

GROWTH

# SELECTING SOLECTRON

## **Solectron Global Services**

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THE SOLECTRON 2005 INVESTOR FORUM



# **Solectron Global Services**

## **Agenda**

**Services Market Changing**

**Solectron Offerings and Capabilities**

**Customer Examples**

# The Services Challenge

Services Market is Dynamic

## Customer Challenge

- Accelerating product price erosion
- Warranty costs increase as % of COGS

Whole unit manufacturing in low cost countries  
vs.  
Kitting near end markets with warranty and repair support

- Channel requirements
- Cost of returns
- Whole unit management

## Pain Point

- Reduce Costs**
  - Parts management
  - Locations
  - Turnaround time (TAT)
  - Warranty

- Logistics costs
- Flexibility needs
- End market demands

- Need to outsource return and remarketing channels
- Penetrate new developing markets

## Solectron Solution

- Repair and Refurbish**
  - Whole unit (system level)
  - Component (board level)
  - Fast depot, Low cost, Technical

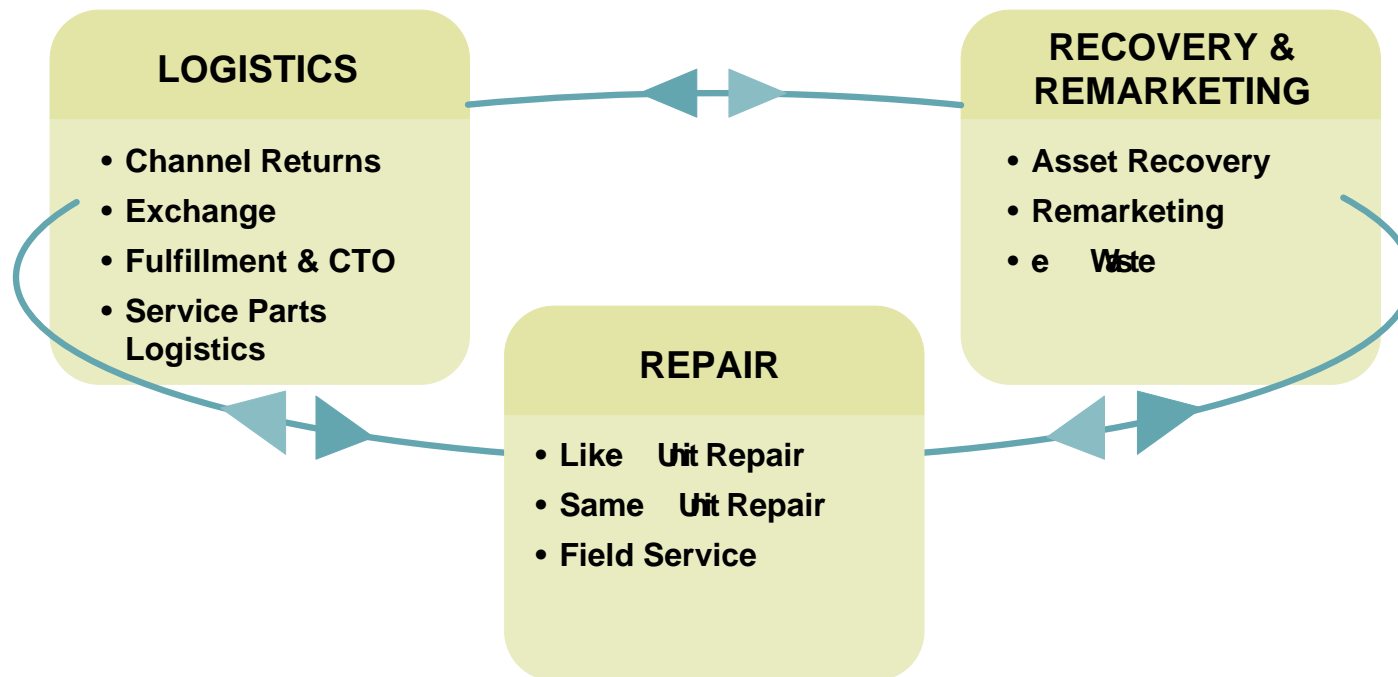
- Service Supply Chain**
  - Regional fulfillment
  - Logistics
  - Time to market

