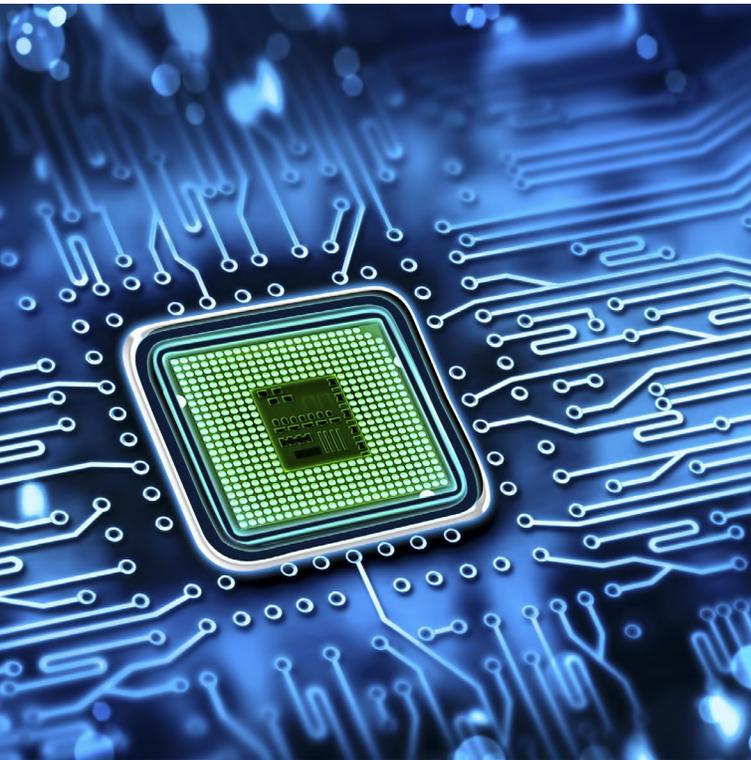


## XCERRA ELEVATES MARKET LEADERSHIP BY PARTNERING WITH JABIL FOR END-TO-END MANUFACTURING



"I sleep well at night and our shareholders don't worry either as they have confidence that we'll always be able to hit whatever volume is required to maximize revenue and earnings per share."

**Dave Tacelli,**  
CEO, Xcerra

### Case Study



<b>Company</b>	Xcerra
<b>Industry</b>	1,720
<b>Country</b>	USA
<b>Employees</b>	Semiconductor Test
<b>Websites</b>	<a href="http://www.xcerra.com">www.xcerra.com</a>

### CHALLENGES:

- Market volatility made it difficult to scale up/down manufacturing on demand
- Need to seamlessly integrate acquired organizations and product lines
- Goal to focus on core IP prompted decision to outsource manufacturing

### SOLUTION:

- Jabil partnership started with PCB assembly and evolved into fully integrated, end-to-end manufacturing services
- Xcerra leverages Jabil's design for manufacturing and supply chain management capabilities to meet ever-tightening delivery timetables
- Jabil's international experience helps Xcerra assimilate major acquisitions that tripled company revenues and headcount worldwide

### BENEFITS:

- Jabil partnership gives Xcerra competitive edge while ensuring the company keeps pace with escalating customer demands
- With Lean manufacturing, Xcerra improved quality while dramatically reducing lead times across product lines
- Xcerra has realized a four-fold increase in production velocity
- Close alignment with Jabil executive management has spurred continued business growth

In the semiconductor and electronics markets, the ability to bring new, high-quality products to market fast is the key to success. Industry pioneer Xcerra provides fully integrated test cell solutions that accelerate high-volume manufacturing of products serving a variety of fast-growth markets, including consumer, mobility, automotive, medical and Internet of Things.

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Tony Miola,  
VP of Global  
Outsource Operations,  
Xcerra

Xcerra brings more than 30 years of handling, contacting and measurement expertise to optimize overall test cell requirements. Global customers have the flexibility to purchase a turnkey test cell solution or select individual products from the company’s four powerful brands, including atg Luther & Maelzer, Everett Charles Technologies (ECT), LTX-Credence and Multitest.

