

Amphenol

The “Agile Titan” – An Advanced Supplier Model to Meet the Needs of 21st Century Networks



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The need to stay ahead of the technology curve is integral to developing networks that can meet or exceed the bandwidth demand of consumers. Within the broadband industry, we’ve seen first-hand the approach leading equipment providers have taken, which is to acquire companies that will help fill product or service voids and absorb them into their corporate megastructure.

Of course, many of the small firms that are targeted for acquisition had succeeded largely because their ideas can be quickly moved through a simple design process, and then pushed to production. These products are easily adjusted for a particular customer or application because decision-making within the small company is simple as well.

By comparison, a large corporate supplier takes advantage of economies of scale to create products that meet a need at a lower cost. Their size, diversity of customers, and vast resources provide assurance of their longevity to service a network provider’s needs for years to come.

In today’s environment of constantly changing technologies and priorities, perhaps the ideal supplier is one that brings together the advantages of both the large and small suppliers, while minimizing their disadvantages.

Small Suppliers – Agile and Nimble

There is no question that a small company with a great new idea can be a real asset in the creation or upgrade of a provider’s network. With a singular focus on the creation of a given product, a small company is equipped to build a product to the exact specifications of the network provider.

Because a small supplier depends heavily on every sale in order to cover costs and turn a profit, they are willing to provide more personal, customized service.

The positive aspects of small vendors include:

- Ability to react quickly
- Perform custom designs
- Personal service
- Less bureaucracy / management

Thus, small companies that each supply a minimal number of products, can bring agility and speed to the process of building communications networks.

Large Suppliers – Steady and Solid

In the communication networks market, several large companies typically dominate the supplier landscape. Their depth of resources and breadth of customers ensure continued presence in a competitive environment. Their size allows them to fund R&D, ensuring that innovation continues to shape the future.

Large equipment suppliers can take advantage of diverse operational locations, and modern manufacturing technology, to build products with high quality at a low cost. Large suppliers have:

- Strong financials help fund needed development / projects
- Diverse customer portfolio minimizing the effect of a single contract
- Multiple, diverse products
- Diversity of manufacturing, raw materials, etc.
- Marketplace influence
- “Packaged multi-product solutions” = lower overall cost
- Less vendor management needed

Large multinational manufacturers are equipped to bring a solid foundation and steady growth path to service provider networks. These large firms are the ones that identify “holes” in their product offering, then purchase and absorb a smaller supplier that can fill that need. The smaller firm subsequently loses its identity, and likely some of the key employees that made its product such a success with customers.

“Agile Titan” – Small company “feel” with large firm resources

Imagine a vendor that combines the strengths of both the small and large supplier – essentially a firm that is solid and steady, while also exhibiting agility. A supplier that can rapidly develop a new product to meet the needs of a service provider, while also

possessing diverse manufacturing locations to build this new product inexpensively yet with high quality.

This “Agile Titan” is a conglomeration of many businesses, each of which services a defined set of customers through a “storefront.” Each business unit retains the autonomy that comes with its own P&L statement, while also having access to the resources of the entire corporation. Additionally, the personnel that built each original small company, now business units within the corporation, continue to operate it, ensuring that customers will still be dealing with the people that understand their business. Amphenol is such a company, with Amphenol Broadband Solutions serving as its storefront into the broadband market, while Amphenol Procom and Amphenol Antenna Solutions serves the wireless market. In serving its customers, each have access to the entire portfolio of products from Amphenol’s 100+ businesses.

Agile Titans may be the wave of the future. Nimble enough to dedicate resources to the development of a new idea but with the bankroll to ensure that the company’s very survival does not depend on the success of a single project. Solid enough to ensure that network standards and norms are adhered to, while simultaneously cultivating the new ideas that come from true entrepreneurship.

As we enter a new decade, it becomes evermore clear that building networks, and relying on the same mega-corporate suppliers to do so, may not present the most efficient path to continued success. Instead, a new breed of supplier, the Agile Titan which combines the strengths of both large and small vendors, may be the answer.