



**2006 INVESTOR FORUM**

## **Solectron Global Services**

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Global Services

# **Solectron Global Services**

- **Fulfillment and Aftermarket Services Business**
- **Services Market Growth Areas**
- **Services Customer Examples**

# Soletron Offerings

## Product Design and Engineering



Product Design

Product Launch/NPI

Advanced Process Technology

Design for Six Sigma

DFx Services

## Manufacturing and Supply Chain Services

**Soletron Production System™**



Supply Chain Solutions

Lean/Six Sigma Global  
Network of Plants

Enclosures, Backplanes,  
PCBA and Systems Integration

Certified and Localized  
Supplier Network

## Fulfillment and Aftermarket Services



Repair, Warranty Support and  
Reverse Logistics

Service Parts Logistics

Remarketing

Retail Technical Services

CTO and Fulfillment

Asset Recovery

Product Stewardship

Quality

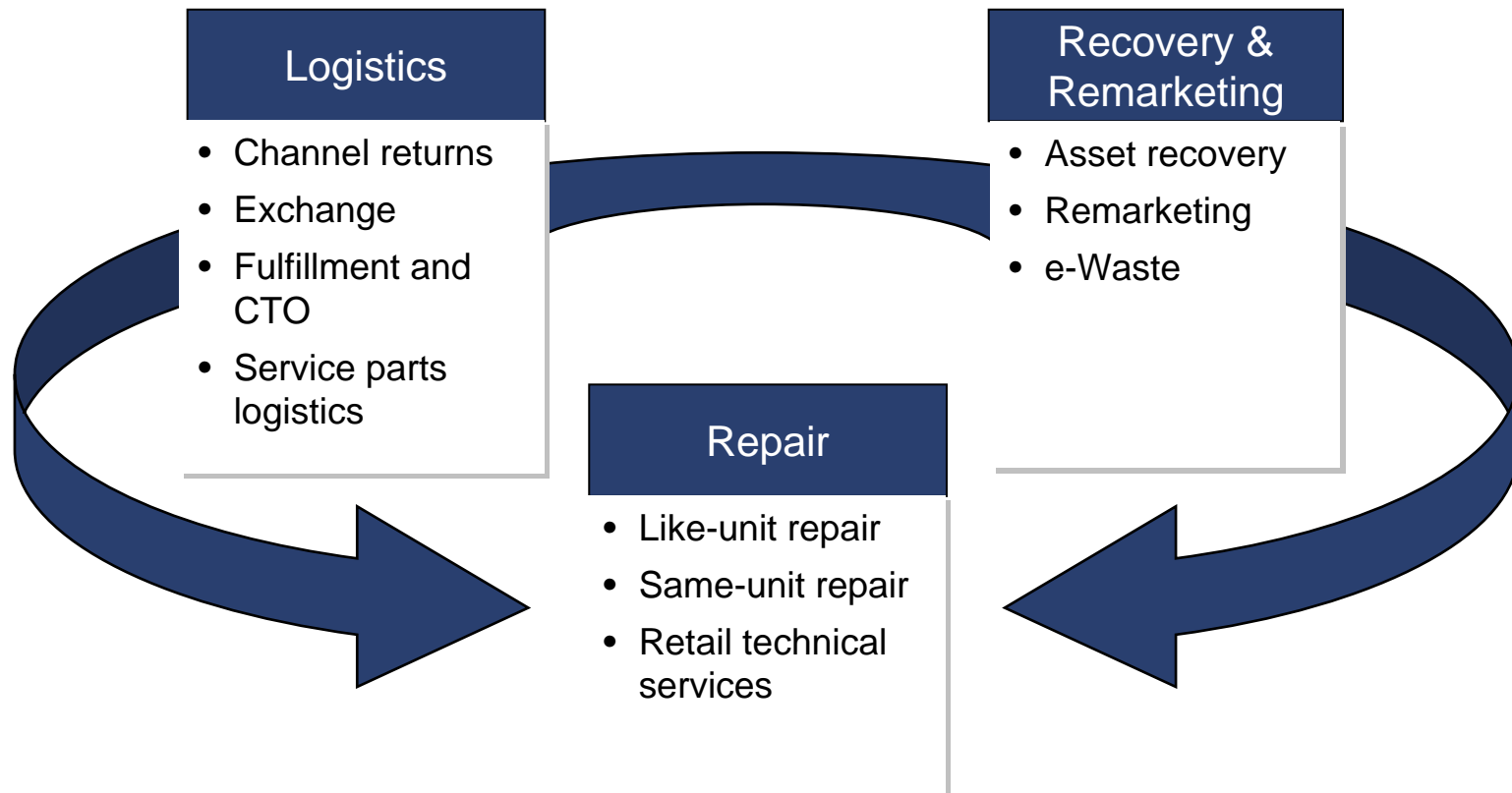
Flexibility

Cost Reduction

Innovation

# Solectron Global Service Offerings

## Optimizing Service Supply Chains



## Solectron Global Services Offerings

Solutions for Aftermarket Supply Chains

# Market Update

## Competitive Landscape: Capabilities

	Repair		Asset Recovery		Reselling		Fulfillment/ Logistics		Retail Services		Field Service	
	Current	Future	Current	Future	Current	Future	Current	Future	Current	Future	Current	Future
<b>Solectron</b>												
<b>Competition</b>												
<b>EMS #1</b>												
<b>EMS #2</b>												
<b>EMS #3</b>												
<b>EMS #4</b>												

**Market Presence**

 Starting
   
  
  