According to Dave Tacelli, president and CEO of Xcerra, continued growth and investment have enabled the company to assimilate all the critical test cell elements customers require. “Xcerra is the only company in our industry to address all of the different types of equipment inside semi-test,” he explains. “This enables customers to quickly and cost-effectively deploy fully integrated solutions comprising the tester, handler, device under test (DUT) interface board and contactors.”

### **Making the Move to Outsourcing**

As the market leader, Xcerra’s growth trajectory has enabled the company to expand its significant share of the semiconductor test cell market while moving into new

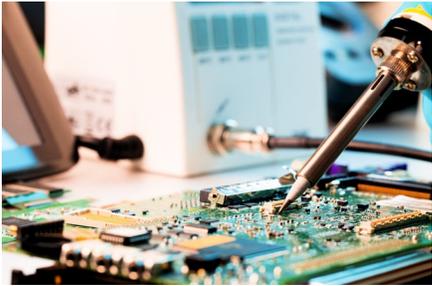
vertical markets related to printed circuit board test and test fixtures. In addition to strategic acquisitions, the company made an important move more than a decade ago when the decision was made to outsource certain aspects of its manufacturing operation.

“Designing test solutions for customers is our core competency, not manufacturing,” says Tony Miola, VP, Global Outsource Operations. “We decided to bring in a partner with core competencies across the entire manufacturing lifecycle.” While outsourced manufacturing is quite common in many different industries, Xcerra was among the first in the test-cell arena to embrace this business model.

When Xcerra first embarked on this path, many of its competitors theorized the company was going out of business because it was inconceivable that any test solution could be built effectively through an outsourcing partner. Little did these companies know that making the leap instead would empower Xcerra to elevate its vision and value proposition. “Embracing outsourcing was considered a rogue move at the time, but we

felt it was the best way to address the volatility of this market,” recalls Tacelli. “An outsourcing partner would bring a flexible business model that would enable us to adapt to rapid market changes while providing the necessary supply chain management and design for manufacturing experience to meet escalating customer demand.”

The trick was finding the right partner to complement Xcerra's strengths while providing end-to-end manufacturing capabilities to accelerate every aspect of product lifecycle management. While Xcerra had worked with select manufacturing subcontractors to support portions of its business,



the team now wanted a partner capable of building complete products that could be shipped directly to customers. As the ultimate goal was to accelerate the delivery of top quality, highly reliable test solutions, Xcerra sought a world-class manufacturing partner.

Over the past 20 years, Miola had worked with Jabil and was very familiar with the company's capabilities as well as the size and scope of its operations. “We needed a partner that understood the complexities of the test environment and had all the quality processes in place,” says Miola.

“We wanted our test engineers to work alongside our manufacturing team to ensure the highest levels of product quality.”

With Jabil's workcell model, Xcerra would be able to collaborate with a dedicated business unit from beginning to end. “Jabil's work cell setup is actually perfect because as a small customer, we would still have our own dedicated people,” Miola adds.

This customer-centric approach helped clinch the deal. “Jabil was selected for the uniqueness of their business model,” says Tacelli. “It wasn't driven by the size of our company but rather by the technology Jabil could add value to as well as our ability to add value to them.”

### Growing a Pioneering Partnership

The Jabil-Xcerra partnership, which started with Printed Circuit Board (PCB) assemblies, quickly blossomed into full systems integration of various test solutions. The partnership evolved further over time, especially as Xcerra completed multiple acquisitions in extending the breadth and depth of its test solutions. As more new products were integrated into the outsourcing model, manufacturing was moved to a Jabil facility in Malaysia where the collective team took advantage of state-of-the-art equipment and world-class processes.

