



HP in the Manufacturing & Distribution Industries

“We Share What We Have Learned”

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VP & GM

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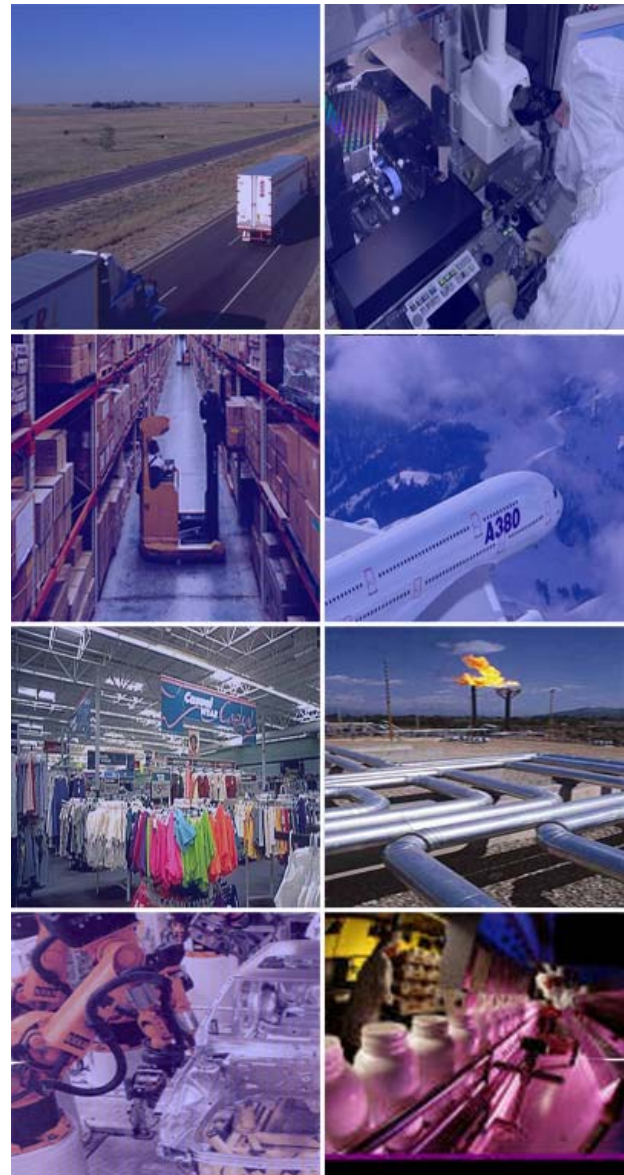
“The magic is applying technology to a business problem and when the two get connected, something great occurs.”

Mark Hurd
Chairman & CEO
Hewlett-Packard



Topics

- Innovation – YES, but ...
- Business & IT Alignment in HP – Enabling customer-centric agility
- Focus on Manufacturing & Distribution Customers – Taking best practices to market
- Execution that yields results – We share what we have learned



