

OPTELIAN PARTNERS WITH JABIL TO BOOST AGILE DESIGN AND SCALABLE MANUFACTURING OF LEADING OPTICAL NETWORKING SOLUTIONS



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Dave Weymouth,
Co-founder and CEO, Optelian

Case Study



Company	Optelian
Industry	Optical Networking
Country	Canada, serving North America
Employees	45
Websites	www.optelian.com

CHALLENGES:

- Dynamic customer and market demands created operational burden
- Desire to move to a variable cost model to scale up or down to stabilize market volatility
- Need for leading-edge technology in order to remain competitive

SOLUTION:

- Jabil was selected to provide end-to-end manufacturing services, enabling Optelian to focus on core competencies
- Jabil's acquisition of AOC Technologies demonstrated a strong commitment to leading-edge optics and photonics technologies

BENEFITS:

- Jabil's photonics, people and partnership model enabled Optelian to meet a stringent deadline for 6,000 units
- Jabil's R&D and New Product Introduction services have accelerated time-to-market for next-generation products
- Jabil's product design, engineering and test capabilities frees Optelian to focus on core competencies and strategic business planning
- Using Jabil's end-to-end services has enabled Optelian to reduce product costs and increase operational efficiencies
- Jabil's global intelligent digital supply chain will provide crucial predictive analytics to produce meaningful data insights for reducing lead times and product costs

Founded in 2002, Optelian is a communications industry pioneer with a full portfolio of next-generation optical network solutions embraced by leading service providers, network operators and enterprises worldwide.

The Optelian FLEX Architecture™ is designed to deliver efficient, effective and modular solutions for a variety of requirements, including access to long-haul, passive to packet and 100M to 100G networking needs.

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**Dennis Isotti,
VP of Operations,
Optelian**

According to Dave Weymouth, Co-founder and CEO of Optelian, the Ottawa, Ontario-based company has been focused from day one on on-time delivery of quality products backed by exceptional customer care. “What sets us apart is how we serve our customers,” he explains. “This goes beyond building scalable, modular products with intuitive user interfaces to the way we answer the phone, listen to our customers’ needs and respond to their questions.”

In the highly competitive and often unpredictable telecom market, Optelian takes pride in offering customers both high-tech solutions and high-touch service. “Our customer sweet spot is companies looking for value and an extra level of care,” Weymouth adds. “We bring that personal relationship and attention to detail that is so important in this industry.”

Optelian also strives to continually address the unique challenges of the optical industry while keeping pace with the accelerating needs of its customers. “The level of R&D and innovation required in this space is truly phenomenal,” says Weymouth. “Staying on the leading-edge of optics and

photonics technologies can be very difficult. You have to partner in different ways to enable next-generation networks.”

Stabilizing Market Volatility with a New Manufacturing Model

Optelian has earned a well-deserved reputation for being a trusted, full-service provider. This was fueled in part by the company’s initial focus on in-house manufacturing to ensure the timely delivery of high-quality products. Over time, however, the volatility of the optics market and need to scale manufacturing resources on demand created an operational burden. “We have to accommodate a high-mix, low-to-medium volume business, which puts a lot of pressure on manufacturing,” says Dennis Isotti, VP of Operations at Optelian. “It became more and more difficult to scale up or down to meet changing market demand.”

As a result, Optelian wanted to move to a variable cost business model to better address the constant market ebb and flow. The company decided to bring on a manufacturing partner that could take over product execution, letting

Optelian focus on strategic core business elements, including R&D, product design, sales, operations and business planning.

So Optelian executives surveyed the manufacturing landscape to find a partner with the right mix of people, process and plants to meet their exacting standards. "Technology, financial depth and breadth along with the relationship were the most important things we sought in a partner," explains Isotti.

Not only did Optelian need a partner with strong optics and electronics manufacturing expertise, but the company also wanted to work with an organization that put a premium on advancing its own core optical technology. "The right partner was making smart investments to be on the forefront of optical manufacturing," adds Weymouth. "Equally important was finding a manufacturer that would treat us with the same level of responsiveness as their largest customers, even though we're a small to mid-sized company."

Optelian leveraged Isotti's prior experience on the contract manufacturing side, which lent additional perspective on the traits, technologies and talents that would constitute the ideal relationship. The team met with Jabil and other large manufacturers focused on the telecommunications industry to assess each company's competencies and capabilities. Following a thorough evaluation, Optelian determined that Jabil was best suited to meet its current and evolving manufacturing requirements. "Jabil has a business

model that wraps around the customer, which was really key," says Weymouth. "That model, combined with Jabil's commitment to investing in optics, was different than anything else we'd seen."

Jabil Stands Out in Photonics, People and Partnership Approach

In particular, Optelian was impressed to learn of Jabil's impending acquisition of AOC Technologies, a leader in photonics vertical integration and the manufacturing of optoelectronic devices and subsystems. "Timing is everything," says Isotti. "The biggest difference overall was Jabil's commitment to providing end-to-end engineering, design, integration, manufacturing, testing, logistics and delivery capabilities for optical products and solutions."