At Jabil's factory in Penang, the dedicated team continually looks for ways to piggyback different facets of manufacturing and

supply chain to drive operational efficiencies and competitive pricing. Bolstered by Lean manufacturing principles, the Malaysia-based team consistently improves product quality and manufacturing efficiency while lowering costs and reducing waste. “Jabil employees take great pride in their work on our behalf,” says Miola. “They never refer to themselves as ‘the supplier’ or call us ‘the customer.’ I consider them our manufacturing floor as they all treat Xcerra as their business.”

“They had our back and were there for us because they really care about my business—and that's the true test of a good partnership.”

Dave Tacelli,  
CEO, Xcerra

The entire Jabil team—from executive management to factory workers in Malaysia—get involved. For instance, Jabil CEO Mark Mondello and EVP Steve Borges helped Xcerra better understand the impact of the Multitest and Everett Charles Technologies' acquisitions on overall operations. Not only did these transactions pose a three-fold increase in Xcerra's

revenue and headcount, but they also expanded the global footprint substantially. “Mark and Steve went over each possible pitfall, country by country, geography by geography,” recalls Tacelli. “They had our back and were there for us because they really care about my business—and that’s the true test of a good partnership.”

This overarching customer commitment permeates the relationship between Jabil and Xcerra. Following each acquisition, Jabil helps manage growth spurts by migrating new products seamlessly into the outsourcing model while leveraging expert design for manufacturing and supply chain management skills to simplify the integration process. This hands-on approach was essential to meeting a new set of requirements following the ECT acquisition.

Engineers from both companies worked to produce high-quality, custom fixtures in about two weeks using best design practices and Lean manufacturing techniques. Together, the group embraces continuous improvement initiatives to ensure the highest levels of quality and reliability. “Out-of-the-box quality is unbelievable right now,” Miola adds. “It’s very rare that we have an issue in the field related to manufacturing.”

The focus also is on increasing velocity to meet ever-tightening delivery windows. Over the past five years, Jabil and Xcerra

have slashed typical delivery expectations. “In this industry, customers want their testers almost immediately after they place the order,” says Miola. “With Lean manufacturing, Jabil has helped us reduce lead times, so what once needed a six- to eight-week lead time, now can be done in a week or less.”

### Investing in IP and Shareholder Value

Thanks to significant process improvements and operational efficiencies, Xcerra has realized a four-fold increase in production. Previously, approximately 40 fully integrated test solutions were built each quarter; now nearly 160 are manufactured over the same timeframe in the same space. “Jabil has invested significant time and effort in manufacturing, training and supply chain management,” says Miola. “The benefits are huge, and I don’t believe we could have achieved the same results as quickly and efficiently.”

Jabil’s ability to expedite the supply chain or put extra shifts on the factory floor to expedite customer shipments is testament to the shared commitment between the organizations. Teamwork also enables Xcerra to easily weather the volatility of the test-cell industry by scaling inventory and operations depending on customer demand. This is especially beneficial as the company doesn’t need to tie up working capital for

inventory, enabling the growth of its global footprint organically or by acquisitions.

The company also is well positioned to keep pace with ever-increasing customer demands. “I never think twice about our ability to make a customer commitment,” adds Tacelli. “I never worry about having the right technology, or the right people to produce quality work. Jabil’s operational excellence from the top down gives us a major competitive advantage.”

As a result, Xcerra can invest in expanding its intellectual property to drive product innovation while relying on the extended Jabil team to operate like a much larger company. “We envisioned that our partnership with Jabil would help fuel continued growth, but never did we think it would have such an impact on our prosperous business model,” concludes Tacelli. “I sleep well at night and our shareholders don’t worry either as they have confidence we’ll always be able to hit whatever volume is required to maximize revenue and earnings per share.”

#### About Jabil

Jabil is a digital 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, custom solutions to customers in a broad range of industries. Nypro, a Jabil company, specializes in medical devices, with a global footprint of ISO 13485 and FDA registered facilities, manufacturing many of the most recognized medical brands for major healthcare and wellness companies. Jabil common stock is traded on the NYSE under the symbol, “JBL”. Further information is available on Jabil’s website: [jabil.com](http://jabil.com).