Innovation
Collaboration
Execution



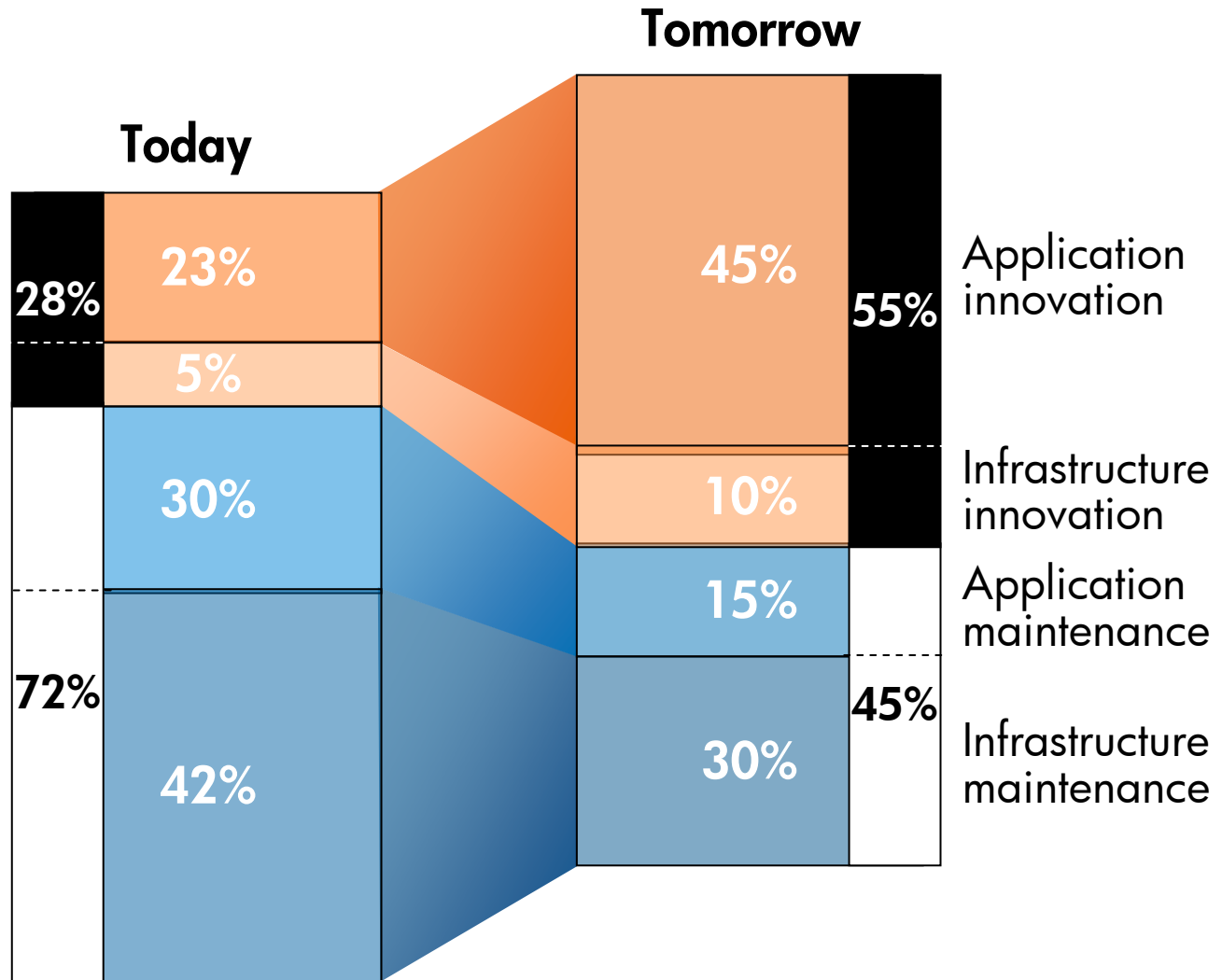
Using **IT to enable business performance and innovation is now the No. 2 technical concern** facing CEOs, behind security, according to Stephen Minton, IT strategy and budget analyst at research company IDC, in Framingham, Mass.

"Business managers have caught on to the concept that IT has a more strategic role to play than just supporting," Minton said. "Usually, CEOs were concerned with getting the cost out of IT or the complexity. It is a welcome turnaround that they are telling us they are driving strategic spending."

