence overseas, serving Sharp in Japan and UMC in Taiwan as its first customers in these regions. Since then, the company has expanded its customer base to hundreds of sites throughout Asia.

Today, it operates in Japan, Korea, Malaysia, Singapore, India, Australia and greater China, as well as Russia and Germany. "About 50 percent of our business comes from Asia, primarily from Japan," he says. "We have nine of the top-10 electronics companies in Japan as our customers. We continue to grow our business in high tech as well as automotive industries in Asia, North America, as well as Europe."

Most of ADEXA's customers are *Fortune* 1,000 companies, he says, but the company recently introduced a product intended for clients that have sales ranging from \$50-250 million.

"The major focus is not just a lower-price software but a much faster implementation time of a few weeks, which brings down the total cost of ownership to very affordable prices," he says.

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PROFILE
ADEXA
www.adexa.com
Headquarters: Los Angeles
Employees: 150
Service: Intelligent information systems
K. Cyrus Hadavi, president and CEO: "The supply chains are essentially getting more and more complex."

Hadavi states. "I always say, this is not exactly your father's supply chain."

Compared to 10 years ago, direct labor costs have shrunk as a percentage of total cost of goods sold and direct material costs have increased to about 60 percent of the cost of goods sold, he says. "These numbers indicate a lot of outsourcing going on as opposed to building in-house, with more than 50 percent of manufacturing being in China, as well as many other Asian companies," he says. "The question is, how well can you manage your supply chain and be responsive?"

Meeting demand quickly is key, he says. "Being able to deliver the right product at the right place and the right time is essentially what every company desires," he says. "We help Maytag to be able to deliver equipment, the right product, color and model at the right time."

ADEXA helped Unilever India, the largest provider of consumer products in India, drop inventory by a double-digit percentage, he notes.

"They managed to improve their delivery performance by eliminating some of their distribution centers based on the recommendations our software made and the fact they are operating their supply chain more efficiently using our technology."

Adexa's solutions have also helped a major LCD manufacturer in Asia increase its market share by 3 percent "because of better delivery performance our software and technology provided for them," he says.

"Given the speed and velocity in which business moves and the pressure on management to optimize return on assets and

delivery performance, almost in real time, we are helping these companies to essentially deliver to their customers on time the perfect order at the lowest possible cost."

The company is among the top-five players in supply chain planning, Hadavi says, but other companies in its niche have yet to catch up to ADEXA.

"From a technology perspective, we are a generation ahead of the rest," he states. "I believe we are the only company that actually provides a link we refer to as 'the missing link' between financial planning and operational planning. What this means is if you make an operational decision, you need to know what the financial impact of your decision would be."

ADEXA's software helps its customers accommodate thousands of users and use complex data to make better decisions, he emphasizes. "A real-time dashboard for different levels of management is critical," he notes.

Without it, he says, there is "no way you can keep track of thousands and millions of pieces of data" available. He says the company's software is vital in executing and making proactive decisions. "Our company is really focused on creating these intelligent planning and execution solutions," he says.

Hadavi credits ADEXA's success to its customers and the "value we put on our people." Communication, respect and trust are vital elements, he says.

He estimates the average tenure of R&D and professional services employees is more than five years. "Anyone we hire has to be better than we are in what they do," he adds. "That's the only way you can grow the company." ■

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