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# Achieving Bottom-Line Operational Results Through the Design and Implementation of a Supply Chain Collaboration Center



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Solid partners.  
Flexible solutions.

# Supply Chain Collaboration Center

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Celestica

# Celestica Overview

## A \$6.5B GLOBAL LEADER IN INNOVATIVE END-TO-END SUPPLY CHAIN SERVICES



- Services span the entire product lifecycle:
  - design, manufacturing, assembly, order fulfillment, logistics, and after-market services
- Over **100 customers** in the sectors:

COMPUTING

COMMUNICATIONS

CONSUMER

INDUSTRIAL

HEALTHCARE

GREEN  
TECHNOLOGY

AEROSPACE

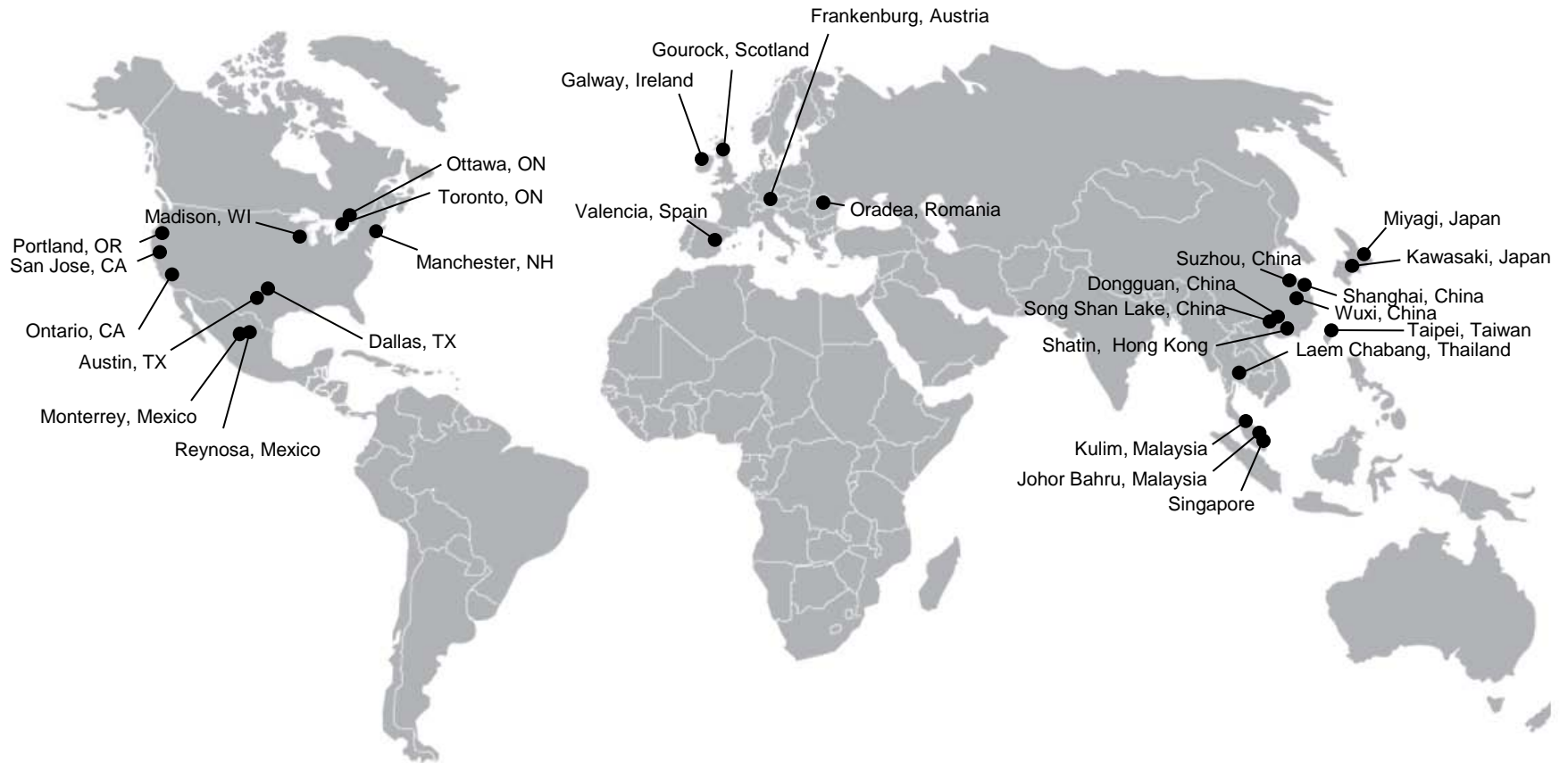
DEFENSE



# Celestica partners with the best-known firms in the world!



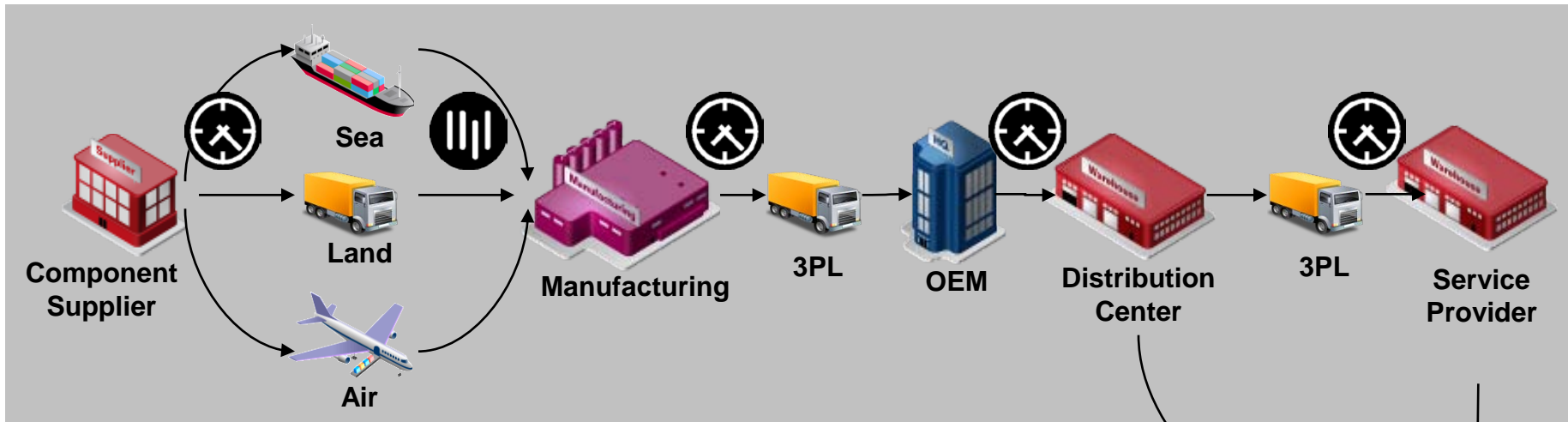
# Our operational and supply chain network is aligned to meet our customers' needs




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# The Challenge


# Complexity in Global Outsourced Supply Chains




LATENCY

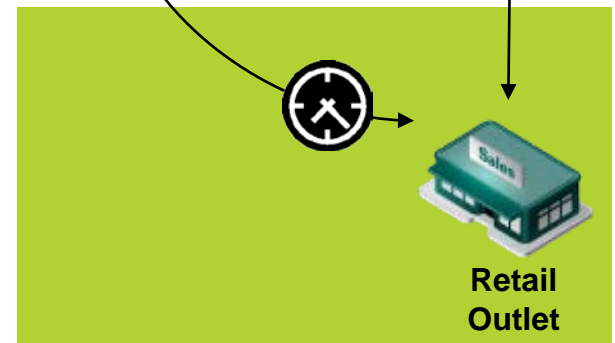
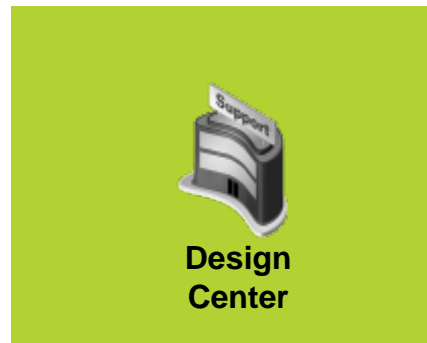