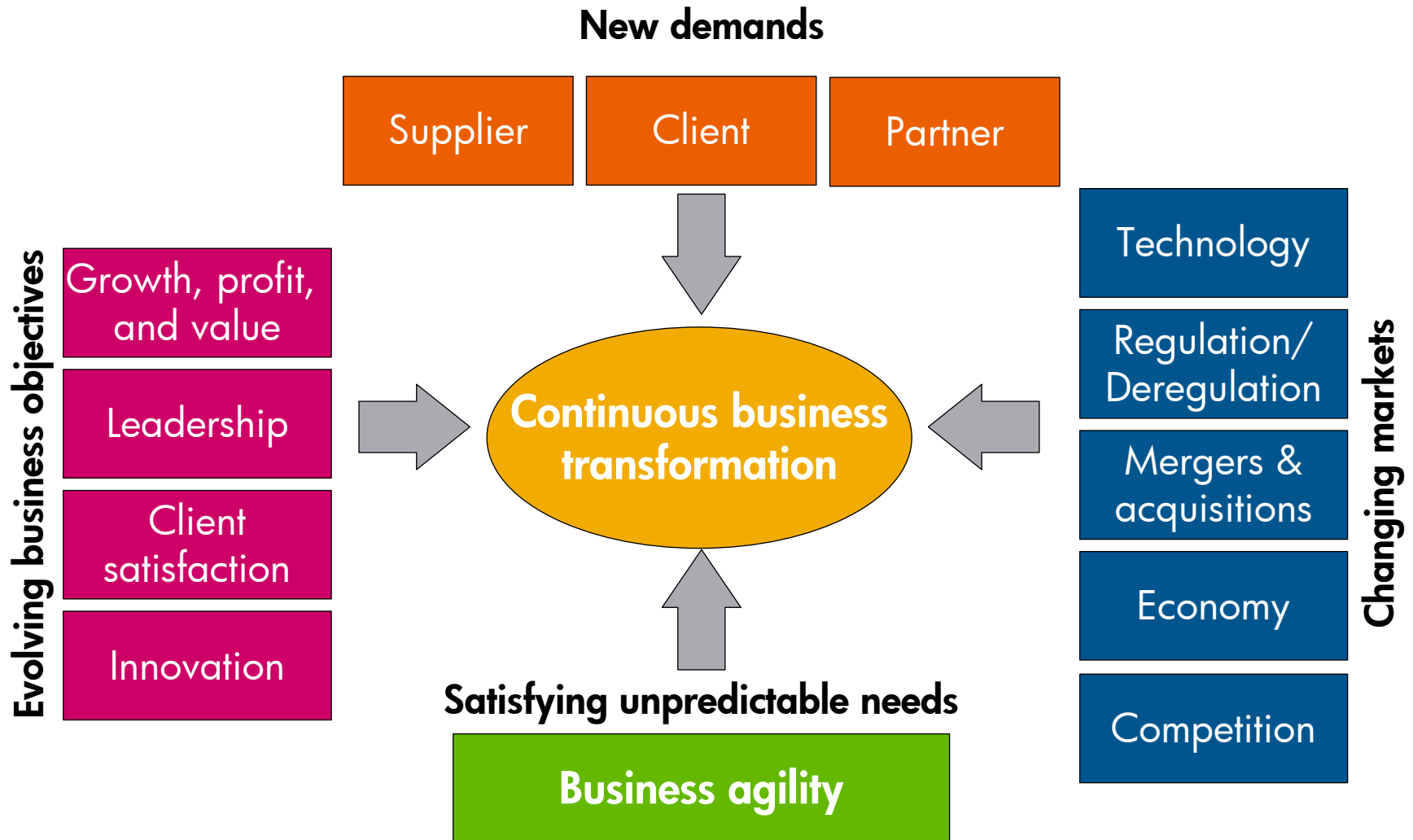
eWeek; March 12, 2006;

Innovation – YES, but ...

Freeing IT investment for innovation



Pressures on the business...



(Y)Our IT challenges are relentless

Increased volume of change

Business challenges

- Improve business performance, quality, and ROI while reducing costs
- Reduce risk associated with change
- Drive new business models and direction
- Shorten time-to-market
- Enable mergers, acquisitions, and divestitures

