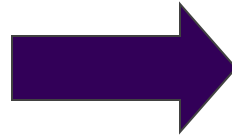


Mastering Supply Chain Strategies



Chris Armbruster

**Director
Supply Chain Strategy
Agere Systems**



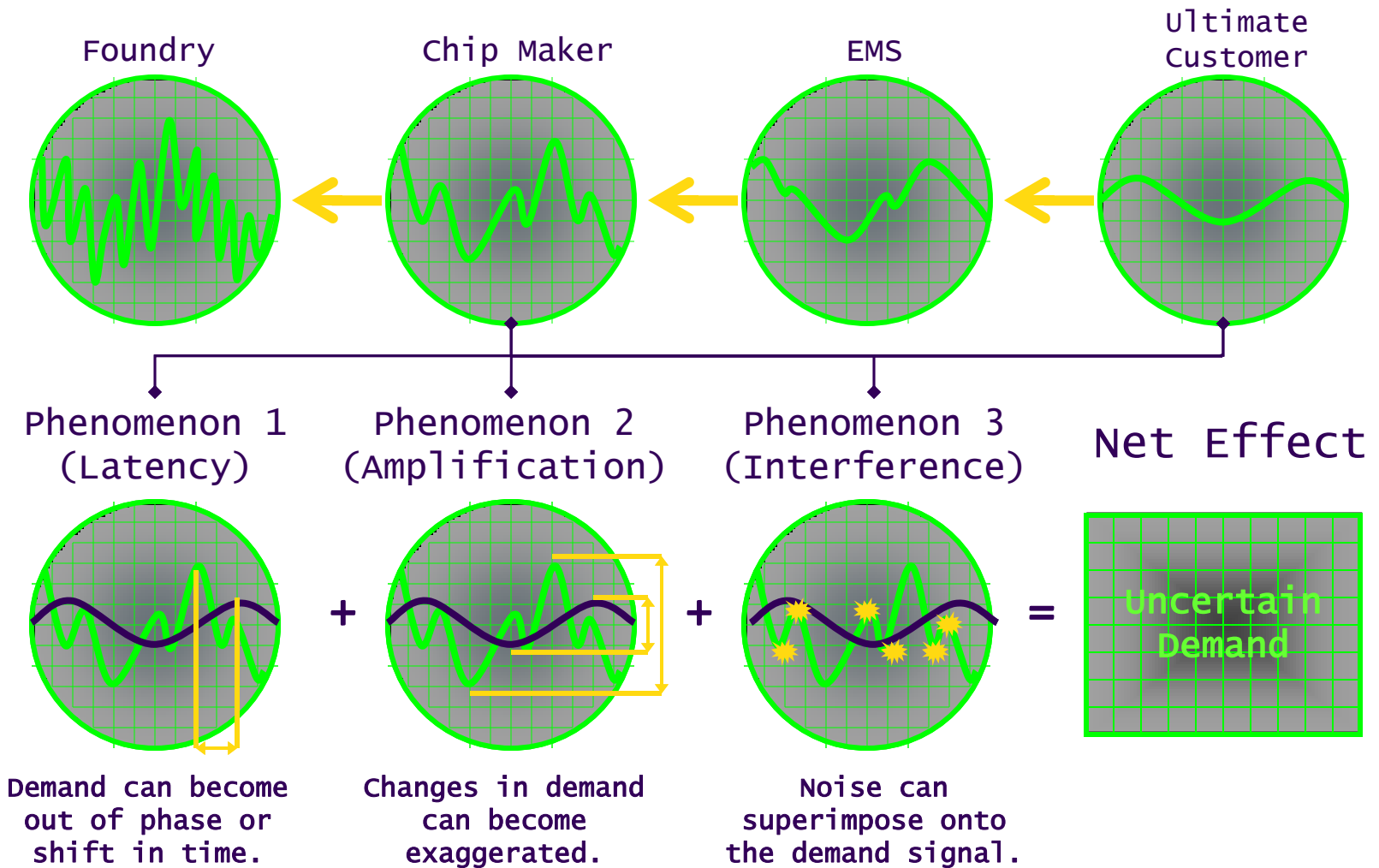
**Today's business environment can drive waste.
Especially to the Inflexible.**

“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.