- Manage Product Lifecycle**
  - Returns and credit processing
  - Asset recovery
  - Remarketing

# Solectron Global Services

## Solutions for Post-Manufacturing Supply Chains

### Solectron SolectServ™ Service Offerings



# A Well Developed Global Footprint

Global Network of Scale and Scope

## Soletron Production System™

Plant network architecture supports configurations for:

- Low-cost centers
- Specialty depots
- Regional hubs
- Country depots

21 sites

8500+ associates



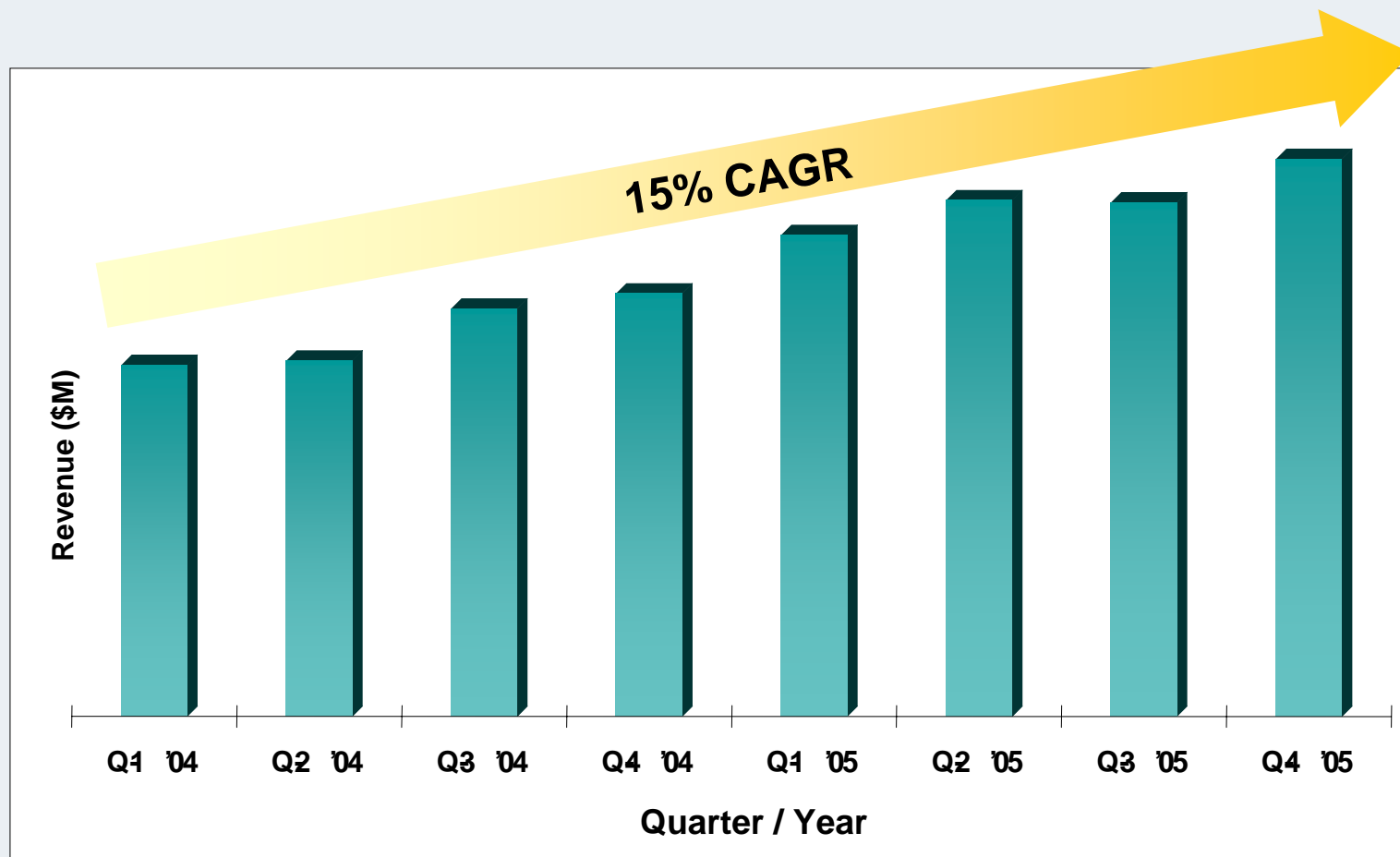
# Service by Solectron™

Quality. Commitment. Flexibility.

