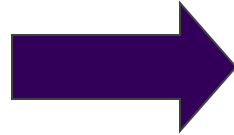


Driving Supply Chain Flexibility



Chris Armbruster

**Director
Supply Chain Strategy
Agere Systems**



Waste Not Tolerated

Our Choice



or

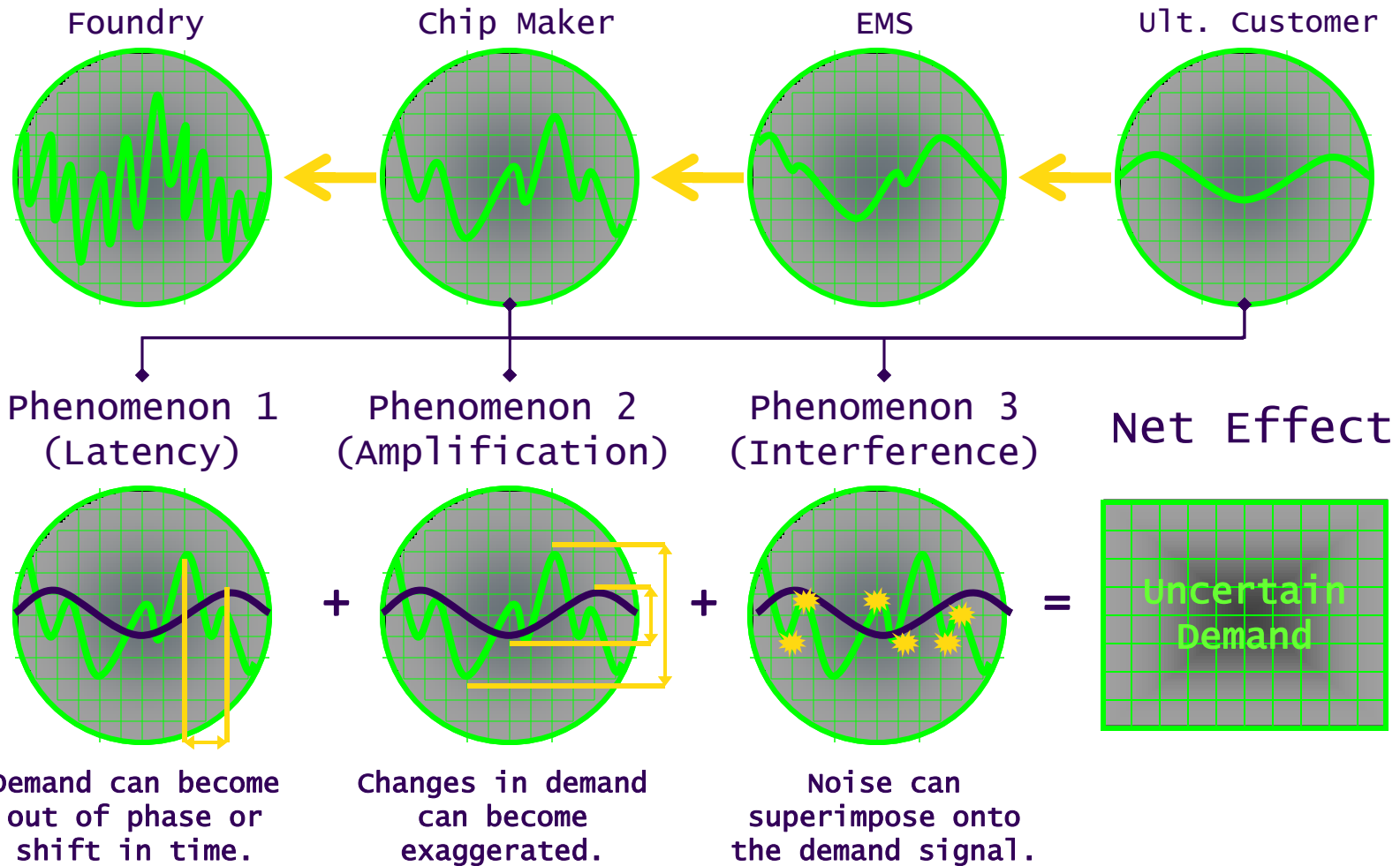


“The quest for certainty blocks the search for meaning. **Uncertainty** is the very condition to impel man to unfold his powers.”

