



MOTOROLA

‘Strategic Sourcing’

SCM at The Point of Design

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Sourcing Manager, Secure Products

Motorola SSTG

Agenda

- ◆ Business Overview
- ◆ Mission Statement
- ◆ Changes in Supplier Relationships
- ◆ Changes in Product Development
 - Sourcing Direction via Intranet

Business Overview; Motorola Secure Products

- ◆ Secure Telecommunication Products
- ◆ \$50 Million Annual Sales

Mission Statement:

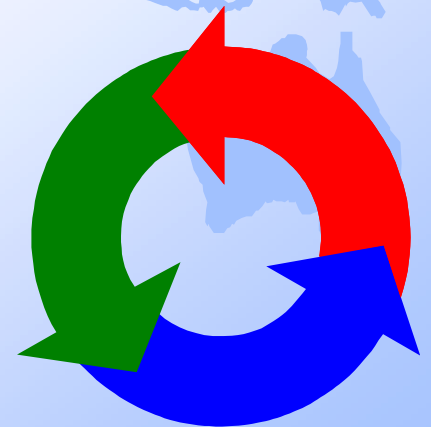
- ◆ Provide Strategic Sourcing at the point of design for Motorola Secure Products. By doing so, we will reduce product development cycle-time, increase product quality, optimize SCM, and thus significantly contribute to the success of our business.

Structural Changes in Supplier Relationships

- ◆ Teaming Agreements
- ◆ Virtual Factory
- ◆ Volume Leverage

Teaming Agreements

- ◆ ESI
- ◆ Shared Risk
- ◆ Value Engineering Support
- ◆ Shared Cost Savings
- ◆ Audit Authority
- ◆ CSI



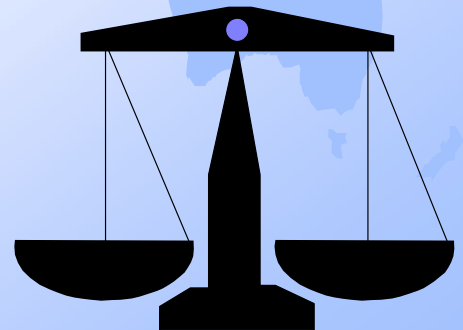
Virtual Factory

- ◆ Optimized MRP Involvement
- ◆ Extension of Your Business
- ◆ Product Distribution
- ◆ EOL Activity Support



Volume Leverage

- ◆ Balance is a ‘Key to Success’
- ◆ Identify Key Suppliers and Maximize Business Involvement
 - Optimize Cost, Quality, Service
- ◆ Disparity is a ‘Time Bomb’
 - Reduced Supplier Responsiveness
 - Longer Lead-Times
 - Hidden Costs



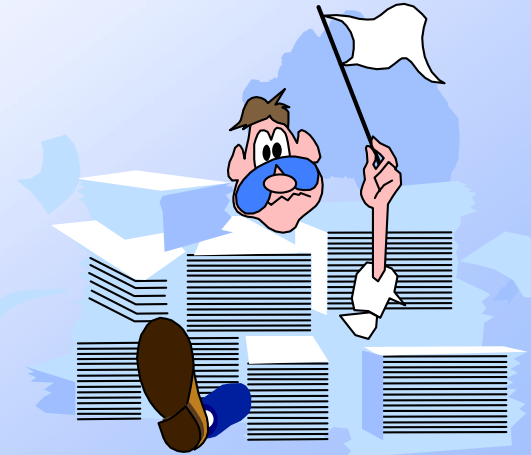
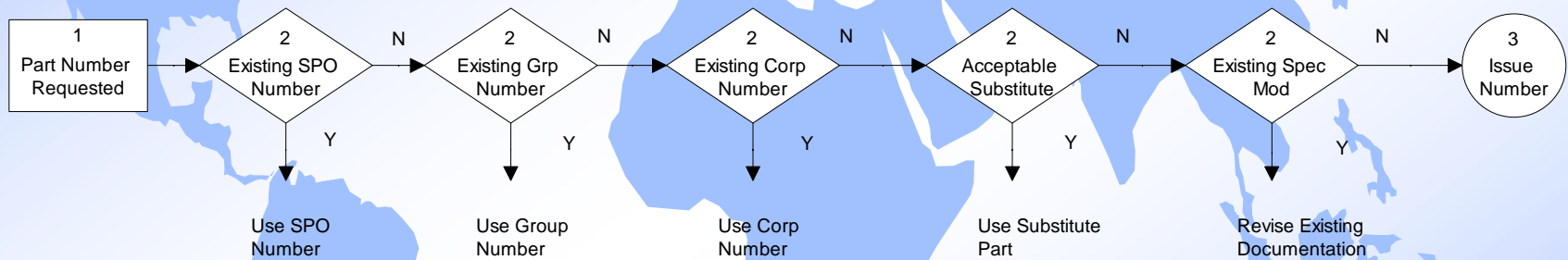
Changes in the Product Development Process