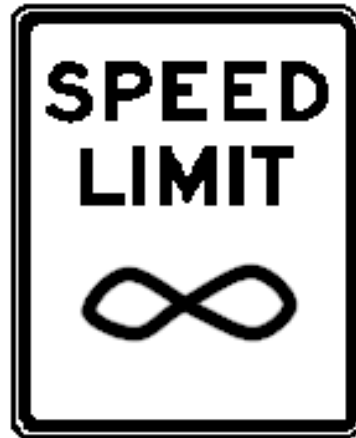
Flexibility Can't Do It All
Also Need Visibility & Collaboration

Intelligence



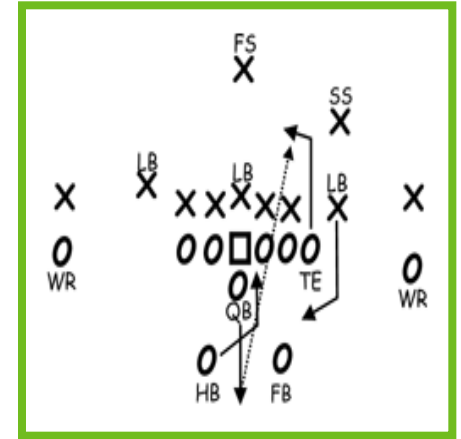
+

Speed



+

Strategy



= Flexibility

Business Intelligence



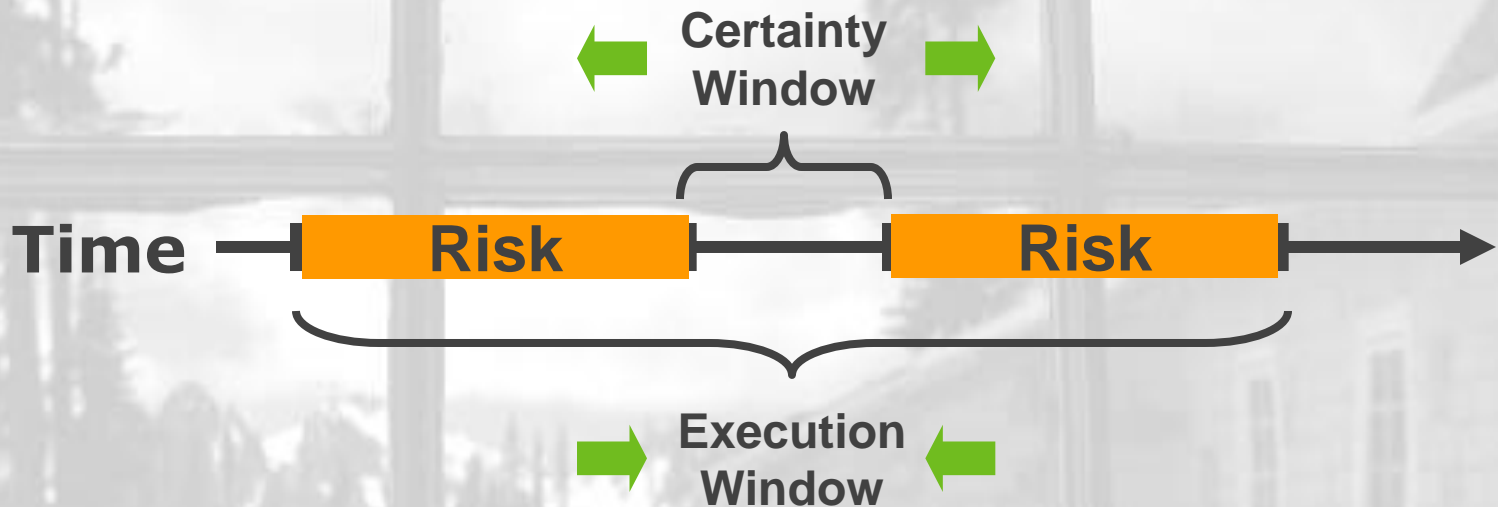
Notwithstanding its fickle nature, uncertainty can be understood, characterized, bounded and modeled.

