Best Practices in HP's Supply Chain Visibility

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HP today

- Fortune 11 company, with $89 billion annual run rate

- $7 billion in organic growth in FY05

- #1 or #2 in virtually every market, customer segment and region

- >21,000 patents, 650 products introduced last year

- Growing profits in every business with better balance

- $15 billion in cash, generating $8 billion in cash from operations annually

HP Supply Chain

HP Supply Chain

A fast, flexible, cost-efficient link between our product portfolio & our customers

Broadest portfolio of IT products/ services in the world

- >650 intro 2004
- 200,000 SKUs
- 25,000 patents

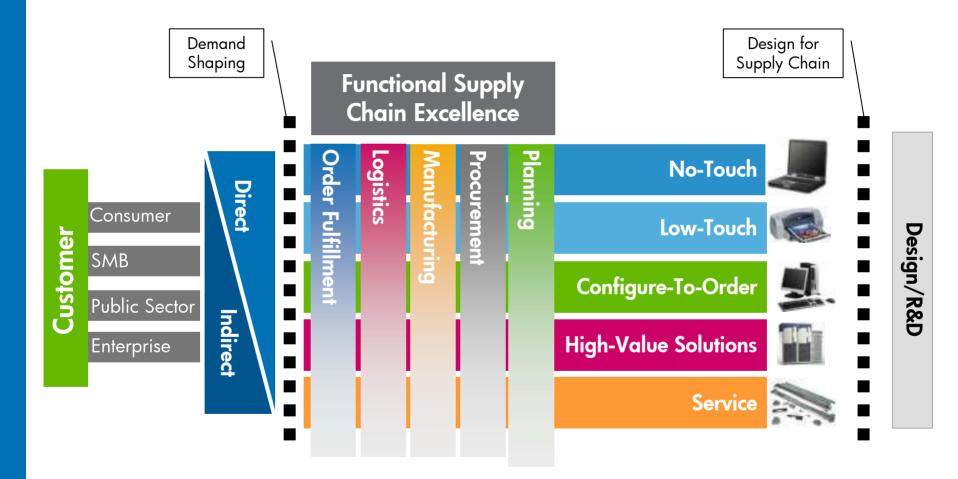### World's Largest IT Supply Chain ($51B)

- 32 manufacturing plants
- 88 distribution hubs
- 700 suppliers
- 119 logistic partners

Broadest customer base in the technology industry

- 1 billion customers
- 178 countries
- Direct & indirect
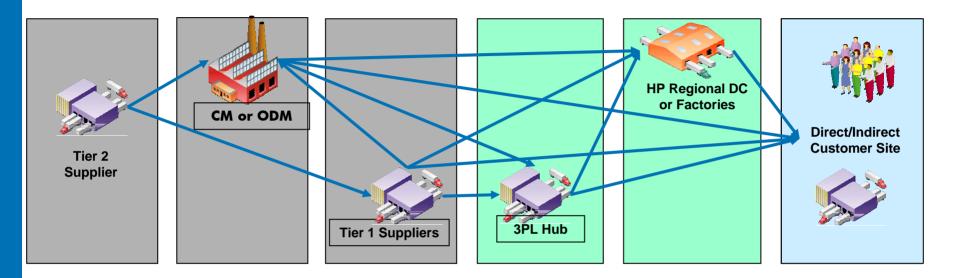
Supply Chain Strategy Overview

Demand Shaping

Design for Supply Chain

Functional Supply Chain Excellence

Customer

- Consumer
- SMB
- Public Sector
- Enterprise

Direct

Indirect

Order Fulfillment

Logistics

Manufacturing

Procurement

Planning

No-Touch

Low-Touch

Configure-To-Order

High-Value Solutions

Service

Design/R&D

Supply Chain
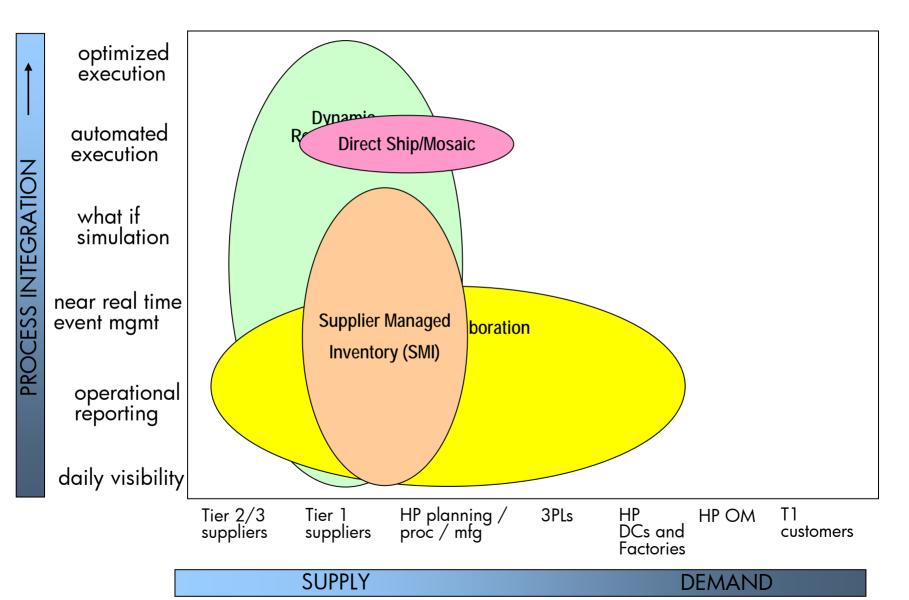# Visibility

hp

Visibility solutions

Benefits to HP:

- Reduced inventory-related costs

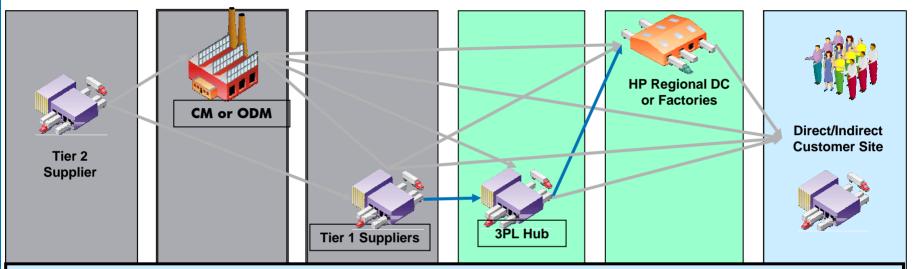- Improved material availability; improved Total Customer Experience (TCE)

Collaboration Matrix / Solution Strategy

Visibility solutions: ESS Supplier Managed Inventory

CM or ODM

HP Regional DC or Factories

Tier 2 Supplier

Tier 1 Suppliers

3PL Hub

Direct/Indirect Customer Site

Functionality Summary – Demand/Supply matching, inventory positioning, and PO management
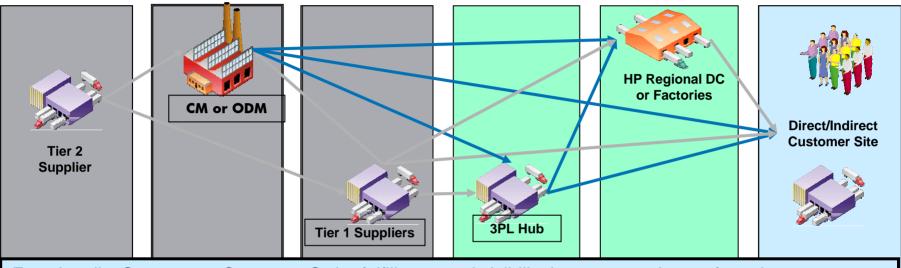
Visibility Types:

1. Visibility to HP forecast, Supplier commits, and Purchase Order data

2. Visibility to inbound shipments & receipts data

3. Visibility to current & projected inventory levels at 3PL Hub and HP manufacturing

4. Visibility to consumption plan

Usage: 229 suppliers

Geographies: All Regions

Visibility solutions: ESS and PSG Direct Ship/Mosaic

Tier 2 Supplier

CM or ODM

Tier 1 Suppliers

3PL Hub

HP Regional DC or Factories

Direct/Indirect Customer Site

Functionality Summary – Customer Order fulfillment and visibility in outsourced manufacturing environment

Visibility Types:
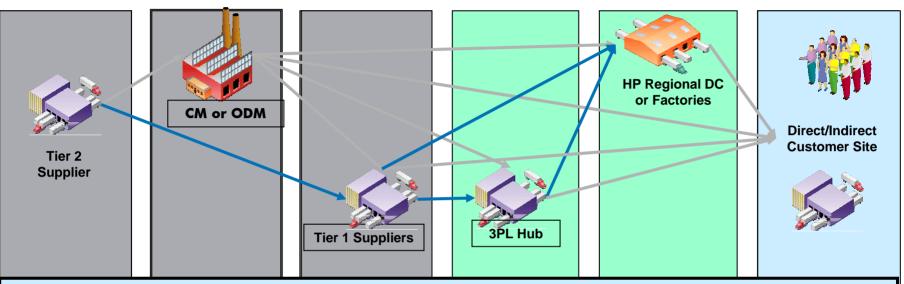
1. Customer order status
2. CM/ODM/3PL purchase order
3. CM/ODM/3PL invoicing

Usage: 80 partners

Geographies: All Regions

Visibility solutions: IPG Dynamic Replenishment

Tier 2 Supplier

CM or ODM

Tier 1 Suppliers

3PL Hub

HP Regional DC or Factories

Direct/Indirect Customer Site

Functionality Summary – Demand/Supply matching and automated dynamic inventory positioning
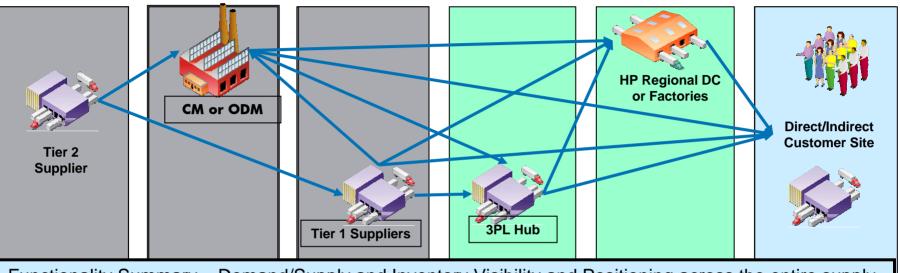
Visibility Types:

1. Visibility to Replenishment Plan

2. Visibility to inbound shipments & receipts data

3. Visibility to current & projected inventory levels at consuming and producing sites

Usage: 12 suppliers

Geographies: All Regions

Visibility Solutions: PSG Supplier Collaboration

Tier 2 Supplier

CM or ODM

Tier 1 Suppliers

3PL Hub

HP Regional DC or Factories

Direct/Indirect Customer Site

Functionality Summary – Demand/Supply and Inventory Visibility and Positioning across the entire supply chain.

Visibility Types:

1. Visibility to forecast & commits data

2. Visibility to shipments (inbound & outbound) & receipts data

3. Visibility to current & projected inventory levels at all locations

4. Visibility to aggregated order backlog – both released & unreleased sales orders

Usage: Monitors; 5 suppliers; expansion to begin in 2007

Geographies: NA in production, EMEA & AP scheduled 2H06

Discussion

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