--Erich Fromm



It's also the driving force behind flexibility.



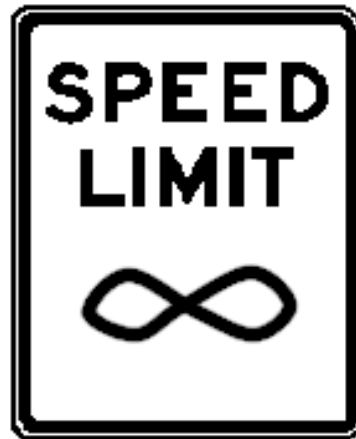
Solution = Visibility & Collaboration
Flexibility Can't Do It All

Intelligence



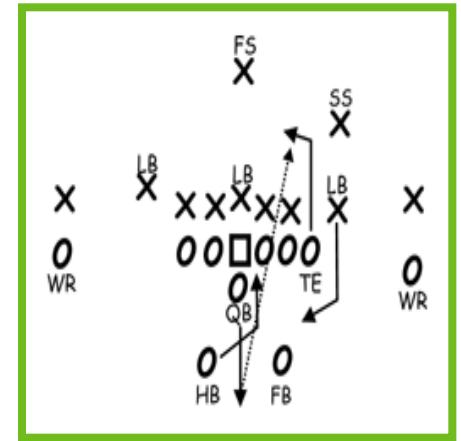
+

Speed



+

Strategy



= Flexibility

Business Intelligence



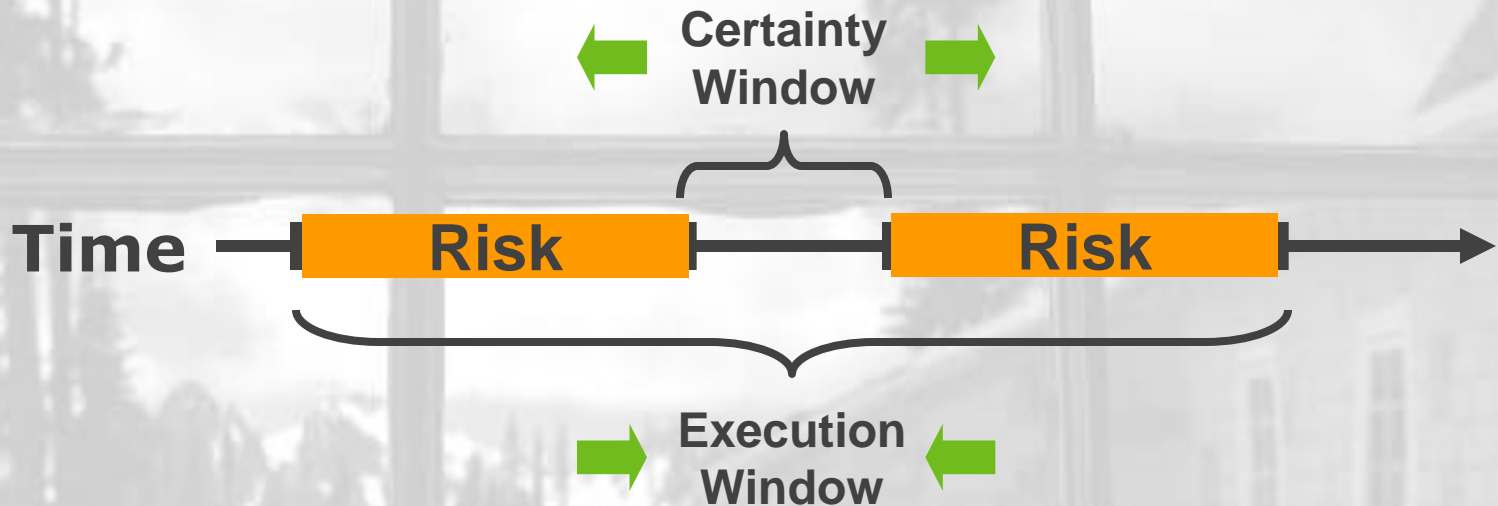
Notwithstanding its fickle nature, uncertainty can be understood, characterized, bounded and modeled.

- The data exists, but must be **mined** for meaningful information.
- Key input to developing a **relevant** fulfillment strategy.