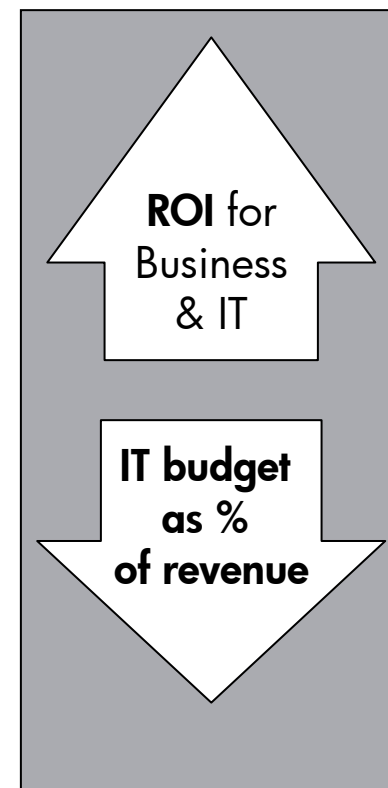
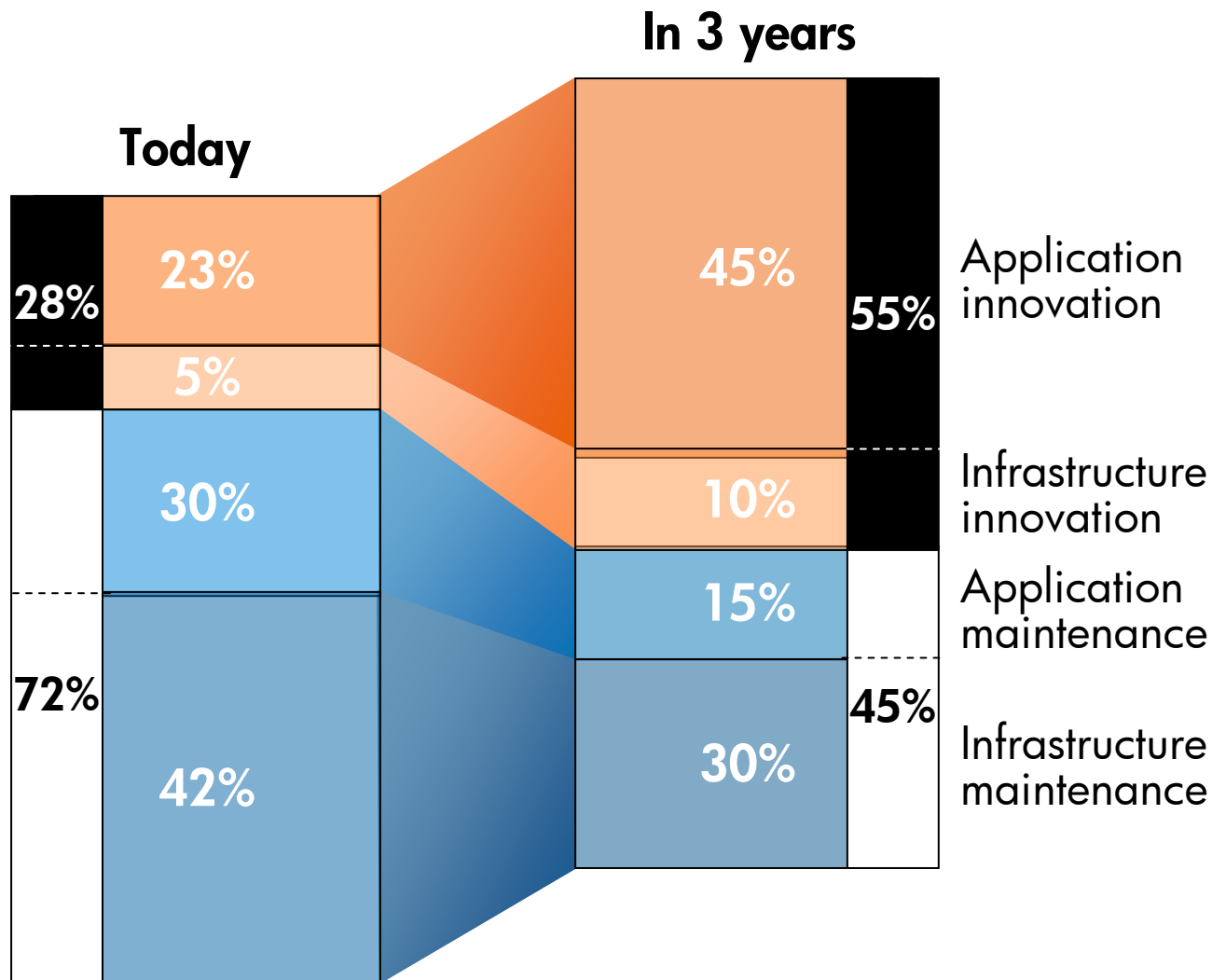


Ability to adapt quickly

IT imperatives

- Link business and IT
- Reduce costs, help achieve stability and flexibility
- Reduce complexity
- Improve use of assets today and tomorrow
- Extend value and reach of the enterprise

Freeing IT investment for innovation



Simplifying IT



Today

- Servers: **21,700**
- Storage: **4,000 TB**
- Datamarts: **762**
- Data centers: **85+ in 29 countries**
- HP IT sites: **100+, in 53 countries**
- Applications: **3,500**
- Active projects: **1,240**

Target

- Portfolio mgmt: **~500 active projects**
- IT demography: **~25 HP IT core sites**
- IT effectiveness: **80% development, 20% support**
- Global data centers: **6**
- Enterprise data warehouse: **1**
- Cost structure: **best-in-class levels**

HP's next generation data center

- Optimizing IT spend and streamlining business processes
- Leveraging our portfolio and services to maximize effectiveness
- Implementing an enterprise data warehouse to capitalize on customer data