  
 Dominating
   
 ↑
   
 ↓

**Solectron Global Services is a clear differentiator vs. EMS competitors**

Source: Company Reports, Solectron

# Dedicated Worldwide Service Network

## A Network of Scale and Scope

### Plant network architecture supports:

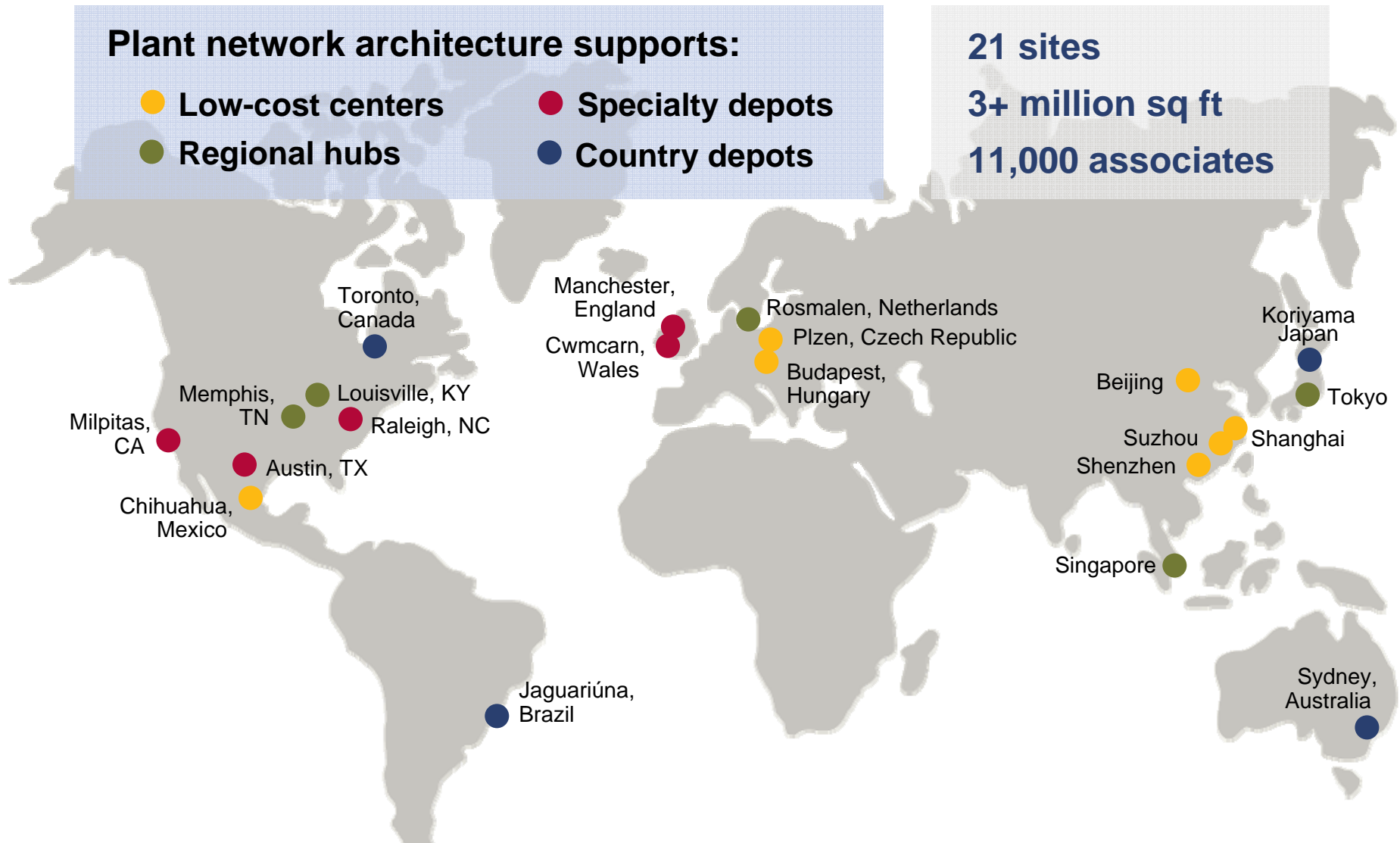
- Low-cost centers
- Regional hubs

- Specialty depots
- Country depots

**21 sites**

**3+ million sq ft**

**11,000 associates**



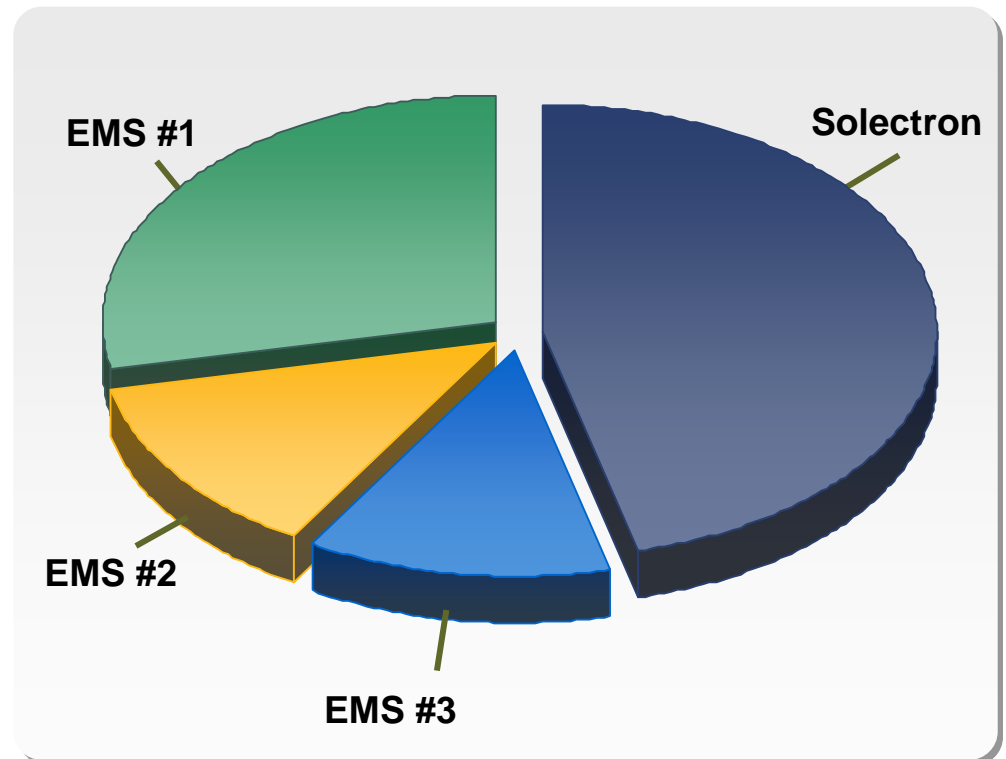