Product Services Leadership		Volume	Market Ranking
		(units per year)	
	Cell Phone	20,000,000	Top 3 in the world
	PCBA	3,500,000	#1 in the world
	Hard Drive	6,000,000	#1 in the world
	Laptop	700,000	#1 in the world

# Solectron Global Services

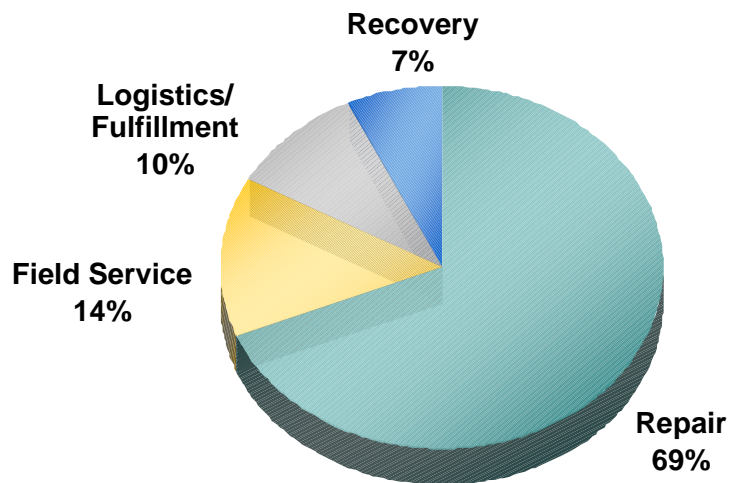
## Solid Revenue Growth



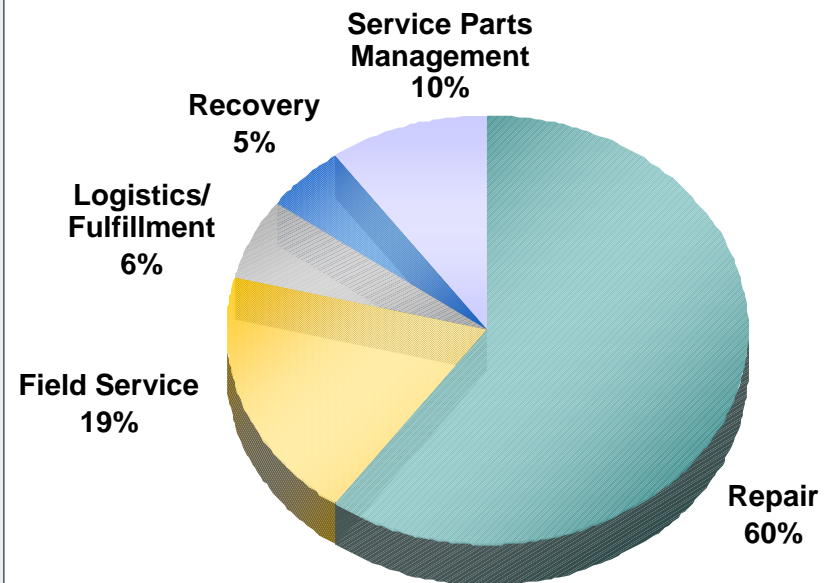
# Services Business Mix

Services Business is Expanding and Diversifying

**FY 05**



**FY 06**



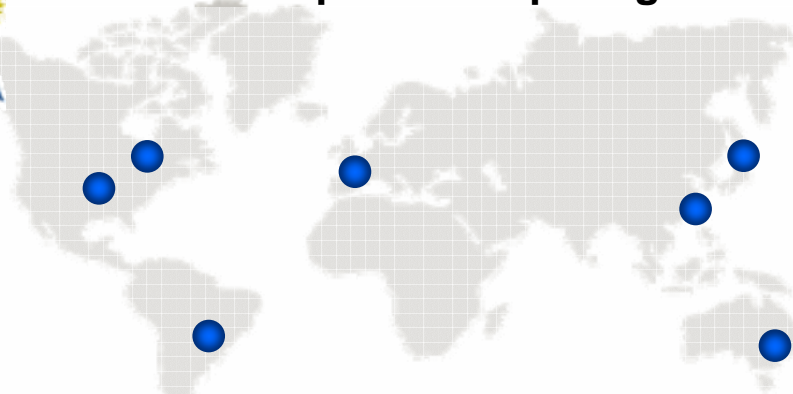


# Solectron SolectServ™

## Same-Unit Repair



**PRODUCT:** Top-tier Computing OEM – Laptops



### Customer Issues

Lowest out of top 5 in customer satisfaction

- Slow response times
- Poor quality

High support warranty cost driven by:

- High repeat return rates
- Low first time fix rates
- No failure analysis

### Solectron Solution

- Whole unit repair and logistics
- Service levels up to 1-day turnaround time (TAT)
- Failure analysis for engineering improvement

### Results

- Steady >98% TAT
- 60% reduction in return rates
- 50% improvement in first time fix rates
- Significant reduction in NTF rates to less than 7%

**OEM received  
“Best-in-Class” ratings  
in technical support**

# Solectron SolectServ™

## Asset Recovery

### 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

##### Results

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