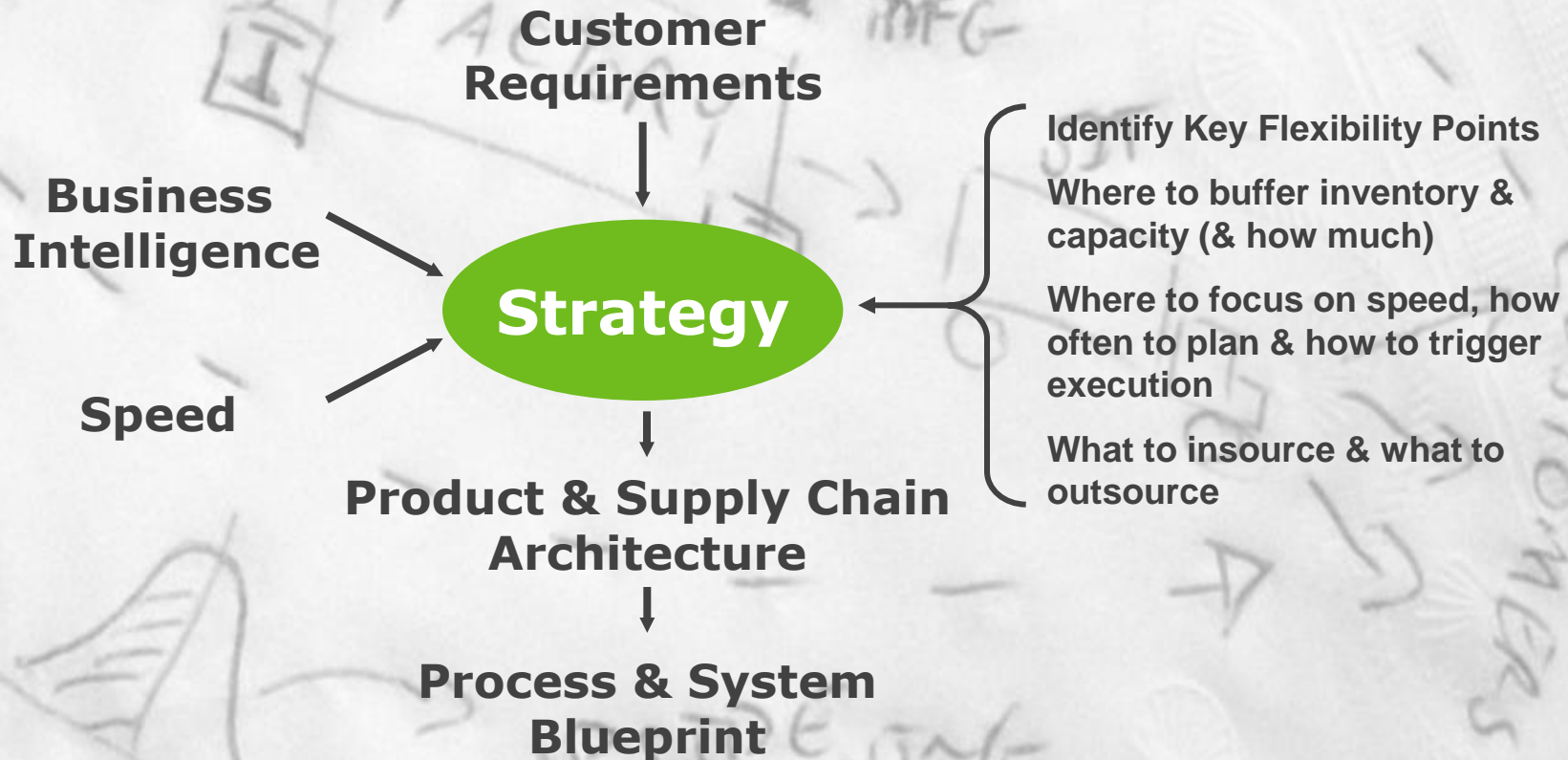
Speed

All About Aligning Windows



- Speed of info stretches certainty window
- Speed of operations shrinks execution window

Strategy



Agere's Approach to Flexibility

About Agere

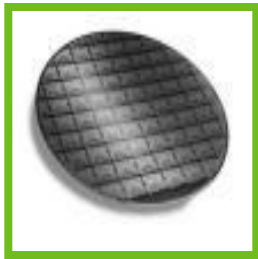
\$1.8B FY03 Revenue

- No. 1 in chips for hard disk drives
- No. 1 in chips for wired communications
- No. 1 in 802.11b chips for PCs
- Top ten customers: Apple, Cisco, HP, Lucent, Maxtor, NEC, Nokia, Samsung, Seagate, Western Digital