MISALIGNED METRICS



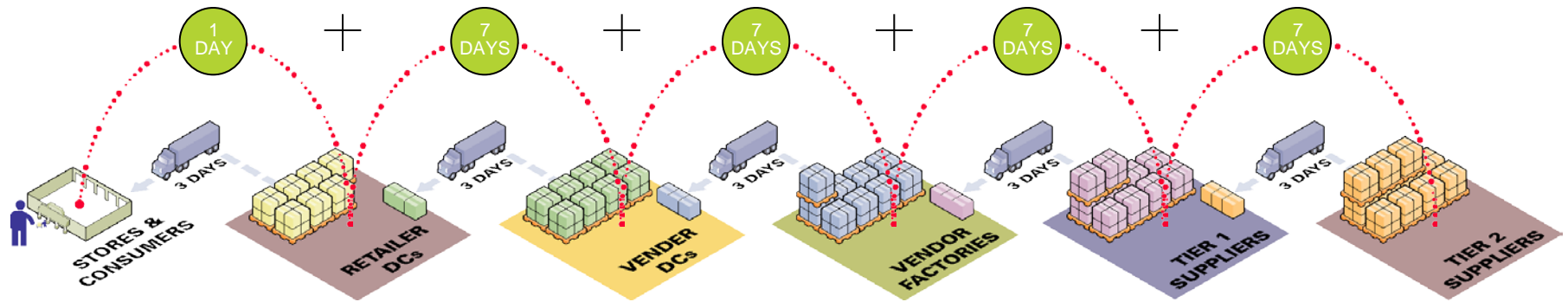
INFORMATION LEADTIME





# Optimized to move parts OR information?

## Real Lead Time



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# Our Journey

# Business transformation through supply chain & IT

Driving flexibility and speed for Celestica and our customers

How are our suppliers driving value?

**1**  
**Supplier TCOO**  
*Supplier capabilities and performance*

How flexible is our supply chain?

**2**  
**Ring Strategy**  
*Increasing flexibility*

**3**  
**Tools**  
*Platforms to manage change*

How responsive is our supply chain to changes in customer demands?

# Business transformation through supply chain & IT

## Driving flexibility and speed for Celestica and our customers

### Supplier TCOO Scorecard

*Supplier Capabilities and Performance*

- Ring Score (lead-time management)
- Payment Terms
- Strategic Partnerships
- Quality Performance
- Market Performance
- Technology & Innovation

Customer TCOO scorecard



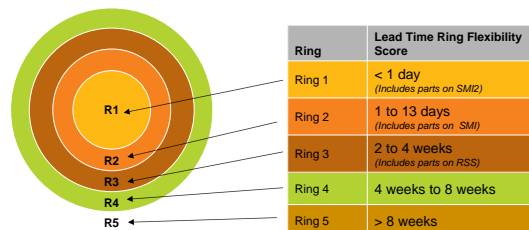
**Understanding cost/performance of the supply chain**

**Pricing and service level alignment**

### Ring Strategy

*Increasing Flexibility*

- Ring score - each Ring represent a lead time range
- Goal is to have sourced from lowest Rings
  - Lead times < 2 wks target



