



Intel's Indirect Procurement:

Dedicated to Negotiations Center of Excellence

Mark Campbell

C&N / PESPSL Sr. Manager

Intel Corporation

December 6, 2012

1

Agenda



Corporate Overview

CSP Overview

Key Drivers / Business Challenges

C&N Center of Excellence

Transformation – Results / Lesson's
Learned

Q&A

2



Intel's Vision

*This Decade We Will Create and Extend Computing Technology
to Connect and Enrich the Lives of Every Person On Earth*



3



Intel Corporation:

The World's Largest Semiconductor Manufacturer



\$43B
63 Countries

Customers,
120 Countries



>100,000
Employees

~\$16B
Supply
Chain



Top 10 Brand

10,000+
Suppliers



4



A Continuum of Consumer Experiences



Desktops Laptops Netbooks Tablets Smartphones Smart TVs Embedded

A Consistent, Familiar & Seamless Experience Across Multiple
Devices
Enabled by Internet/Cloud-Based Services



Intel Corporation:

Corporate Responsibility Integrated into Our Business

*“Continuing our commitment
to the highest performance
in all we do — from product
innovation to corporate
responsibility — is good
business.”*

Paul Otellini
President and Chief Executive Officer
Intel Corporation



>1M hrs
Volunteering
Per Year



>\$1B
Education,
Last Decade



>500
Awards,
Last Decade





- Corporate Overview
- CSP Overview – Negotiation History
- Key Drivers / Business Challenges
- C&N Center of Excellence
- Transformation – Results / Lesson's Learned
- Q&A

7

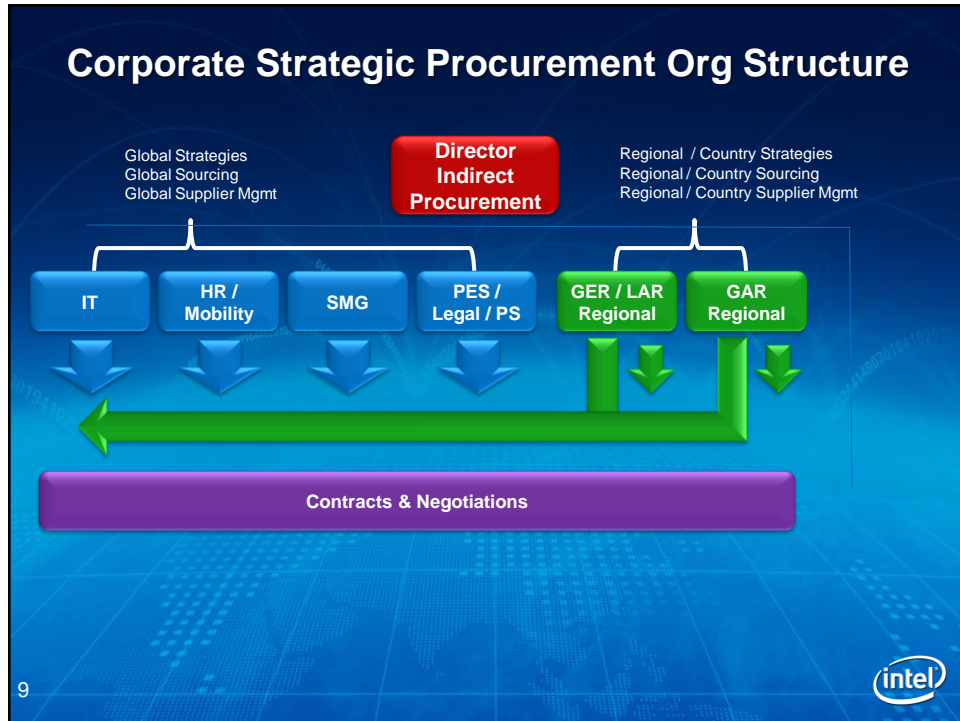


Corporate Strategic Procurement



Intel Confidential







- Corporate Overview
- CSP Overview – Negotiation History
- Key Drivers / Business Challenges**
- C&N Center of Excellence
- Transformation – Results / Lesson's Learned
- Q&A


11



Drivers / Business Challenges for Negotiation Center of Excellence

<p>Continuous Improvement Needed in Neg's</p> <ul style="list-style-type: none"> • GSTs • SSPs • MI / Benchmarking • SRCs, ERM's/MRM's • iNegotiation • eRFx • GPR • Supplier Segmentation 	<p>Efficiency Challenges Process & People</p> <ul style="list-style-type: none"> • Glide-path set • Starbuck's Model • Relationship with Legal • Relationship & Collaboration with SH • Relationship with Suppliers • Training / Competency • P7th 	<p>Contracting Complexity & Variability</p> <ul style="list-style-type: none"> • Multiple Agreements (100 Pages) • Working with Ariba • Taxation, VAT, Geo Specific Issues • Commercial vs. Legal understanding • Affordability changes
--	--	--

12

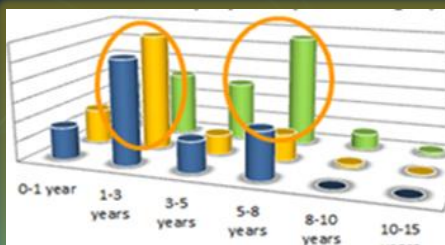


Negotiation Experience Comparison

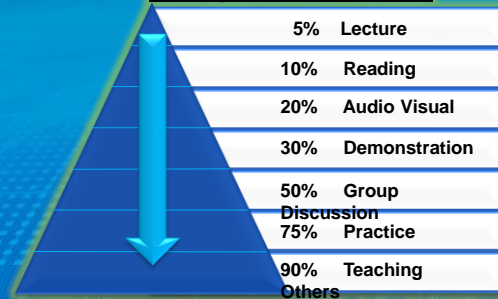
Materials Indirect Procurement vs. 9 Top Tier Suppliers