- ◆ Engineering Re-Use Optimization
- ◆ Concurrent Engineering and ESI
- ◆ Strategic Sourcing Web Site
- ◆ Process Flow Diagrams

Engineering Re-Use Optimization

- ◆ Reduce Engineering Documentation
- ◆ Reduce Design Cycle Time
- ◆ Reduce Inventory
- ◆ Increase Price Leverage

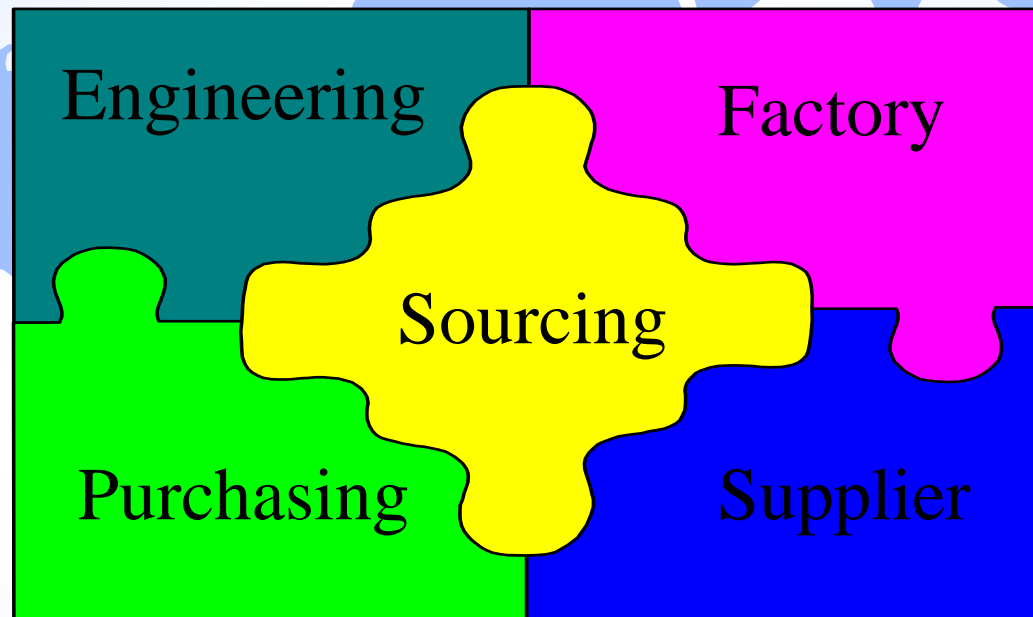
Part Number Assignment Process Flow Diagram



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Concurrent Engineering and ESI

◆ Concurrent Engineering Team



Concurrent Engineering and ESI



- ◆ Co-Location

- ◆ Pre-Defined Suppliers / EDI

 - First Time Design Success

 - Reduce Cycle Time to Market

Strategic Sourcing Web Site

- ◆ Sourcing Input @ ‘Point of Design’
 - The greatest opportunity for cost \$avings during a product life-cycle is during the design phase.
 - Providing sourcing input at the point of design will have a significant impact on product development cycle-time, quality, and BOM \$\$\$

Process Flow Comparison

- ◆ Ethical Standards
- ◆ Traditional Procurement Cycle
- ◆ Compressed Process via ESI