**Quick replenishment, Inventory Optimization**

**Flexibility up or down**

# Business transformation through supply chain & IT

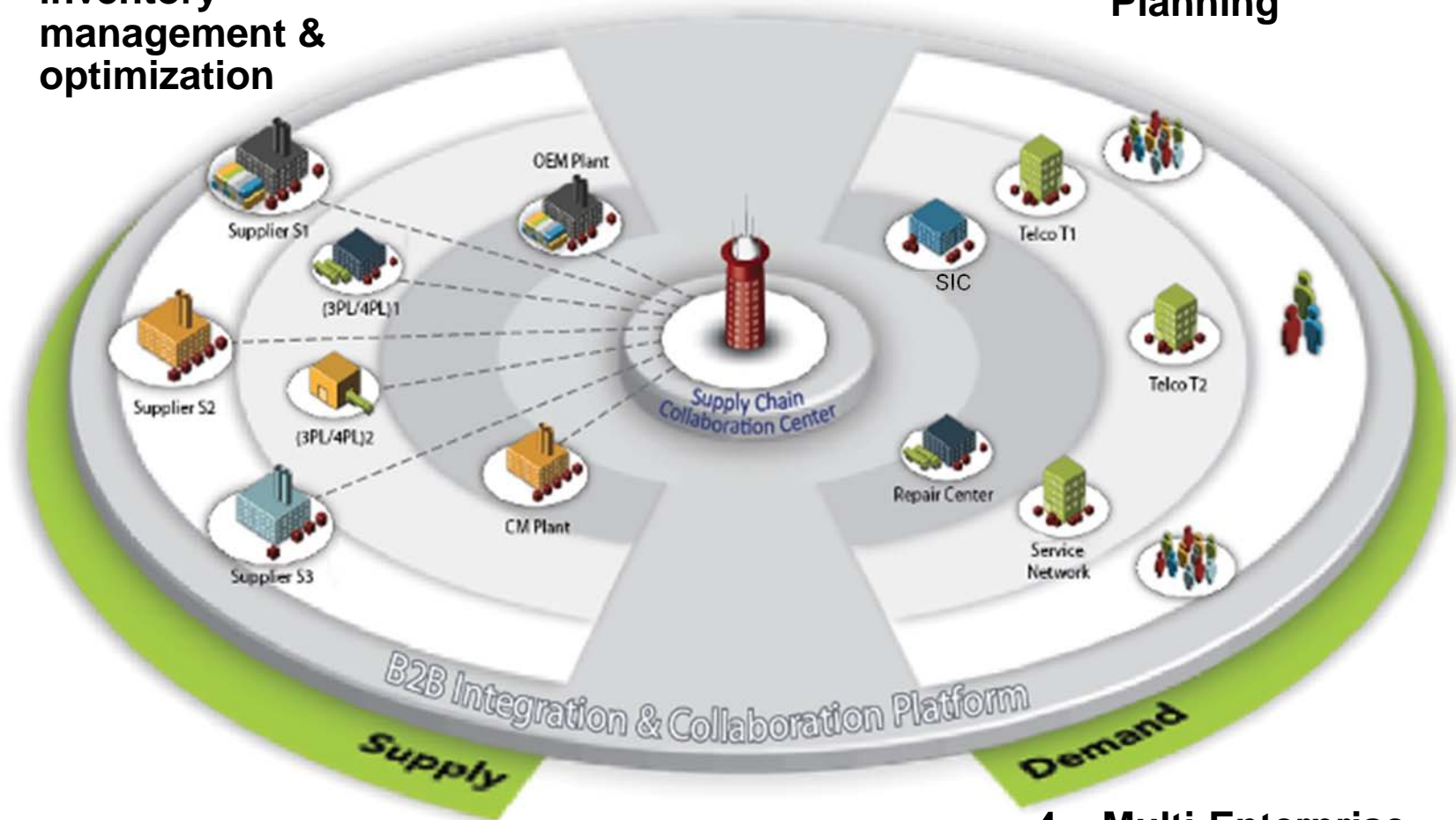
Driving flexibility and speed for Celestica and our customers



# The Supply Chain Collaboration Center

1. Collaborative inventory management & optimization

3. Collaborative Demand Planning

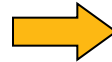


2. Supply-Demand Balancing & Analytics

4. Multi-Enterprise Integration & Collaboration Platform

# Driving Positive Business Impact

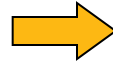
- **Comprehensive inventory reduction program**
  - Focused on all facets of inventory creation