**ROA improvement  
through Increased parts  
recovery utilization**

# Solectron SolectServ™

## Service Parts Management and Logistics

### PRODUCT:

#### Top-Tier Computing OEM - Consumer Desktop & Notebook Service Parts

##### Customer Need

- Reduce warranty costs in a very competitive market
- Improve parts availability and delivery to ASP's
- Reduce inventory cost and risk
- Improve end-of-life (EOL) support

##### Solectron Solution

- Planning, procurement and ownership of support parts inventory
- Consolidated inventory to a central hub and two forward stocking locations
- Web-based parts ordering for ASP's linked to client and Solectron systems
- Multi-lingual customer management center
- Management of all inbound and outbound logistics including VAT and customs issues

##### Results

- Reduced parts-related warranty costs by 30%
- Reduced E&O to less than 2%
- Reduced warranty inventory value by 25–30%
- Reduced transportation costs by 15%
- Improved defective TAT
- 15% Improved parts availability
- **Reduced overall costs**
- **Increased customer satisfaction and service levels**

# Solectron SolectServ™

## Field Services



### PRODUCT:

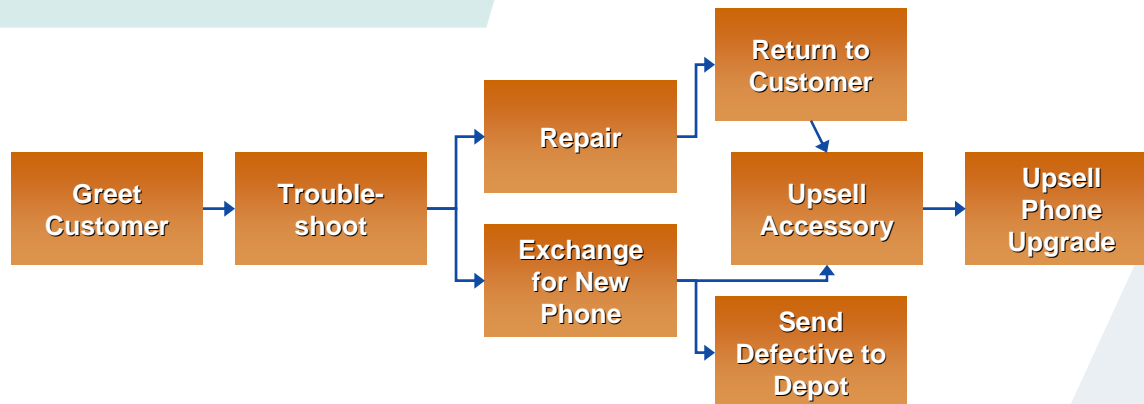
**Top-Tier U.S. based Wireless Provider – Handsets**