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



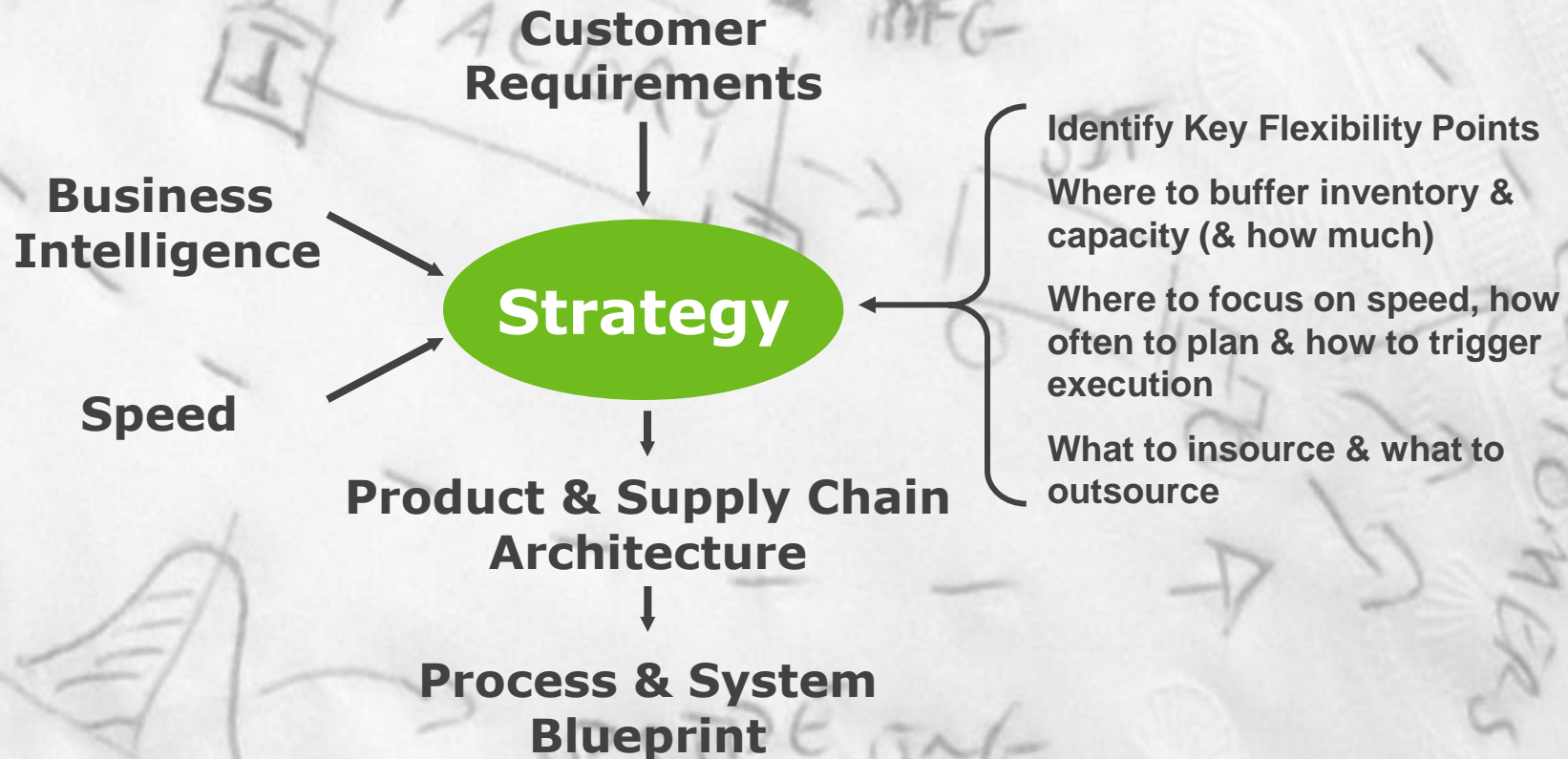
Speed

All About Aligning Windows



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

Strategy



Agere's Approach to Flexibility

About Agere

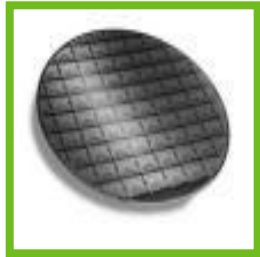
\$1.7B FY05 Revenue

- No. 1 in SoC chips for desktop hard drives
- No. 1 in chips for wired communications
- No. 1 in DSP chips for wireless infrastructure
- Over 5,800 U.S. patents and applications

Employees:	5500
Central Campus:	Allentown, Pa.
Regional Offices:	
Santa Clara, CA	Ascot, UK
Shanghai, China	Hong Kong
Assembly & Test Sites:	Thailand & Singapore