HP Global Operations today

- 137,000 printers shipped daily
- 82,000 PCs shipped daily
- 2M Industry Standard Servers shipped annually
- 110,000 retail outlets
- 20M calls/year at Sales contact centers
- 370M customer orders annually
- An eOrder placed every 9 seconds
- 77.7M unique visits/month to hp.com



Global Operations Supply Chain Goals



Objectives

Serve
customers
globally

Continuously
deliver technology
innovation

Across breadth of
HP products
& services

Strategies

Leverage Portfolio
Of Supply
Chain capabilities

Drive efficiency and
effectiveness

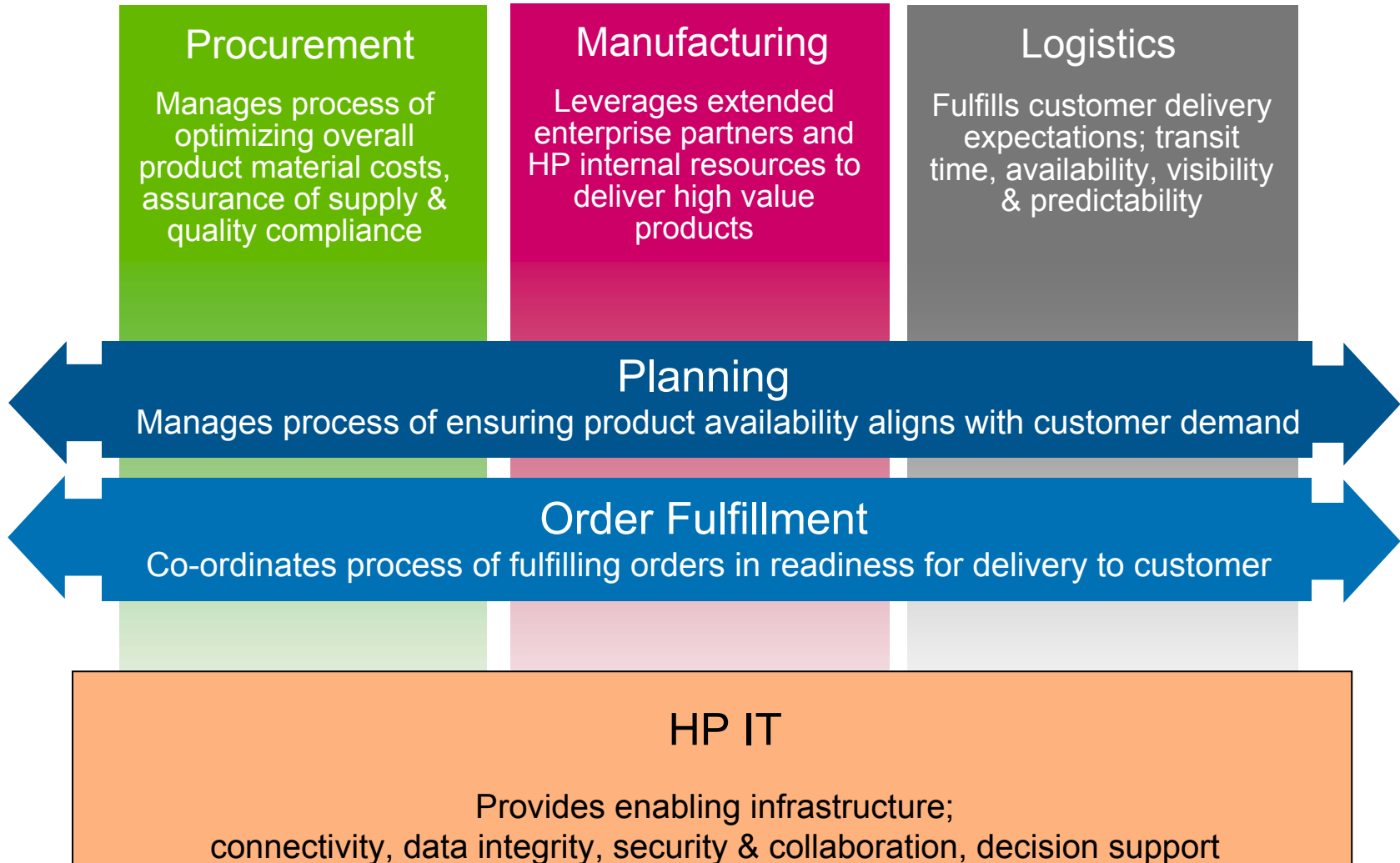
Differentiators

Ability to serve
customers how they
want

Partner
for success

Innovate Supply Chain
best practices
& processes

Supply Chain Capabilities Overview



Global Operations / Supply Chain as a competitive advantage



Relentless focus on day-to-day execution

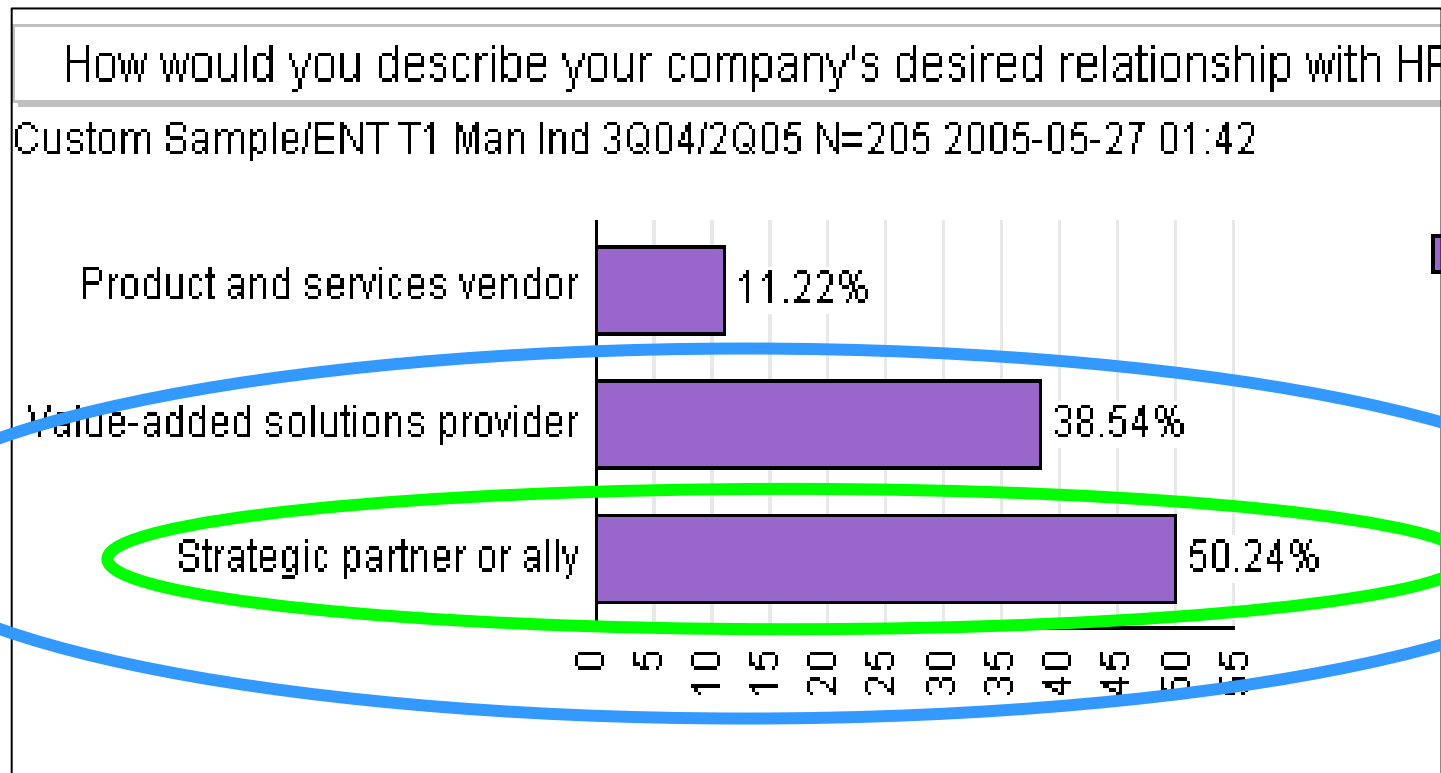
\$1B saved per year

The engine behind the portfolio

MDI Customer Expectations



Desired Relationship



50% of respondents want HP to be a strategic partner or ally with a further 39% looking for value added solutions.

