

Performance Made Visible. Global Water Control Manufacturer Relies on QAD to Achieve End-to-End Supply Chain Clarity

The Company: Provider of Vital Water Management Technologies

Water is a finite resource—and a critical commodity—affecting everything from food production and economic growth to human welfare. Watts Water Technologies Inc. (Watts) is committed to providing products that ensure water quality and safety and help control and conserve water used in commercial, light industrial and residential applications.

Founded in 1874 as Watts Regulator Company, Watts has grown into a worldwide company with approximately 7,300 employees and operations in North America, Europe, Africa and Asia. The company's strategy to expand its business through strategic acquisitions has led it to complete more than 25 acquisitions since 1999. Today, Watts sells a wide range of water control products, including backflow preventers, water pressure regulators, water supply and drainage products, temperature and pressure relief valves, water filtration systems, thermostatic mixing valves, radiant systems and flexible stainless steel connectors.

The Challenge: Remaining Agile in An Environment Built through Acquisitions

With multiple plants, distribution centers and stocking sites deployed across four continents, Watts' supply chain network stretches far and wide. Moving products efficiently from supplier to production to customer can quickly become a challenge.

"As most companies need to be these days, we're getting inventory-constrained and inventory-tight, so it's very important to have high velocity of distribution across our fairly complex model," says Anton ter Meulen, vice president of information and strategic planning for Watts.

Over the years, the company's distribution model has become increasingly complex, thanks to a spate of acquisitions. For example, in 2005 alone, Watts acquired 10 companies. In addition, since 2002, the company bought five factories in China, and in doing so, further

extended its supply chain into a country in which pen and paper often take precedence over ERP systems.

Despite the intricacies of its manufacturing and distribution network, Watts had to deliver the same level of service to its customers as it always has. To operate as efficiently as possible, the company needed to be able to clearly see supply and demand throughout its system. "We need visibility throughout our whole supply chain. Supply chains are only effective if you can understand them," says Ter Meulen.

The Solution: Supply Chain Visibility Made Clear

In 1996, after first trying and failing to implement another ERP system, Watts narrowed down its search for a manufacturing ERP solution that would help it enhance control of its manufacturing plants and reduce inventory. After careful consideration, the company chose QAD as its solution provider.

"Anyone in the company can jump in and understand the supply chain from vendor to customer. That's one of the huge values we're getting out of this—that ease of finding information across the channels."

Anton ter Meulen, Vice President of Information and Strategic Planning, Watts Water Technologies

There were two primary reasons for choosing the QAD solution, says Ter Meulen. "One is that we thought it was comprehensible by us as a company—in other words not overly complex—and the other one was that it also offered a reasonable cost of implementation."

Today, Watts relies on QAD Enterprise Applications (QAD MFG/PRO 8.5e) to help improve performance locally on the manufacturing floor as well as throughout an extensive part of its supply chain. The QAD system is currently

in place at eight of the company's manufacturing plants, five of its distribution centers and 70 stocking sites located throughout the United States. QAD is also being rolled out at its plants in China. And as it adds more businesses to the Watts family, the company continues to bring its new acquisitions in the United States onto the QAD platform.

"Our goal still is to assimilate companies organizationally first and then, within six months to a year, to assimilate them on the QAD model as well." ter Meulen adds, "One thing we feel strongly about is the integrated functionality across all our plants that provides us with the level of visibility and behavioral performance that we need. What we like is for every plant basically to operate within the same constraints and within the same business model with the same type of reporting qualifications, so that we can understand the business well."

The Benefits: Lower Inventory And A Unified Supply Chain

Almost immediately after it implemented the QAD solution, Watts saw a significant cost savings as it slashed total inventory levels by approximately 25 percent. To date, the company has saved as much as \$20 million by reducing the inventory it carries.

One key to the company's success has been its strategy of information centralization. It relies on a single database (provided by Progress Software Corporation) and one instance of the QAD system for all locations using QAD.

"Being in one environment means that any demand is instantly seen in the whole system, so we can react to any demand at any one point," says ter Meulen. Through its QAD system, the company can quickly respond to changes in demand by automatically translating information coming from its stocking sites and distribution centers into production and shipping requirements for its manufacturing operations. It can also track products throughout the distribution system from the moment they leave the suppliers' facilities in China until they arrive at the customers' doors.

"Anyone in the company can jump in and understand the supply chain from vendor to customer. That's one of the huge values we're getting out of this—that ease of finding information across the channels," says ter Meulen.

At the plant level, Watts relies heavily on the QAD Advanced Repetitive module in the QAD MFG/PRO Base System to control its production operations. "All our plants have gained substantial efficiencies by the use of Advanced Repetitive," ter Meulen says. "What we

Highlights

Company

Company Name	Watts Water Technologies, Inc.
Industry	Industrial components
Products	Water control products

Solutions

QAD Enterprise Applications	QAD MFG/PRO QAD Business Intelligence
Languages	English, Chinese
Number of Sites	81
Time to Benefit	Immediate

Results

- Saved \$20 million in inventory costs
- Unified the supply chain network
- Increased manufacturing efficiencies
- Enabled quicker response to demand
- Provided visibility into product movement throughout distribution network

like about it is that it has a low transactional footprint, it doesn't require much data entry and maintenance, yet we get the type of manufacturing resolution and reporting that we need."

The Future: A Comprehensive QAD Transactional Framework

"We love QAD. It has been one of the core foundational elements of our company," says ter Meulen. And it seems that the company's reliance on the QAD solution is not expected to change as the company grows. Currently, Watts is migrating over to QAD GXE, the Global Enterprise Edition, with which it expects to go live in the first quarter of 2007.

Eventually, Watts would like to extend the QAD ERP platform to all of its facilities, says ter Meulen. "When we look at the vision of five years from now, we see every plant and every transactional environment using QAD as the transactional framework."

Story prepared by Watts Water Technologies, Inc., in cooperation with QAD.