About Our Supply Chain

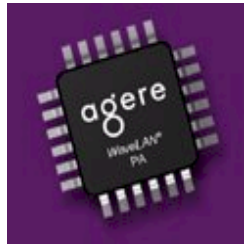
**Wafer
Fabrication**



4-10 Wks



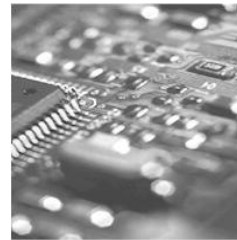
**Package
Assembly
& Test**



2 Days



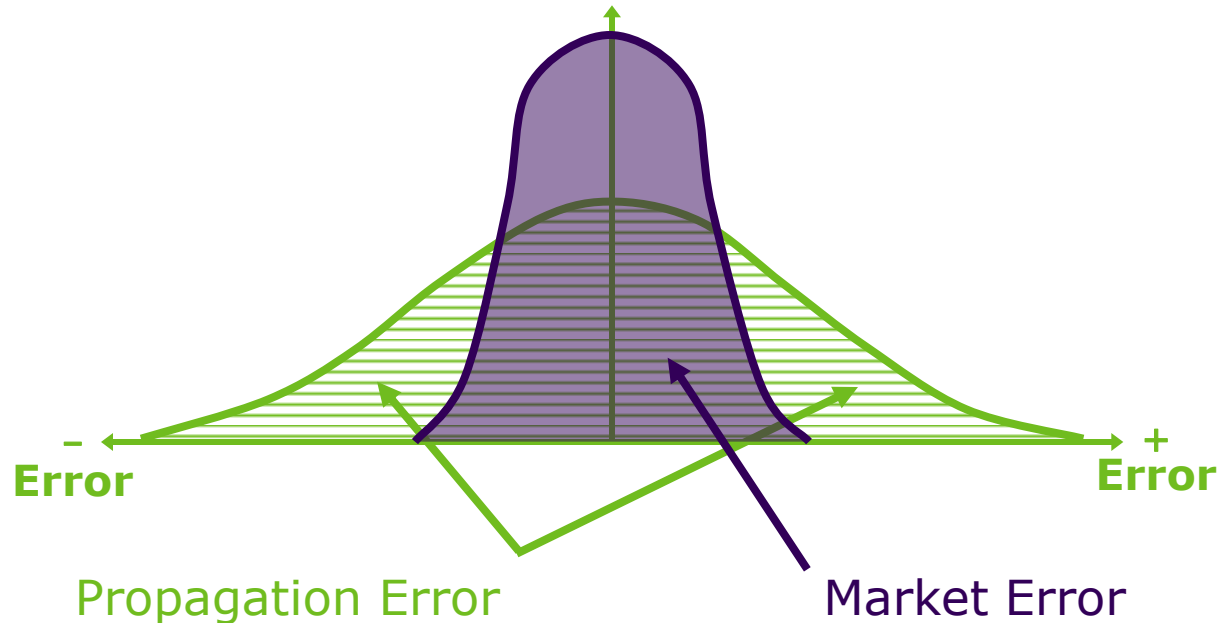
**Circuit
Assembly**