# Market Update

## Current Competitive Landscape

### Other Market Dynamics

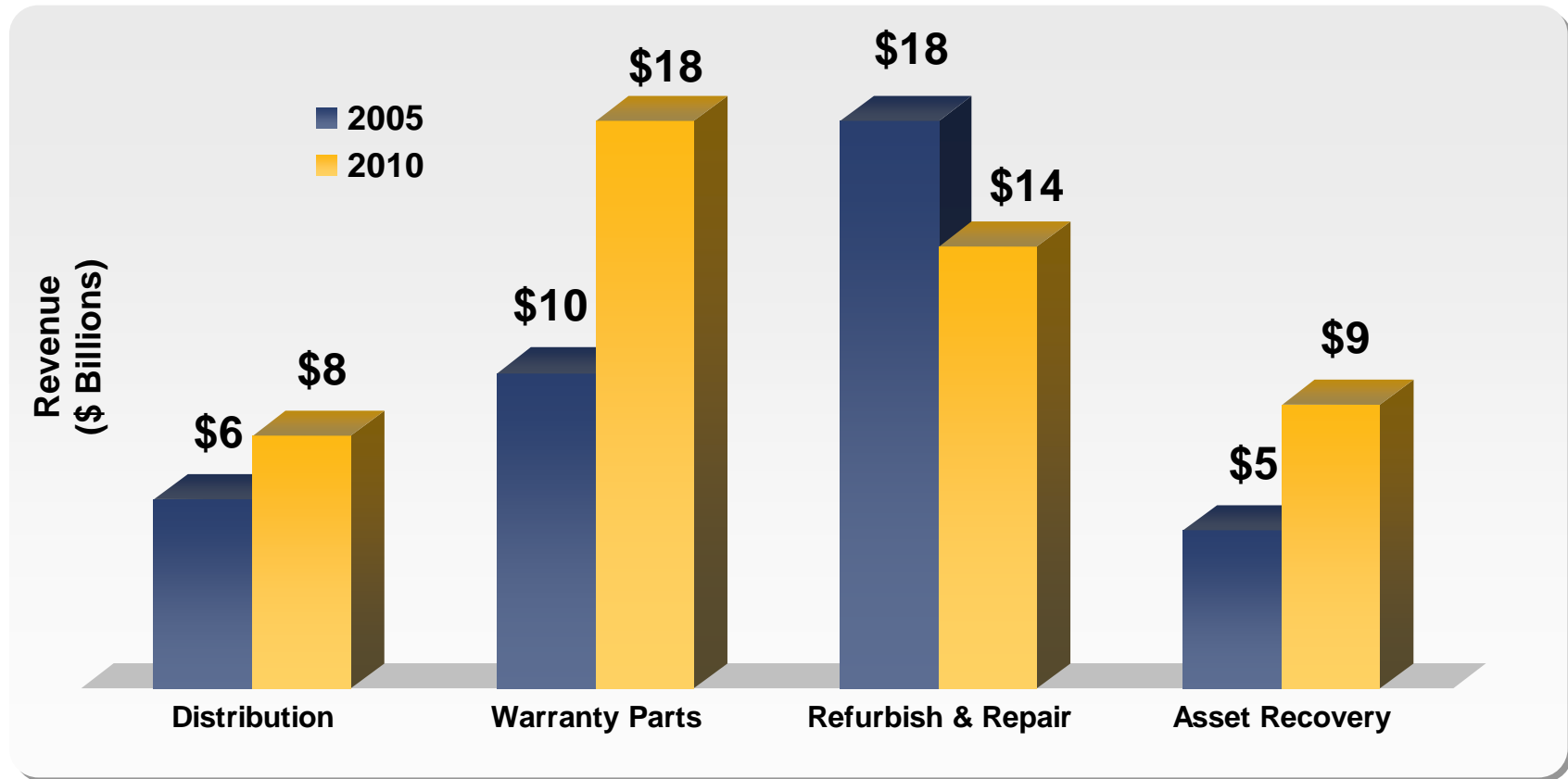
- Parts management market rapidly growing
- Repair continuing to move to LCC
- Extended TAT (low-end computing)
- Mobile repair trending to LCC and scrap