Employees:	6,800
Regional Offices:	
Allentown, PA	Ascot, UK
Santa Clara, CA	Hong Kong, China
Assembly & Test Sites:	Bangkok, Thailand & Singapore

About Our Supply Chain

**Wafer
Fabrication**



4-10 Wks



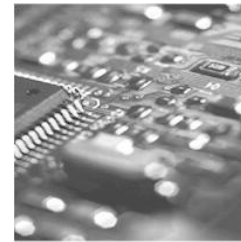
**Package
Assembly
& Test**



2 Days



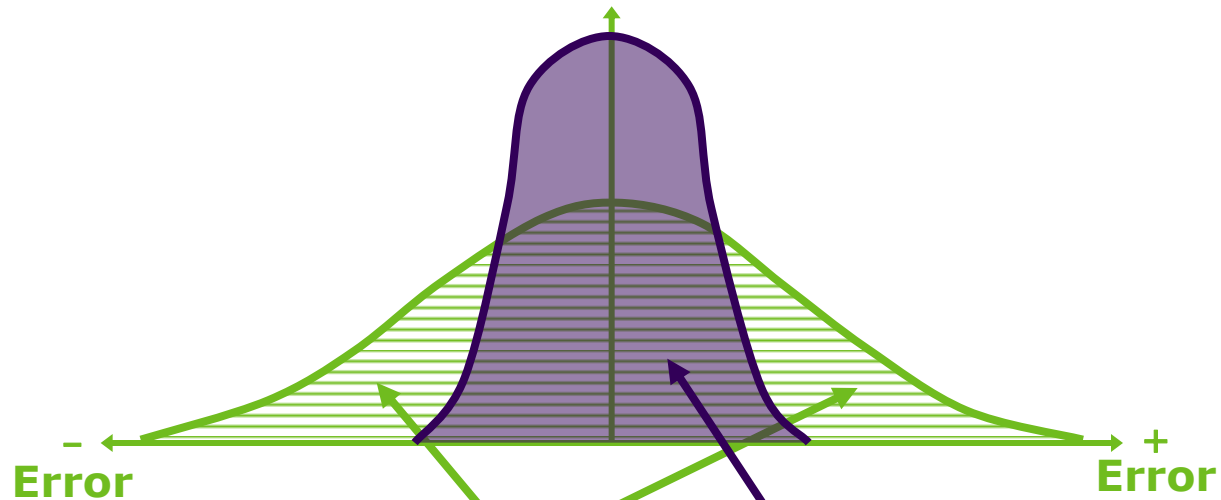
**Circuit
Assembly**



Hours



Using Business Intelligence To Manage Uncertainty



Propagation Error

As demand propagates up the supply chain, the demand signal degrades.

