

## Case Study

Abbott Laboratories  
Dallas, TX



Abbott Laboratories was founded in 1888 with a mission to improve lives by providing cost-effective health care products and services. Headquartered in Abbott Park, IL, Abbott is a worldwide manufacturer of innovative health care solutions. Abbott is involved in five broad business arenas: Nutritional, Pharmaceutical, Diagnostic, Hospital, Chemical and Agricultural Products. Abbott employs over 56,000 employees worldwide and has annual sales of \$12 billion. Abbott maintains its standing among the world's most-respected health care companies by developing innovative products at the leading edge of medical technology.

### Abbott's Story

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When Abbott began their search for a warehouse management system to install in its Diagnostic warehouse in Dallas, TX, they had four key goals in mind, to increase productivity, inventory control, space utilization and inventory ownership.

On January 1, 1992, Abbott installed the Catalyst WMS in its Dallas facility to achieve these goals. The system runs on an IBM RS/6000 and Oracle database with direct communication to LXE Radio Frequency (RF) terminals and ASK MANMAN host software.

### The Dallas Facility

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The Dallas facility manufactures cost-effective medical devices, supplying both field service parts and finished goods to the health care industry. Physically, the Dallas facility covers approximately 100,000 square feet with 50 WMS users and 20 RF terminals – 16 truck mounted and 4 hand-held. Products are stored on bulk racks, narrow aisles, and on the floor. To make navigation easier, employees maneuver throughout the warehouse on forklifts directed by Catalyst WMS. This site has 15,000 locations and 12,000 SKU's and has the capability of receiving a total of 250 inbound orders per day. On the outbound side, a total of 500 orders per day and 1,000 lines per day are shipped.

### Goals Met

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All of Abbott's goals were met by the Catalyst system within ten months of the system's go-live. Productivity within the warehouse increased by 20%, while their headcount decreased. In addition, they were able to reduce operations from three shifts to two, and are currently running a single shift operation.

Abbott's inventory accuracy has also shown great improvement. Accuracy levels are now at 99.6%, which is nearly a 20% increase from their pre-Catalyst rate of 80%. Abbott's accuracy level is so high that they are able to eliminate all physical inventories in their warehouse. Inventory accuracy is now measured on pick performance. Additionally, with inventory control, high accuracy rates and inventory ownership, the distribution center was able to meet the necessary requirements for ISO9000 certification.

## Facts at a Glance

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**Industry:** World-leading health care manufacturer of cost-effective health care medical devices.

**Dallas Facility:** Total Diagnostic sales is \$3 billion. Operation runs two shifts, supplying both field service parts and finished goods.

**Size:** 100,000 square feet, 20 concurrent RF users, 50 total WMS users.

**Items:** 12,000 SKU's, 15,000 locations, 250 inbound orders/day, 500 outbound orders/day, 1,000 outbound lines/day, averaging 2 lines per order.

### Corporate Headquarters

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