2006 Aftermarket Services Revenue



# OEM Outsourcing Activities 2005-2010

## Changing Outsourcing Patterns



Source: Soletron Marketing



# Repair/Refurbishment

## Quality. Commitment. Flexibility.

Product Services Leadership	Volume	Market Ranking
	(units per year)	
 <b>Cell Phone</b>	<b>25,000,000</b>	<b>Top 3 in the world</b>
 <b>PCBA</b>	<b>3,500,000</b>	<b>#1 in the world</b>
 <b>Parts Fulfillment</b>	<b>7,000,000+</b>	<b>#1 in the world</b>
 <b>Laptop</b>	<b>850,000</b>	<b>#1 in the world</b>

# Solectron Strengths in Global Service Parts Delivery

## Key Market Drivers

**Materials ownership, mitigate EOL and E&O**

- IW and OOW management
- Access to broker market for buy-sell of service parts
- Availability to source material from Asset Returns/Recovery
- Seed stock (cycle time)

**Logistics management**

**Faster time to market**

**Cost reduction with common parts**

## Key Capabilities

**Order drops directly from customer's on-line order management system**

**Lifecycle materials ownership and management of forward-stocking locations for next-day delivery**

**IT network integration**

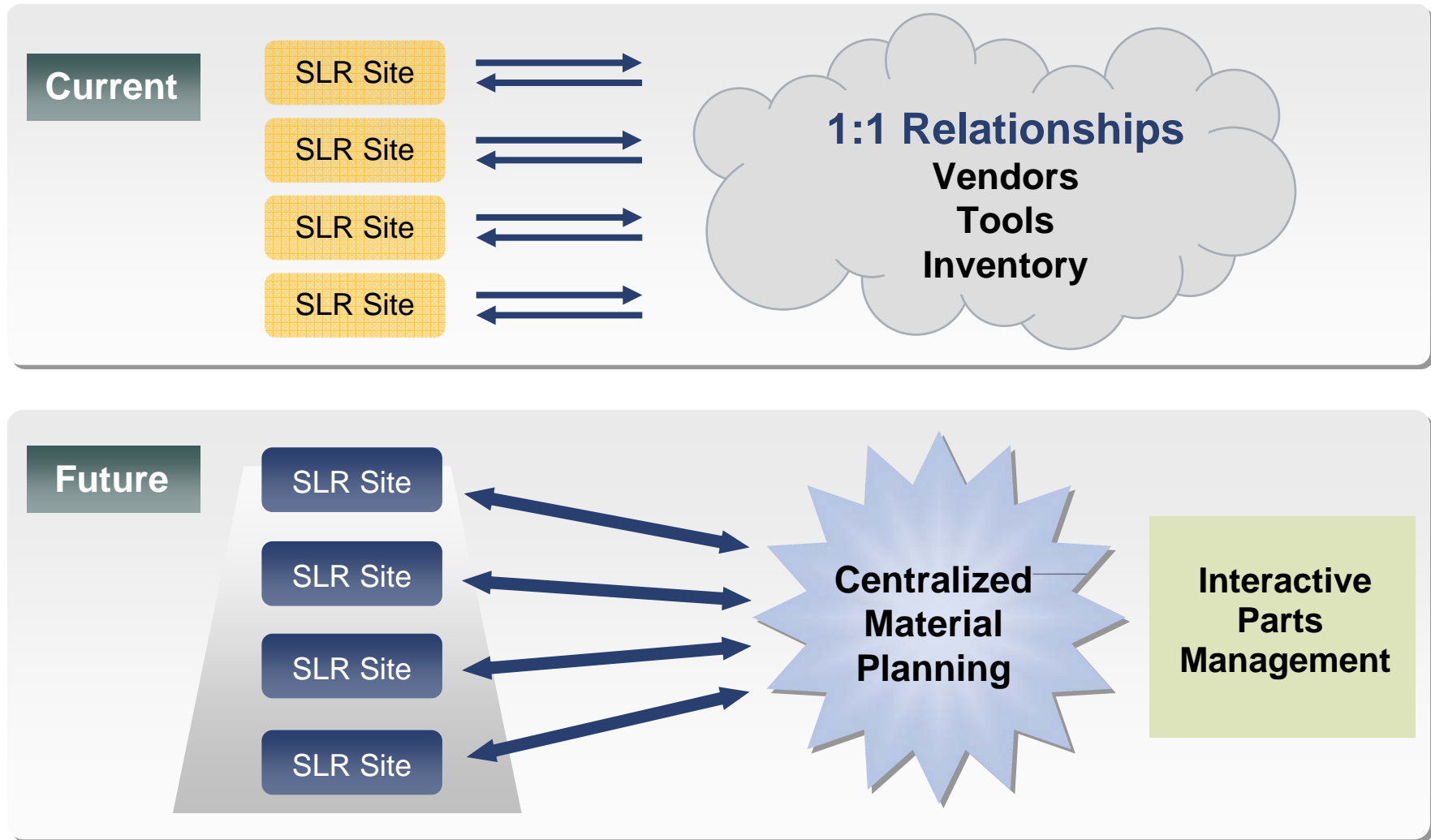
**Scale: Global shared services across multiple OEMs/ODMs**