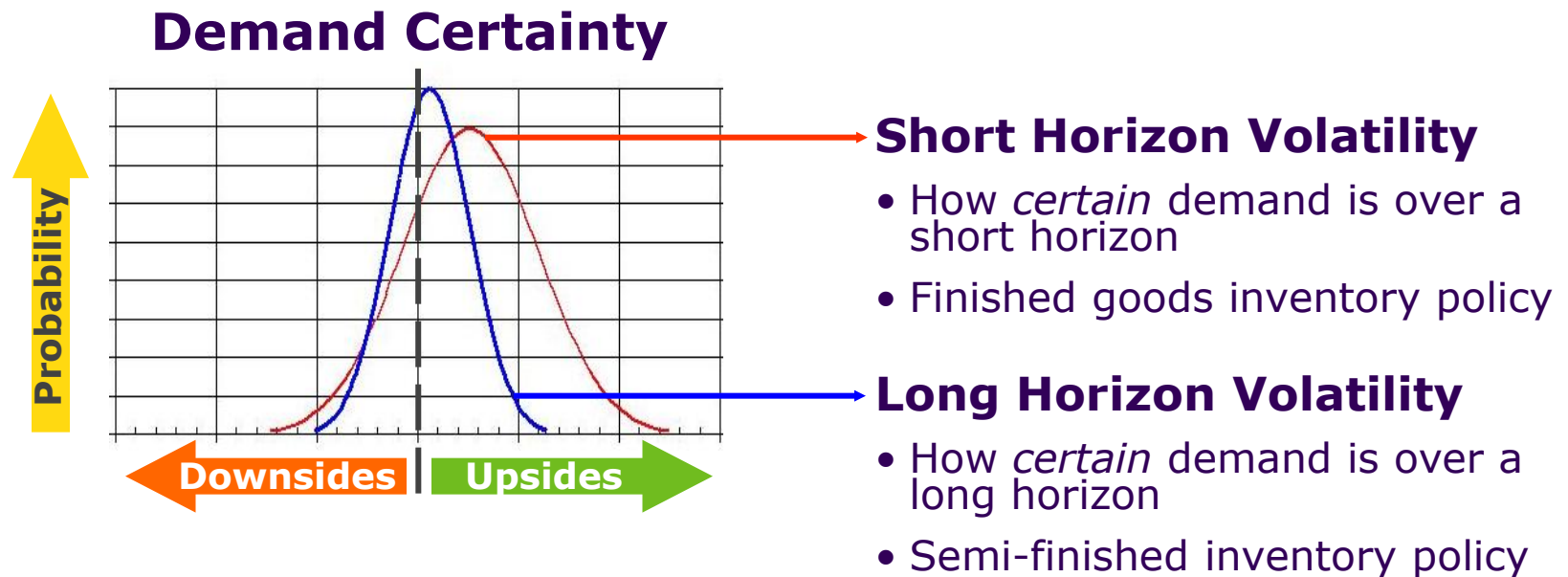
Visibility & Collaboration

Market Error

Forecasts are often based on uncertain markets.