Hours



Using Business Intelligence To Manage Uncertainty



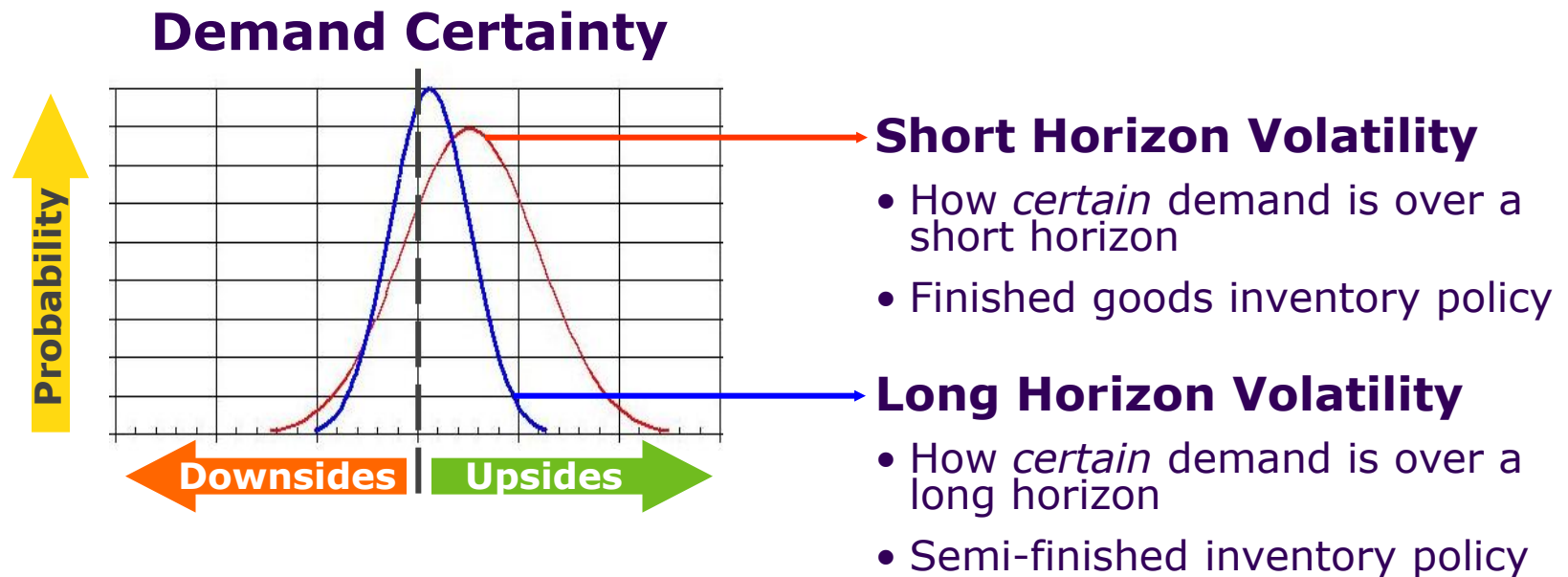
As demand propagates up the supply chain, the demand signal degrades.

Visibility & Collaboration

Forecasts are often based on uncertain markets.