## Improvements from 2006 to 2011

Inventory reduction:	36%
E&O reduction	57%
Inventory turns improvement	32%

- **Supply chain flexibility**
  - Lead time reduction and supply flexibility



Ring 1-2 (2 week lead time)	43%
16000 parts with lead time of less than 2 weeks	

- **Total Cost of Ownership framework (TCOO™)**



Increased supplier performance	
Quality	8%
Responsiveness (48hrs)	39%







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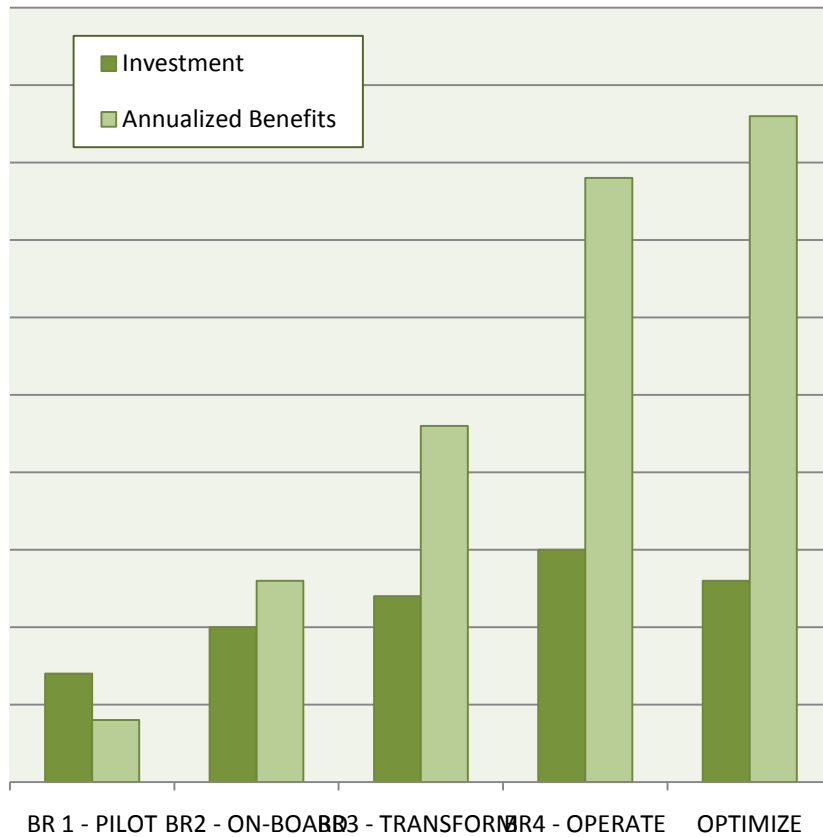
Value First

# What is Changing

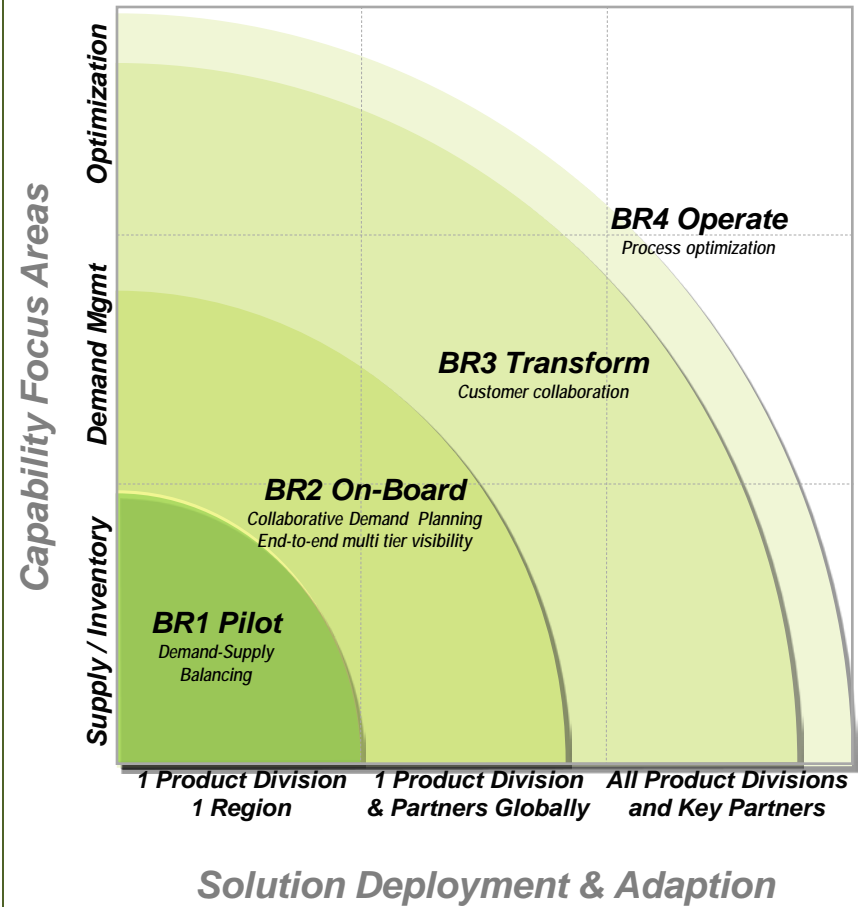
<b>Demand &amp; Inventory Planning</b>	<ul style="list-style-type: none"><li>• Limited inventory planning &amp; visibility</li></ul>	 <ul style="list-style-type: none"><li>• Integrated S&amp;OP process with what-if capability for financial impact assessment</li></ul>
<b>Supply Demand Balancing</b>	<ul style="list-style-type: none"><li>• Sequential planning cycles with limited visibility to material availability for order promising</li></ul>	 <ul style="list-style-type: none"><li>• Multi product complex order delivery promising and on line drill down capability</li></ul>
<b>Sourcing &amp; Supplier Collaboration</b>	<ul style="list-style-type: none"><li>• Long cycle time for supply commitments and cost based supply decisions</li></ul>	 <ul style="list-style-type: none"><li>• Improved accuracy, response time for supply commitments thanks to TCOO based sourcing</li></ul>
<b>Technical Architecture &amp; Data</b>	<ul style="list-style-type: none"><li>• Limited integration across supply chain partners</li></ul>	 <ul style="list-style-type: none"><li>• Single system of process for planning – not constrained by our current ERP landscape</li></ul>