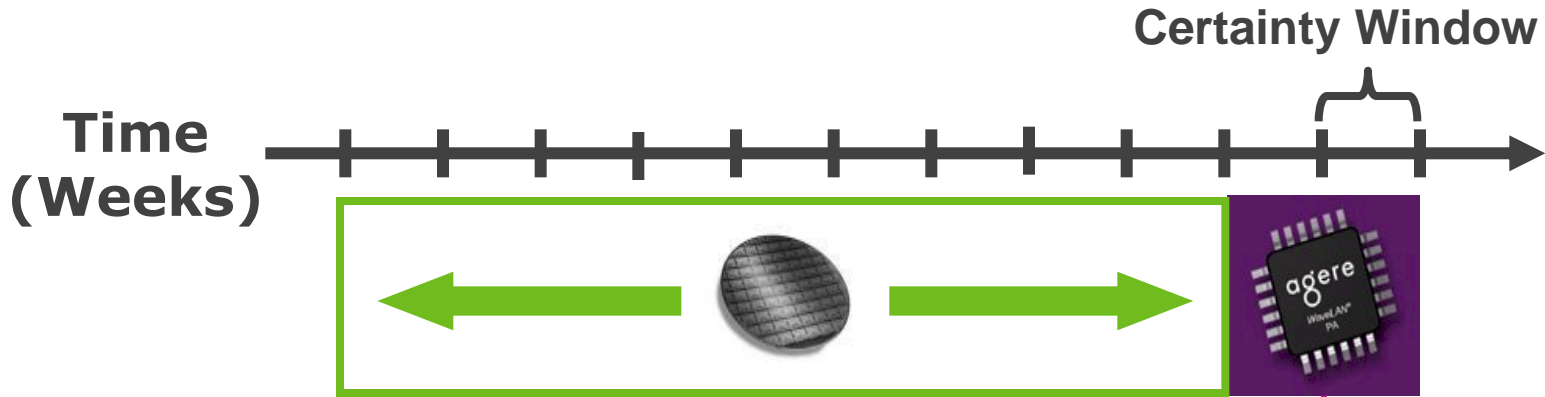
Flexibility

Profiling Uncertain Demand



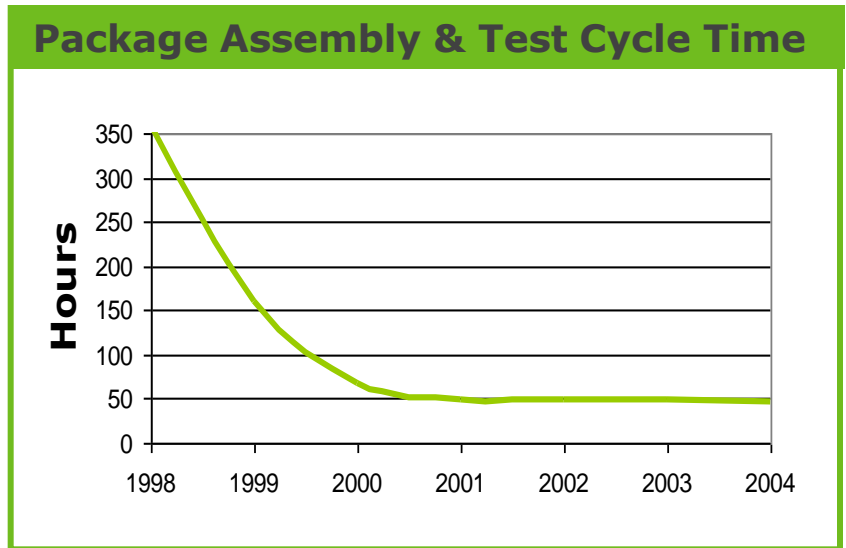
Our customers are somewhat certain about their demand over a quarter, but beyond the current week they are not sure when in the quarter it will materialize.

Speed



Lean Manufacturing

Shrink Execution Window for Package Assembly & Test Operations to Fit Inside Certainty Window