Ethical Standards

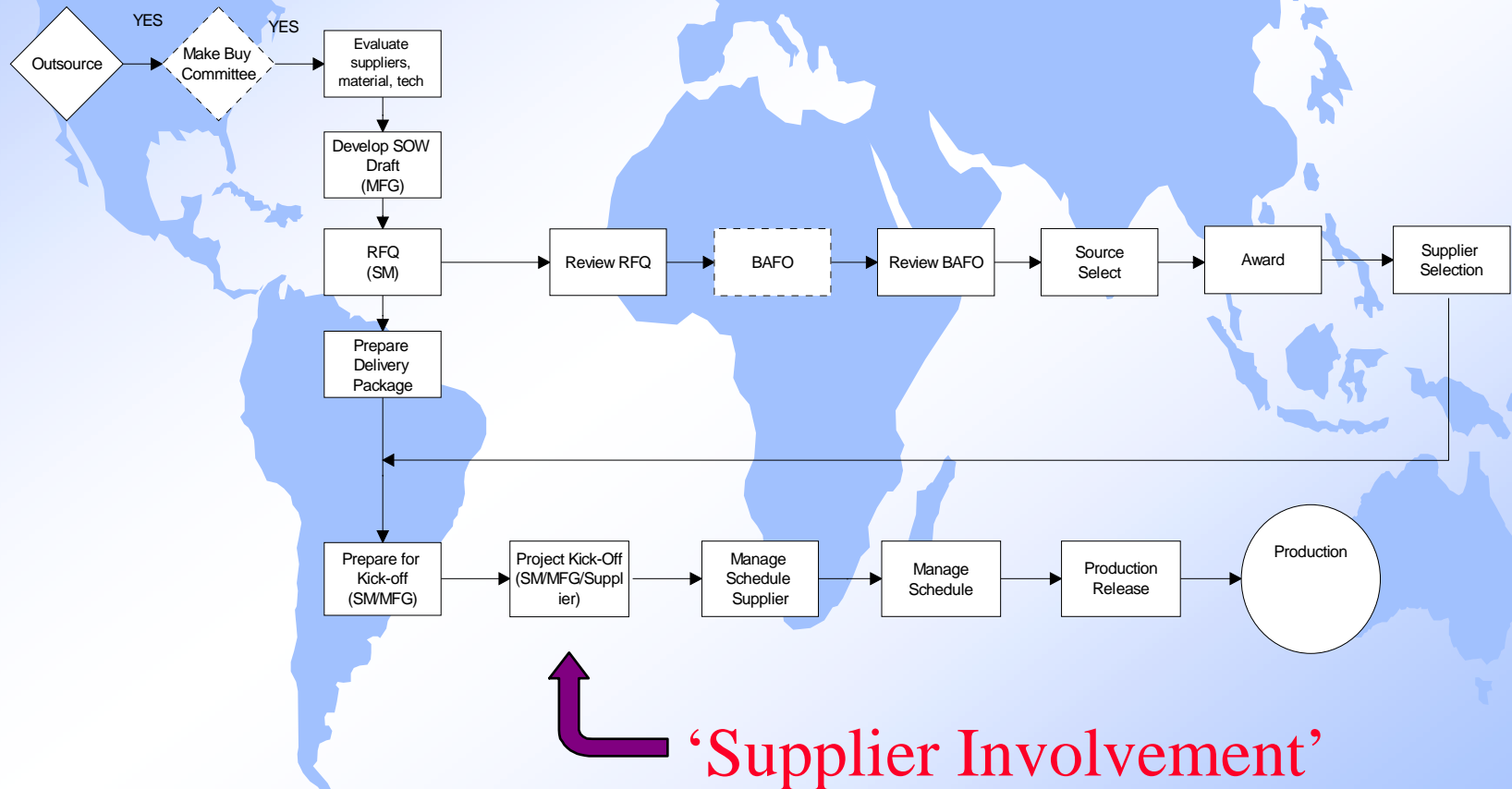
◆ NAPM

- Promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle.
- Refrain from reciprocal agreements that restrain competition.

◆ IFPMM

- While considering the advantages to the member's employer of maintaining a continuing relationship with a supplier, any arrangement which might, in the long term, prevent the effective operation of fair competition, should be avoided.

Traditional Competitive Quote Procurement Cycle



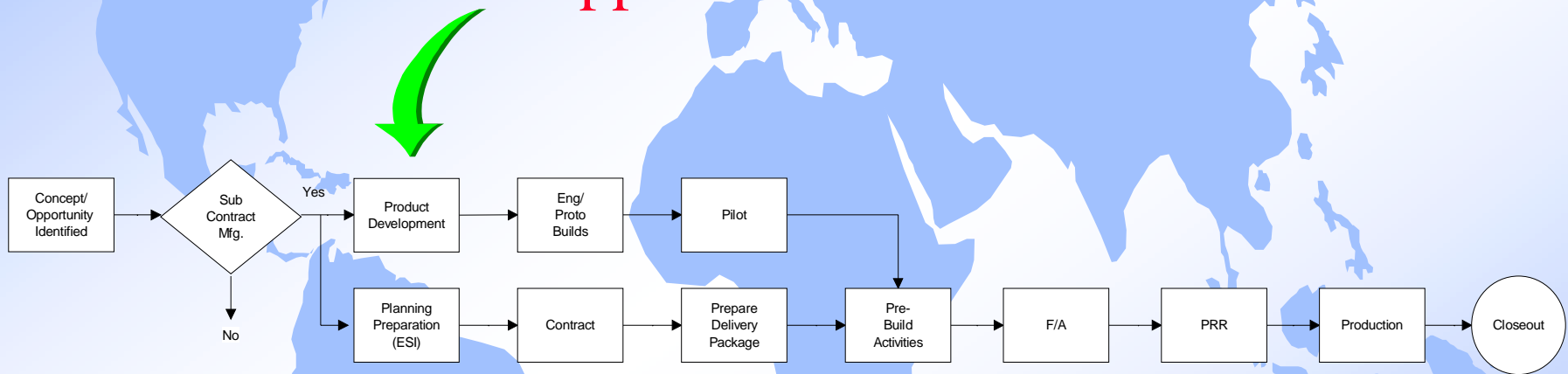
‘Supplier Involvement’



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Compressed Process via Early Supplier Involvement

‘Supplier Involvement’



“Paradigm Shift in Conflict with Traditional Purchasing Practices”



Summary

- ◆ Strategic Sourcing at the Point of Design is a Very Effective Supply Chain Management Practice
- ◆ Promote Changes in Supplier Relationships
- ◆ Implement Changes in the Product Development Process

Thank You!!!