Organized around our customers: HP manufacturing & distribution industries



Automotive

CPG - Logistics - Retail

Energy - Oil & Gas - Utilities

Electronics

Pharmaceutical

Other Discrete and Process Manufacturing

HP Manufacturing & Distribution Industries Industry and Solution Expertise



Durables

Automotive, Electronics,
Aerospace

Warranty Management

Consumables

Consumer Packaged Goods,
Energy, Pharmaceutical

Product Tracking and
Authentication

Distribution

Retail, Transportation and
Logistics

Product Tracking

Product Lifecycle Management

Supply Chain Visibility

Procurement Risk Management and Business Process Outsourcing

A Wide Variety of HP Solutions and Services for ERP environments

RFID

HP's Manufacturing and Distribution Industries Reference Architecture (MIRA)

← HP's Breadth of Infrastructure Products and Services →

Partnerships and alliances

Leveraging the best of the industry



Technology Partners



Software Partners



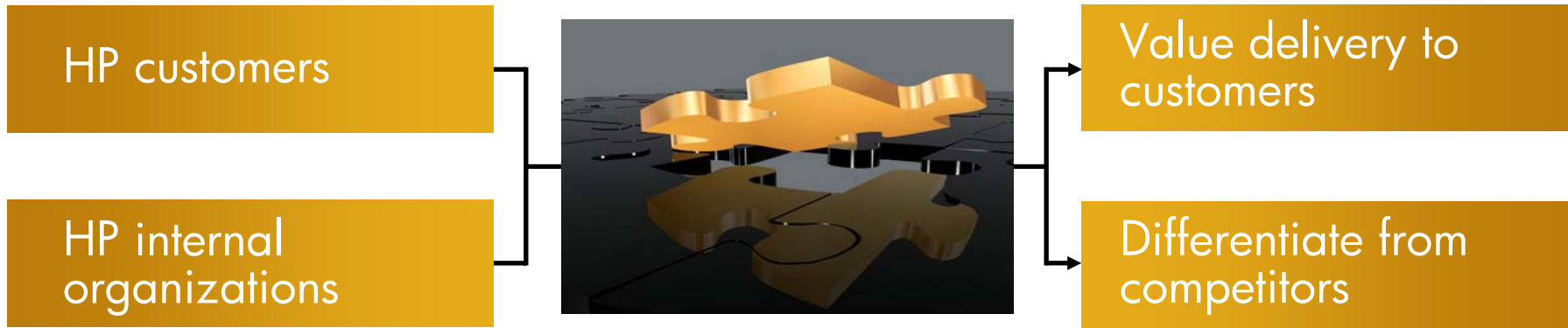
System Integration Partners



Channel Partners



HP Best Practice Sources and Goals



- HP Global Operations
- HP Internal Practice Organization
- HP Internal Knowledge Network
- HP Internal Centers of Excellence
- HP Labs
- HP Manufacturing & Distribution Industries Experts

Inside Knowledge

Execution that makes a difference

Focused on improving business performance

- The right people, the right senior management team
- The right portfolio
- The right partners
- The right capabilities



Supply Chain Visibility



HP Solutions for Supply Chain Visibility consist of structured methodologies, software and tools that simplify supply and demand data capture and analysis – an enterprise, its supply chain and its customers can better sense and respond to real-time demand shifts and supply constraints.



Best Practice Highlight

- HP internal best practice are built into the HP software components and templates used in scorecards, dashboards, and operational reporting

Customer Benefits

- Supply and demand balancing
- Better potential to recognize process improvement and course corrections requirements
- Enhance consumer experience
- Lower supply chain costs

LCD Manufacturer



Supply chain visibility: shared information hub

Korean LCD manufacturer was struggling to keep pace with volatile consumer demand and the corresponding strain on their supply chain. Centralizing supply chain data and synchronizing the data flow are critical for business flexibility.



Challenge	Solution	Expected Results
<ul style="list-style-type: none">• Inconsistent and inaccurate supply chain data• Slow to respond; slow decision making• Numerous supply chain data sources and applications• Ability to meet future growth and portfolio management requirements	<ul style="list-style-type: none">• Supply chain data model, systems, storage and services• <i>Best practices shared:</i><ul style="list-style-type: none">– <i>Supply chain data modeling and processes</i>– <i>HP Manufacturing experts participated in knowledge transfer sessions</i>– <i>HP's Global Delivery Supply Chain COE best practices used during the investigation and design phases</i>– <i>Customer's data model based on HP's internal data model</i>	<ul style="list-style-type: none">• Supply chain data model meets current and future requirements• On-going project; 6-months complete

Radio Frequency Identification



HP, an early adopter of RFID, is already a recognized leader in using and understanding the technology. The company uses RFID within its own supply chain, provides RFID design, integration and implementation services to customers and is part of a global effort to establish RFID standards. HP's RFID solutions address both product tracking and asset management challenges.