More Than Just Fast Manufacturing

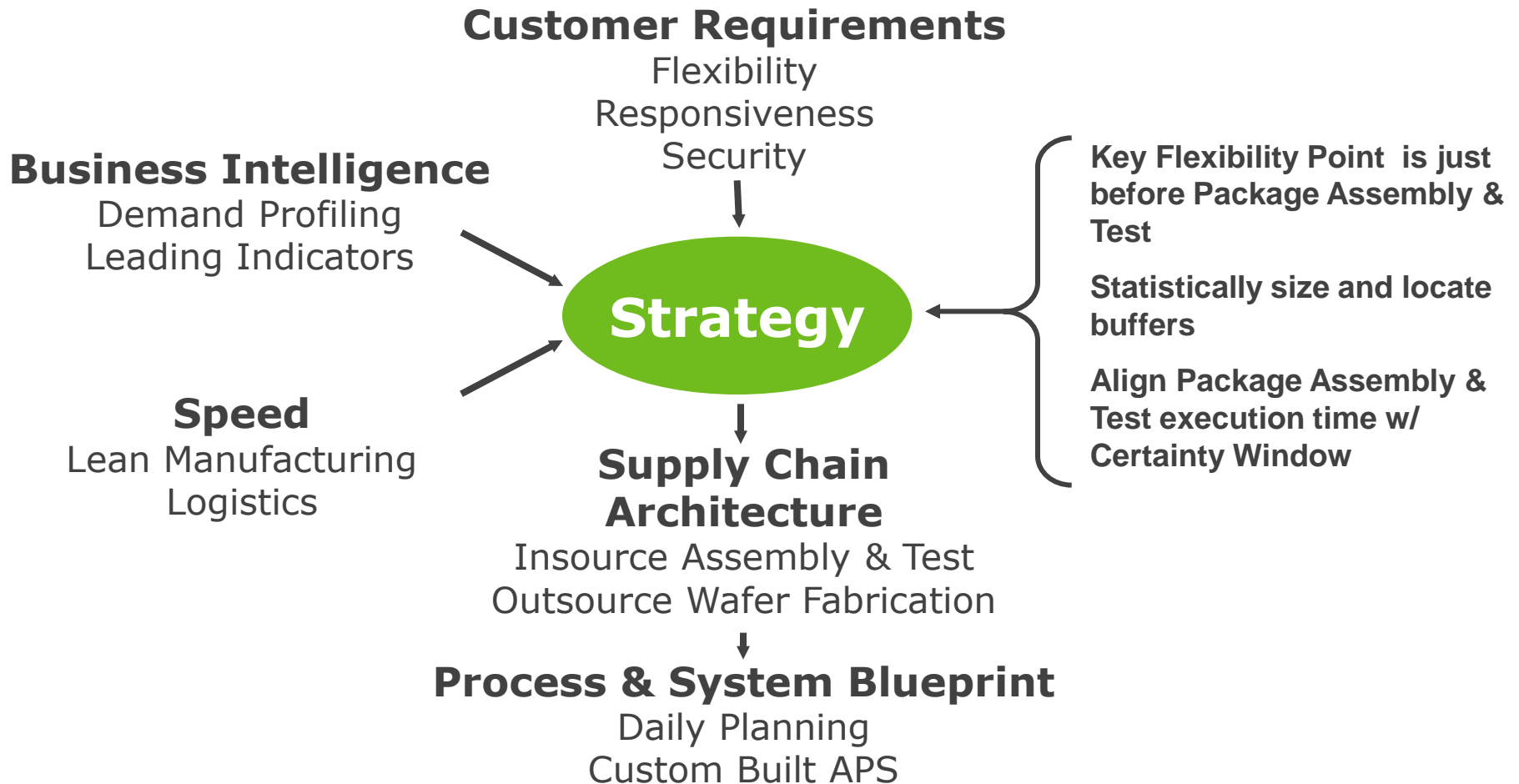


24 Hour Planning Cycle

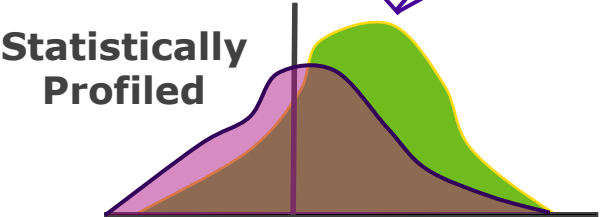
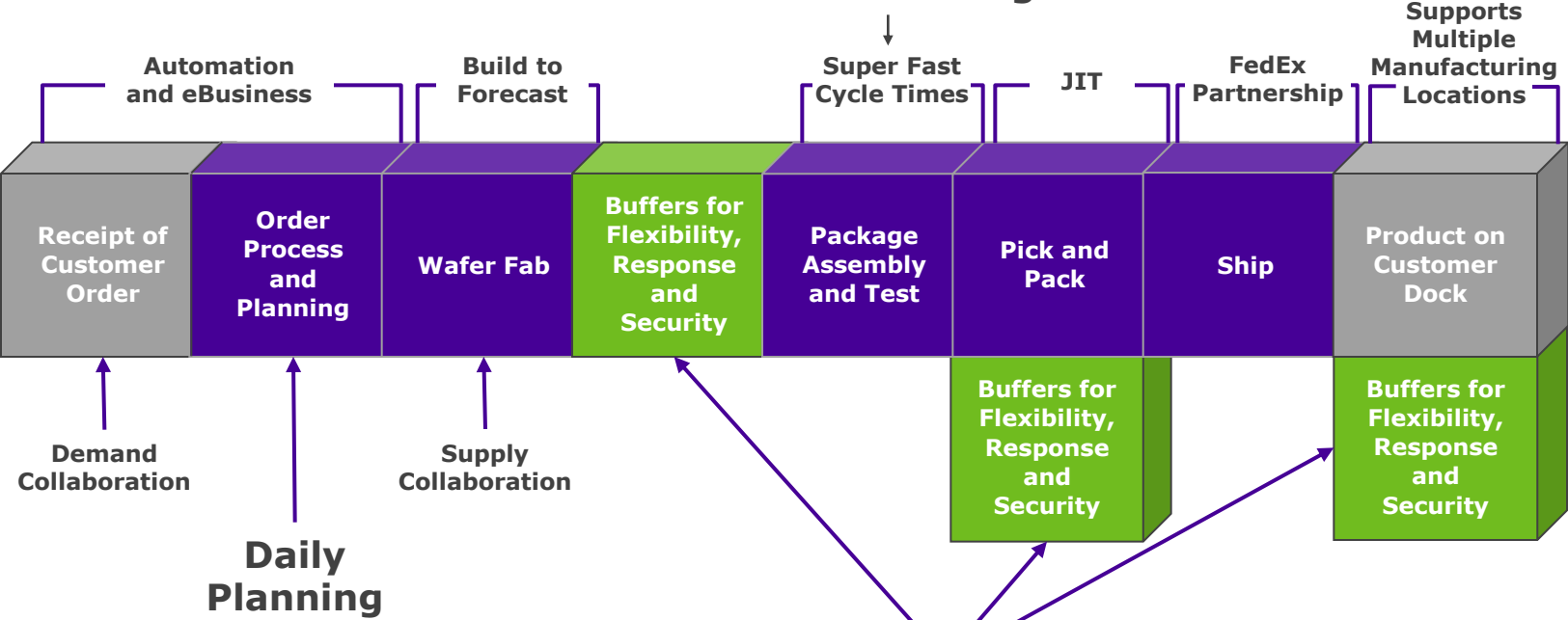
Order Fulfillment & Delivery