Flexibility

Profiling Uncertain Demand

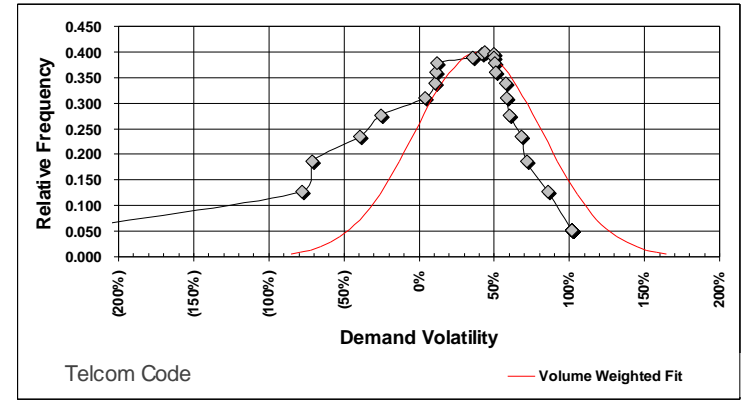
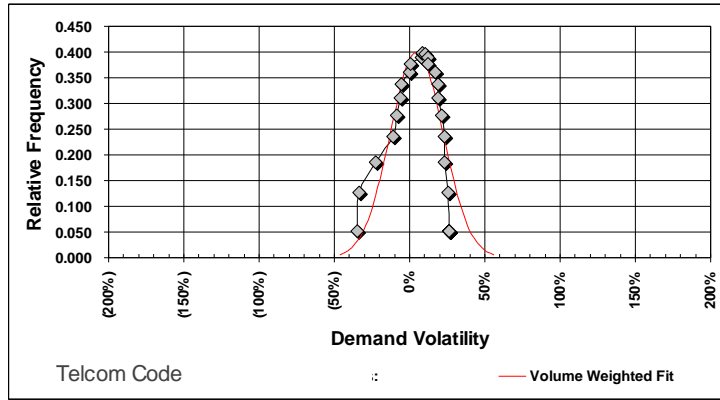


Our customers are somewhat certain about their demand over a quarter, but beyond the current week they are not sure when in the quarter it will materialize.

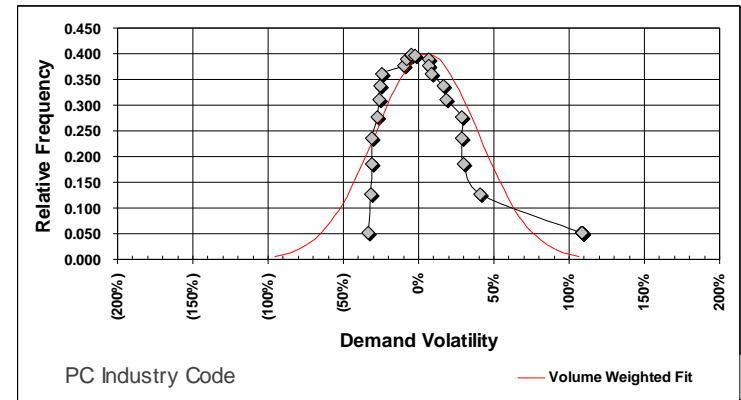
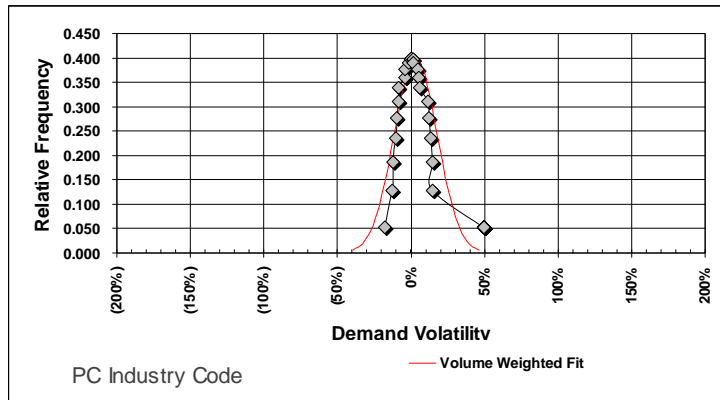
Long Horizon