Best Practice Highlights

- HP RFID Centers of Excellence
- HP Labs RFID research
- Board of Governors of EPCGlobal

Customer Benefits

- Improve product tracking
- Enhance asset management
- Reduce cycle times through automation
- Lower operational risks
- Improve return on investment
- Heighten customer satisfaction

Retailer

RFID and logistics



European retailer ships hundreds of millions of cartons through its distribution center each year. Imports from China are on the rise, especially textiles. Improved visibility and logistics including better processes for clearing customs required to maintain competitiveness.



Challenge



Solution



Results

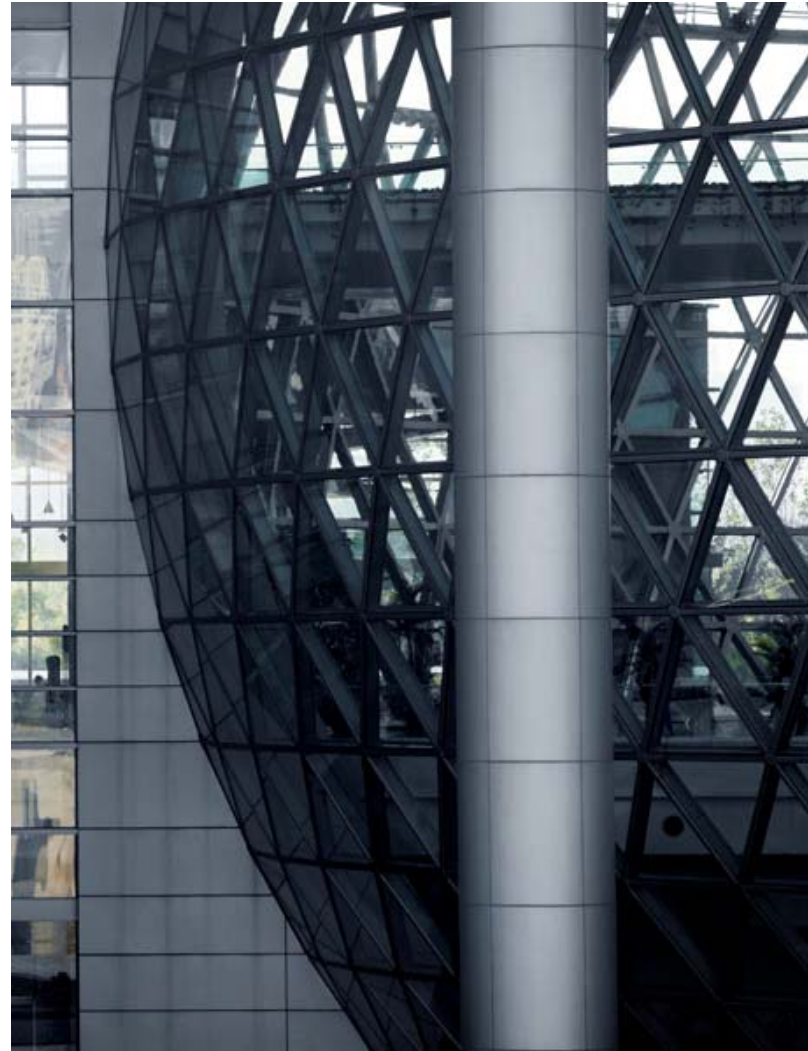
- Reduce shipment lead time from China to Europe by an average of 30%
- Increase read rate accuracy as compared to bar codes in order to reduce re-routing and re-work from conveyors
- Optimize the logistics process through better assessment of alternative processes (e.g. ship vs. air)

- RFID, supply chain and logistics process and IT consulting; inventory visibility for real-time optimization
- *Best practices shared:*
 - *Logistics, customs, RFID process and implementation knowledge transfer*
 - *Delivery and deployment recommendations*
 - *Select RFID/logistics headquarter experts from HP involved at product launch*

- Improved reading accuracy 5% over bar codes; saving labor costs
- Estimated reduced time through customs
- Stand alone infrastructure with data shared via web services

Innovation, collaboration, execution

- Commitment to customers, valuable solutions and experiences
- Collaboration with partners
- We share what we have learned



Bringing Best Practices to Market

..... We share what we've learned!