**Control tower: Proactive supply chain management through data analytics**

**Tax and trade compliance**

**Multiple customer presence equals scale savings**

# Centralized Materials/Parts Planning



# Asset Recovery

## Recover

- Customer lease returns management to Solectron returns center
- Asset verification and testing of all parts
- Parts recovery/demanufacturing
- Liquidation, scrap, environmental disposal

## Refurbish

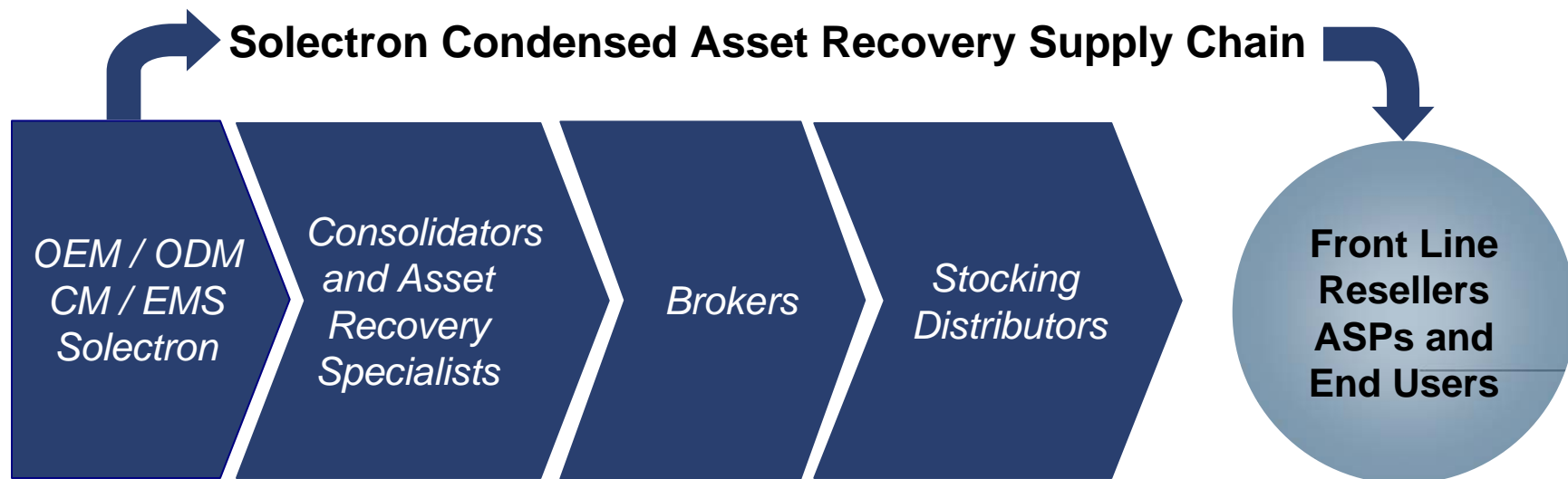
- Testing, verification and repairing of products
- Reloading operating system software
- Cosmetic/upgrade
- Configure to customer order