Challenges



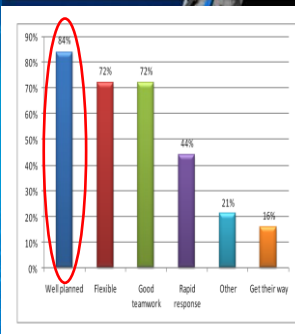
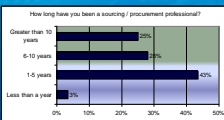
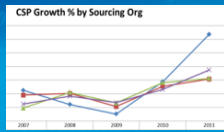
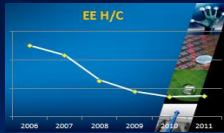
Average Retention Rates



14

Source: Adapted from National Training Laboratories, Bethel, Maine

Drivers – Business Challenges



Other Key Drivers

- Direct Observation identified gaps in understanding / ability
- External BM's identified negotiation competency gap
- Complexity of agreements increasing
- Planning impacted

Other Business Challenges

- Negotiation Post Mortems
- Negotiation Benchmarking
- Manage "Tension" & Collaboration
- Efficiency with Legal / Risk

15



Corporate Overview

CSP Overview – Negotiation History

Key Drivers / Business Challenges

C&N Center of Excellence

Transformation – Results / Lesson's Learned

Q&A

16

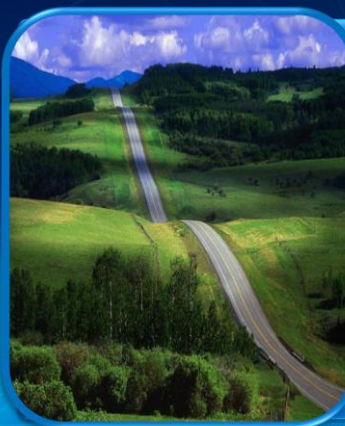


Contracts & Negotiations Center of Excellence



Levers	C&N (7)
Strategy Development	15%
Supplier Management	0%
Negotiations	65%
Controls	5%
Other	15%

17



Corporate Overview

CSP Overview – Negotiation History

Key Drivers / Business Challenges

C&N Center of Excellence

Transformation – Results / Lesson's Learned

Q&A

18



Transformation Activities

Conduct
Internal
Survey

Job Sat.

Define
Process

R&R
Hand-offs

Comm's /
Escalations

Executive
Partnering

On-going
Training

Skill /
Competency
Defined

Decision
Framework

Commodity
Stewards

Neg
Strategy
Developed

Practice
P7th

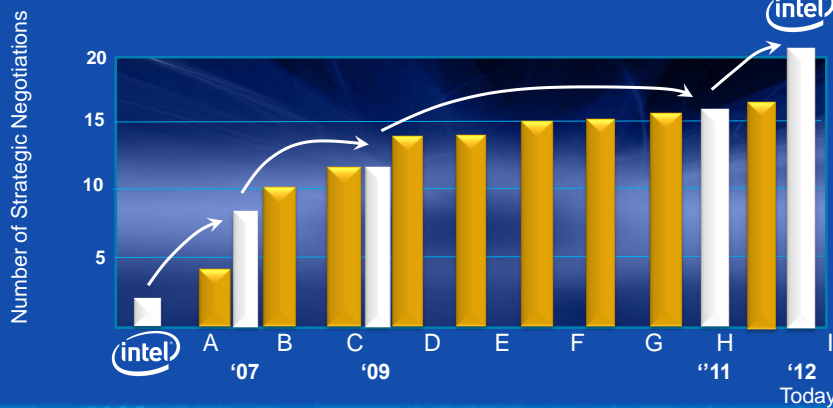
19



Negotiation Experience Comparison

Materials Indirect Procurement vs. 9 Top Tier Suppliers

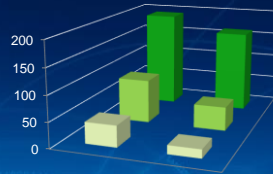
Comparison of Annual Negotiation Experience



Results

Contract Cycle Time :

Quick Turn	< 7 days (n/a)
Low Complex	17 days (42 days)
Med. Complex	47 days (86 days)
High Complex	162 days (192 days)



Expertise / Continuous Improvement

65 classes delivered
4 Revisions, 2 New Strategy Classes Developed
Commodity Specific T&C's
University Engagement
50+ Consulting Engagements
Peer – to – Peer Reviews
xMO Negotiation Benchmarking
Profiling / Dossiers

Affordability Growth:

\$57M, \$155M, \$204M, \$257M, \$307M

438% ↑

Connectivity / Health

Job Satisfaction
Legal , Risk, Tax Collaboration

Intel Confidential



Lesson's Learned

- Don't underestimate value of executive relationships
- Don't underestimate "mine mine mine"
- Job satisfaction revelation
- You don't need all "Ferdinand's"
- Negotiations determined by skill not placement yielded building block
- Post Mortems, Peer-to-Peer, Critical examination of Negotiations vital to improvement
- P7th

Contact Information

Mark Campbell

mark.e.campbell@intel.com

Q&A

Intel