In acquiring AOC Technologies, Jabil became uniquely positioned to deliver integrated and highly differentiated solutions for photonics-based products, technologies and solutions. In addition to having an opportunity to leverage advanced photonics expertise, Optelian appreciated having a single point of accountability and delivery for complete solutions, starting with new product introductions to full production and ongoing product lifecycle management. "Jabil's emphasis in building core optics expertise was a different level of investment than we'd seen elsewhere," says Weymouth. "We wanted to partner because we knew that we could benefit from Jabil's commitment to optical technology and manufacturing."

Additionally, Optelian favored Jabil's customer-engagement model, which includes a customer-focused business unit manager. "Customer engineering and open communications are key," adds Weymouth. "Jabil took the time to learn our business, share plans and discuss how we could align all that to our roadmap going forward."

As part of those unfolding plans, Jabil was determined to hire key photonics talent around the world, including investing more in Ottawa to bolster its operations there. "Jabil's decision to stand up a local optics organization was the single biggest factor in our final decision," says Isotti. "As a result, some Optelian employees transferred to Jabil, which enabled moving our transformation up another notch."

Fast-Track Transformation Drives Product Cost Reductions

Shortly after making the decision to transition to Jabil and embrace a completely different manufacturing model, Optelian received a customer order for 6,000 units. In the past, the company would have been hard pressed to scale quickly enough to turn around the request in such a rapid timeframe. With Jabil on board, however, operations ramped quickly and effectively to expedite the process.

The partners turned on a dime together to assemble all the key elements of product design, engineering and manufacturing. In readying the product for mass production, Optelian transferred both inventory and people to Jabil, finalized the prototype and ramped

production at AOC facilities in Wuhan, China. While moving from in-house manufacturing to a plant 7,000 miles away was not without challenges, the Jabil teams in Ottawa and China worked closely with Optelian to ease the fast-track transformation.

"The transition was fairly seamless and the quality of the final product was impeccable," says Isotti. "We made the customer very happy – a true win-win for everyone." Optelian was especially pleased with the people part of the transition. "Optelian employees who transitioned to Jabil were treated with the utmost care and professionalism," Isotti adds. "Having former Optelian workers become part of Jabil helped us get where we needed to be that much faster. The trust factor is high."

In parallel with transferring the manufacturing of a mature product to Wuhan, Optelian took advantage of Jabil's R&D prototyping capabilities in San Jose, Calif., to enhance new product designs. Jabil's New Production Introduction (NPI) capabilities resonated well with Optelian's R&D community, which assimilated product design feedback and product lifecycle reports to refine next-generation products.

Moreover, Optelian achieved significant cost savings by using Jabil's turnkey NPI services to purchase components and handle key aspects of supply chain and logistics requirements. "It didn't take

long for us to achieve operational efficiencies and reductions in fixed costs," adds Isotti. "We expect cost reductions at the product level too for greater balance sheet improvements as we use more of Jabil's end-to-end services."

Driving Innovation with Jabil's End-to-End Services

As the partnership matures, Optelian plans to embrace additional Jabil services and capabilities to better support the entire product lifecycle. For instance, Optelian is exploring a variety of ways to take advantage of Jabil's end-to-end services to further streamline and simplify processes. This will enable the company to focus more on core competencies while scaling its business with greater agility and effectiveness. "We categorize our core competencies as strategic, tactical and transactional," notes Isotti. "Instead of doing all three, all the time, we now can focus on the strategic side while offloading tactical and transactional pieces to Jabil. Jabil has a broad end-to-end capability and an even broader pool of resources."

This reinforced focus will ensure that Optelian can place more emphasis on strategic business and customer planning, sales support, supply chain planning and other critical activities. Additionally, the company is planning to leverage Jabil's intelligent digital supply chain to gain much-needed visibility into its supply chain while

using predictive analytics to drive better business decisions. "With predictive analytics, we can use data insights to reduce lead times and categorize our supply chain differently and more accurately," adds Isotti. "That is one of the biggest pieces we want to pursue."

Using Jabil for direct order fulfillment is another priority, along with increased leverage of Jabil's product design, engineering and supply chain teams. Finally, as Jabil becomes more vertically integrated with optics, the collective team will seek other ways to elevate Jabil's current involvement in front-end design, component selection and product sustainability. In time, Optelian expects to move to a complete sourcing model with Jabil, which will help Optelian scale its business faster. "Before we did all the work ourselves, but now we'll be able to simply order something from Jabil, which is a different way of thinking," Isotti adds. "We'll just give the team a requirement without any heavy lifting. This makes it much easier for us to grow or change skillsets to meet organizational needs."

As a result, Optelian will be uniquely positioned to tailor its business quickly to fluctuating market and customer needs with precision and agility. "With Jabil as our manufacturing partner, Optelian can scale and grow in ways we really couldn't before," concludes Weymouth. "We now can bid on much larger tenders. I see a lot of growth happening for both Optelian and Jabil."

About Jabil

Jabil is an electronic product solutions company providing comprehensive electronics design, production and product management services to global electronics and technology companies. Offering complete product supply chain management from facilities in 27 countries, Jabil provides comprehensive, individualized-focused solutions to customers in a broad range of industries. Jabil common stock is traded on the New York Stock Exchange under the symbol, "JBL". Further information is available on Jabil's website: jabil.com.