# Asset Recovery Supply Chain

## Soletron Maximized

### Goal: Eliminate stages in the Asset Recovery supply chain

- Move direct to front line reseller, ASP and end user market
- Leverage retail and auction relationships for placement and fees
- Leverage CE master parts distribution relationships



# Asset Recovery

## Top Tier Computing OEM—IBM

**Product: Top-Tier Computing OEM—Off-Lease and Trade-in of Computing Products**



### **Customer Need:**

- Turnkey asset recovery
- Reduce inbound cost
- Maximize recovery value
- Provide personalized service based on corporate accounts



### **Solectron Solution:**

- Turnkey asset recovery and fulfillment depot logistics
  - Asset verification
  - Repair/refurb
  - Part recovery
  - Configure-to-order
  - Liquidation, scrap, environmental disposal

### **Result:**

- 25% reduction in facility cost
- 25% increase in efficiency
- 50% total savings over 3 years
- WEEE compliant

### **Customer Benefit:**

- ROA improvement through increased parts recovery utilization

# Remarketing

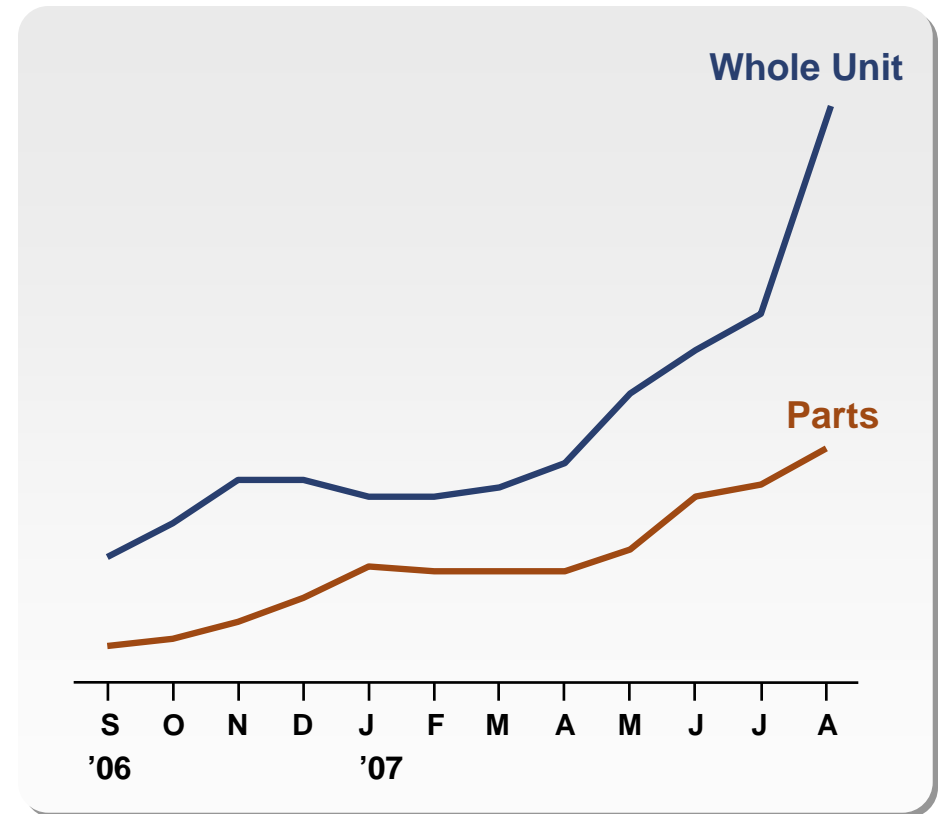
## Replicating the SSE Model to SSA

### OEM Accounts

- Global leaders in Computing and Storage markets are looking to outsource channel to market returns and place into emerging markets

### Retail Accounts

- Assist in parts management
- Providing parts directly to ASPs
- Creating reciprocal relationships on buy/sell model with refurbished products



# Warranty Service Market

- **Solectron's warranty support services help OEMs more efficiently manage warranty claims**
- **By managing repair and refurbishment under warranty, we help customers save money**
- **One of the fastest growing segments in aftermarket services today**

Warranty Reserves (\$ Billions)



Source: Warranty Week



## Driving for Growth 2006–2009