#### Customer Need

- Rapid resolution of user issues
- Deliver in-store services without the HR / OH burden
- Consistent performance across multiple locations

#### Solectron Solution

- Recruit, Hire, Train, Deploy and Manage technical staff in retail locations
- 2,700+ technicians in 750+ locations
- Multi-level certifications
- Provide testing, triage, software upgrades, accessory sales, inventory parts control



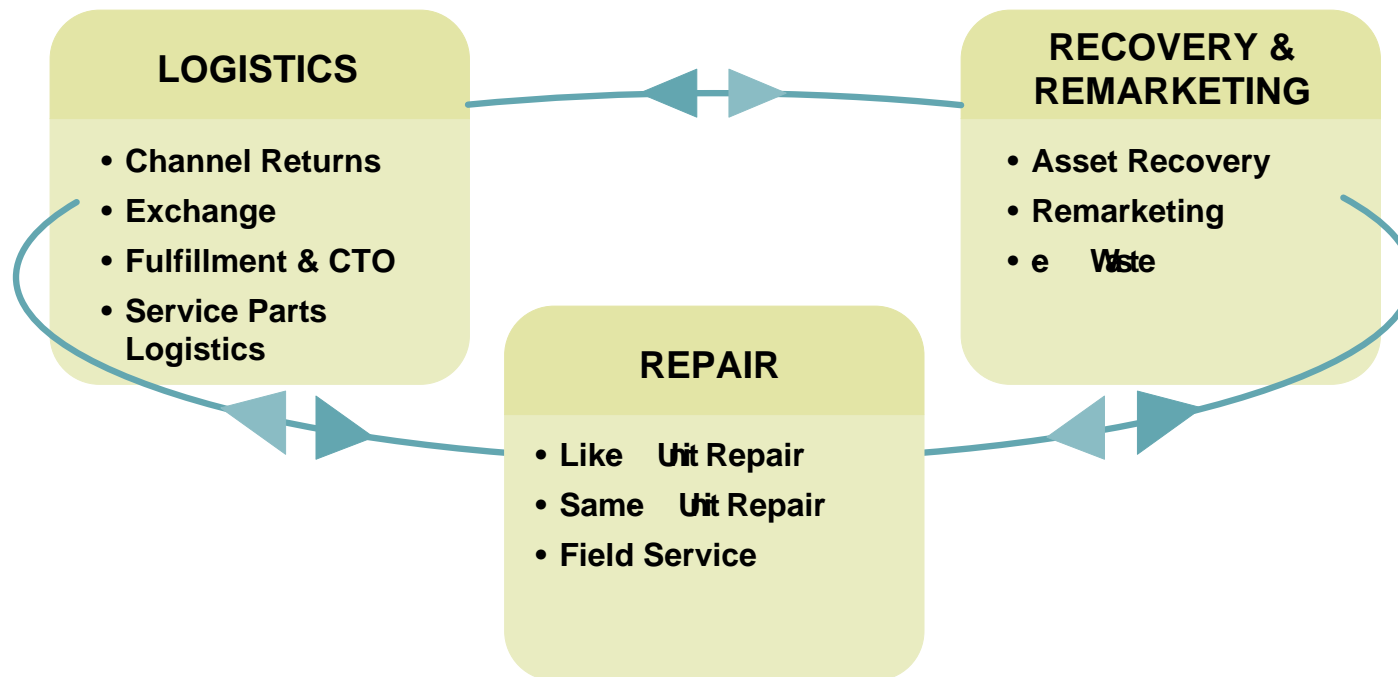
#### Results

- 50% return channel reduction
- Over 1M transactions / month
- 85% of customer problems solved on-site
- Helped customer win JD Power awards on multiple occasions
- Helped reduce customer churn to industry best-in-class

# Solectron Global Services

## Solutions for Post-Manufacturing Supply Chains

### Solectron SolectServ™ Service Offerings



# Solectron Global Services

## Summary

**Poised for Sustained Growth**

**Differentiated by Size, Scope, and Breadth of Offerings**

**Built for Global Scalability**

**SERVICE**  
BY SOLECTRON™