# Balance value creation with scope

## Return on Investment



## Business Releases



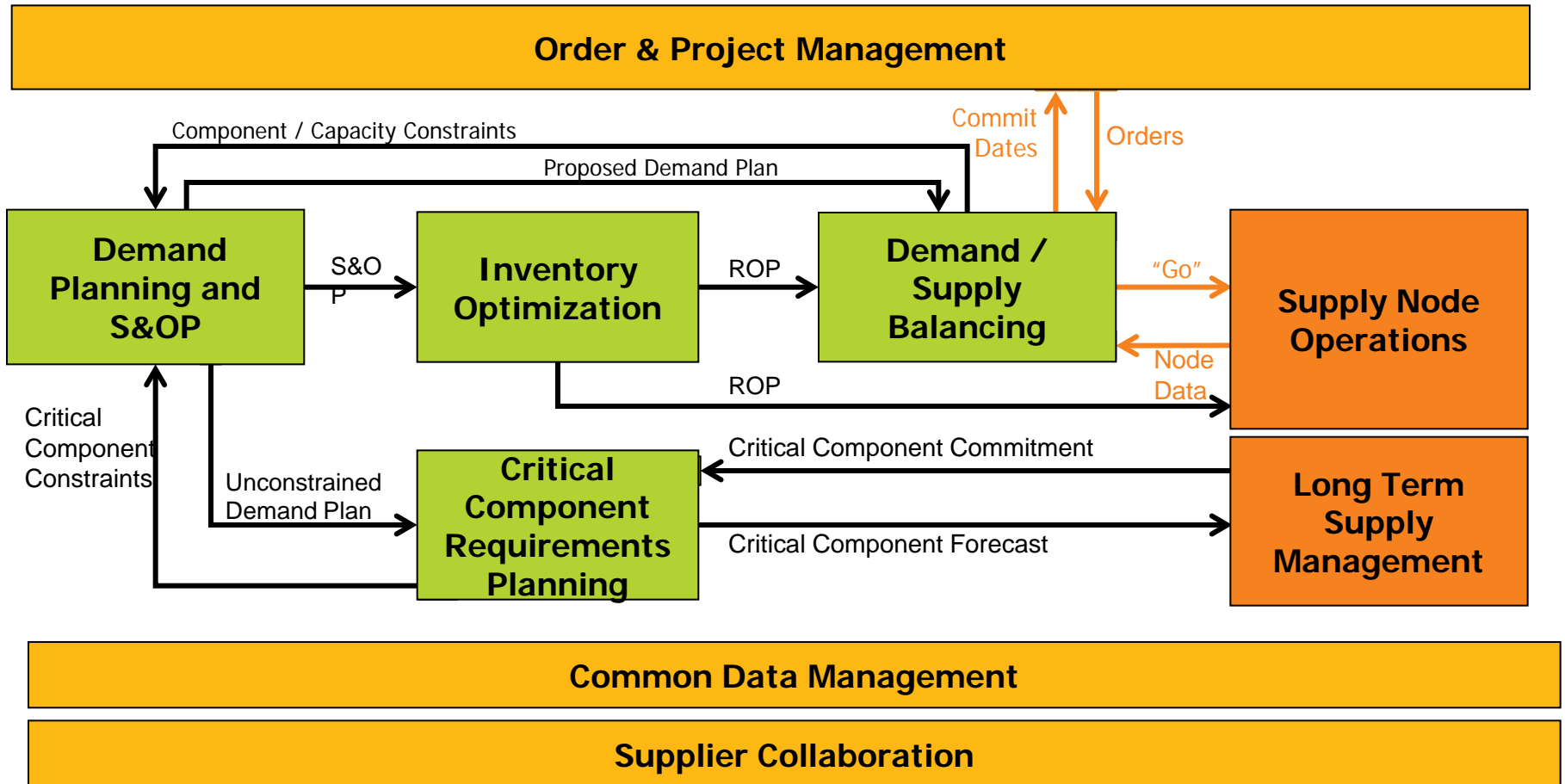


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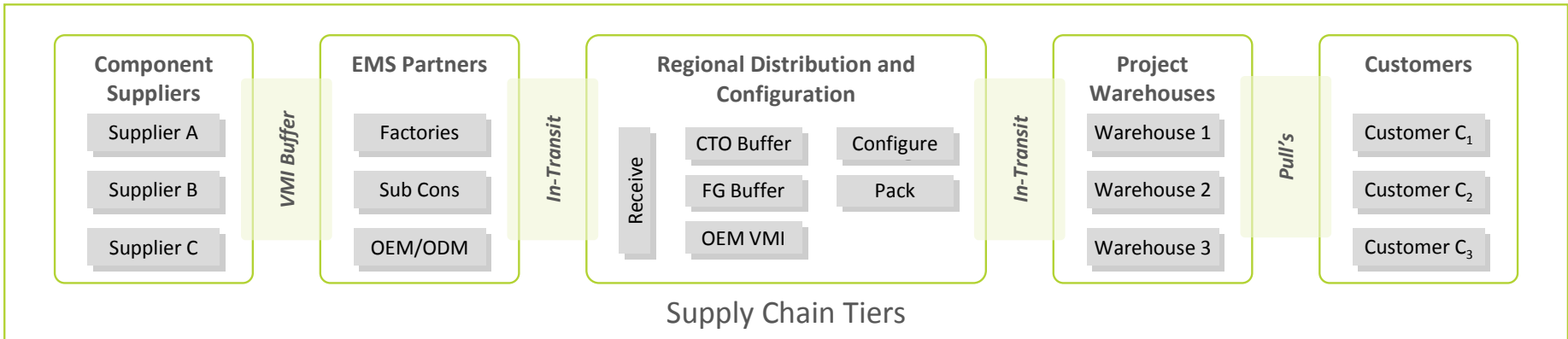
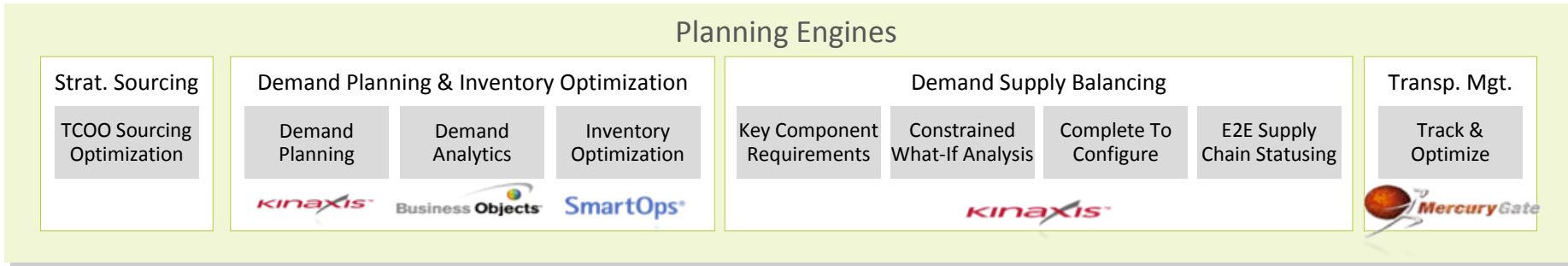
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# Aligning Process and IT

# The building blocks of the Business Process Architecture



# IT Architecture supporting the Business Processes





**SUCCESS**

**Where to Start ?**

# Roadmap for Accelerating Collaboration

1

## Identify Value First

- Complete TCOO assessment
- Identify top value opportunities
- Launch program with positive ROI

2

## Demonstrate Value & Extend Mandate

- Align & use performance metrics
- Deliver value in 6 months
- Refine program scope & mandate

3

## Make it sustainable

- Implement enabling technology
- Refine organization & metrics



**New Focus**

# Transforming our Business

Expanding into high-value customer opportunities



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Thank You

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## Q&A

Please feel free to submit your questions now



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Chief Operating Officer



**Thank you for attending this session**

**Join us at the *kinaxis*<sup>™</sup> booth in the exhibition hall  
to continue the discussion**

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