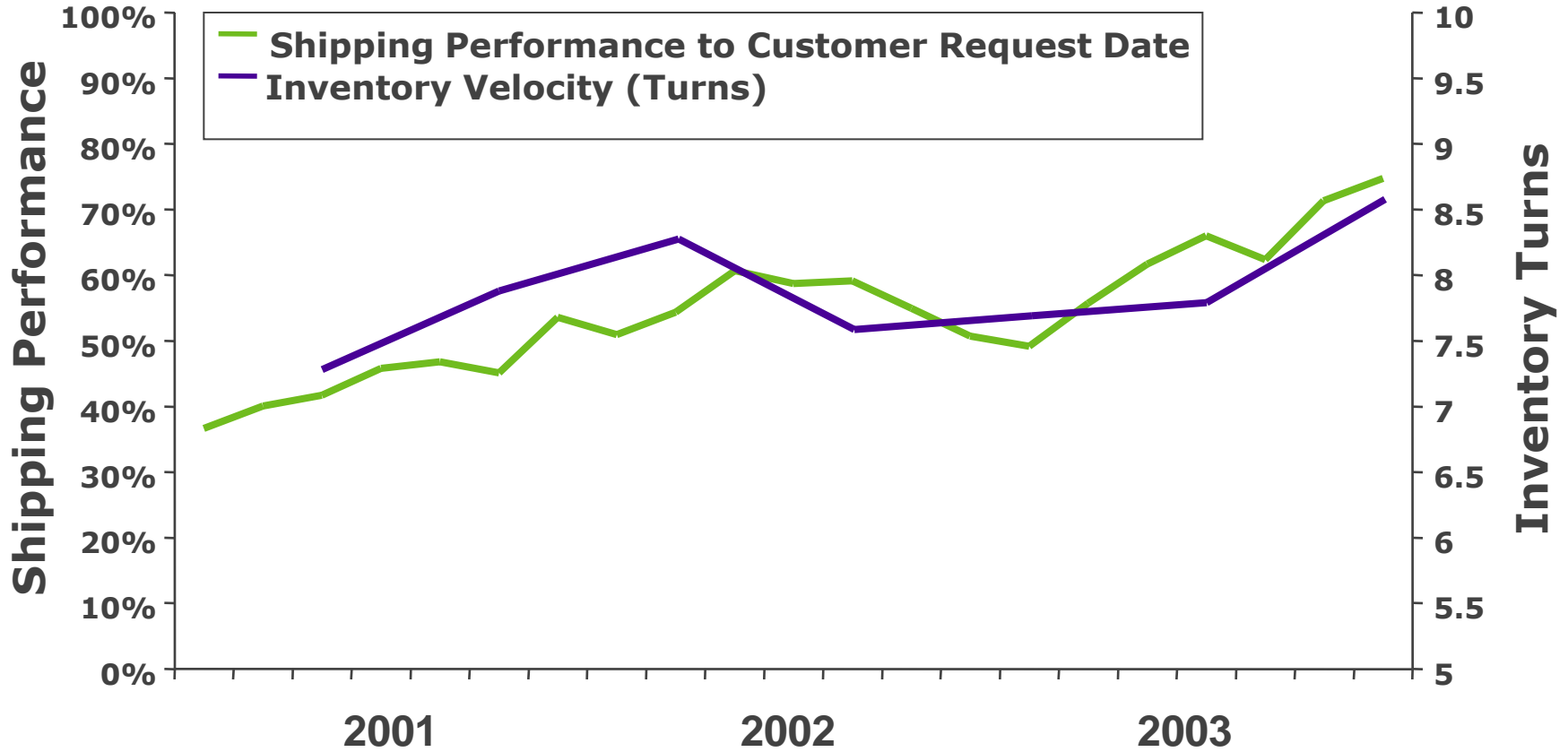
Agere's Flexibility Strategy



Lean Manufacturing



Results



Thank You