Short Horizon

Typical
Telcom
Industry

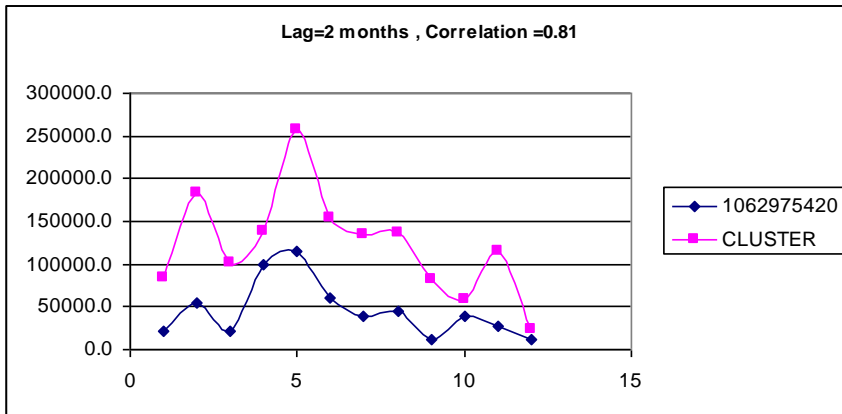


Typical
PC
Industry

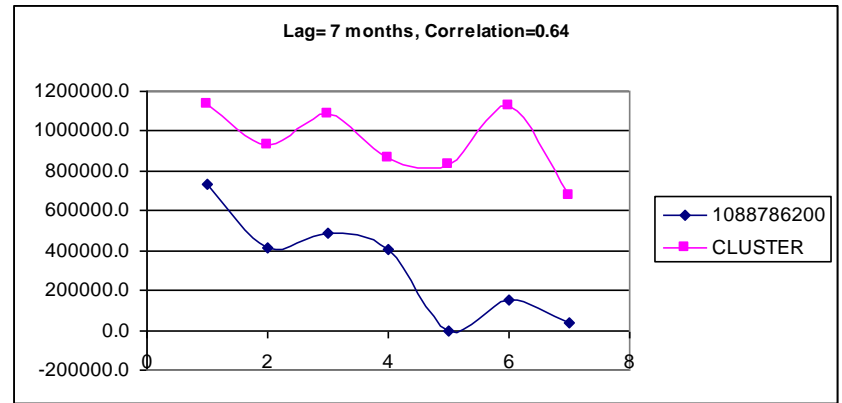


Leading Indicators for Clusters

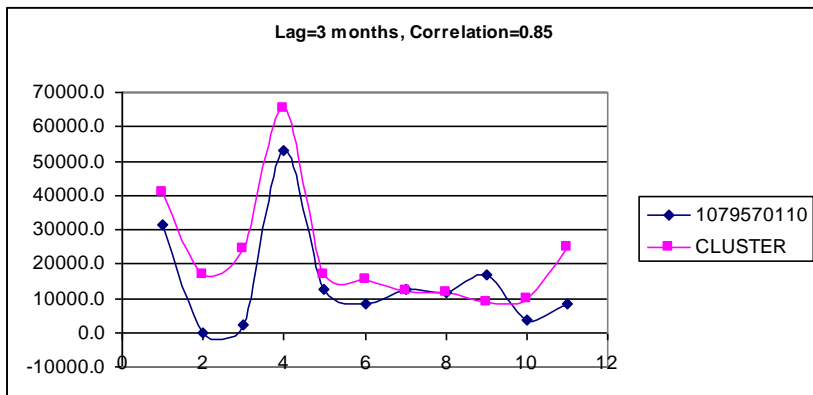
Cluster- 3



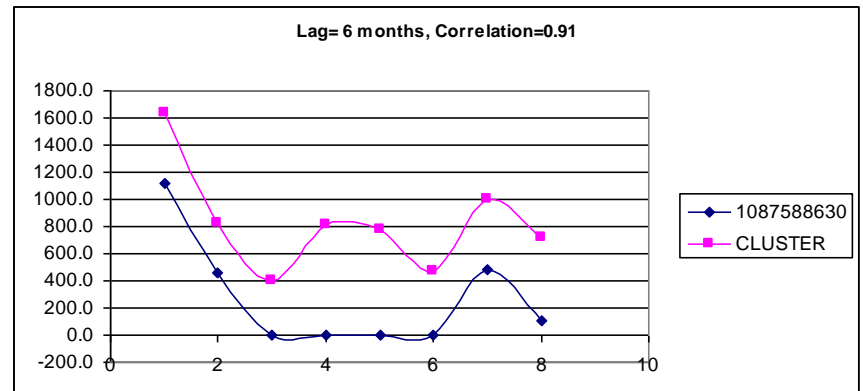
Cluster- 6



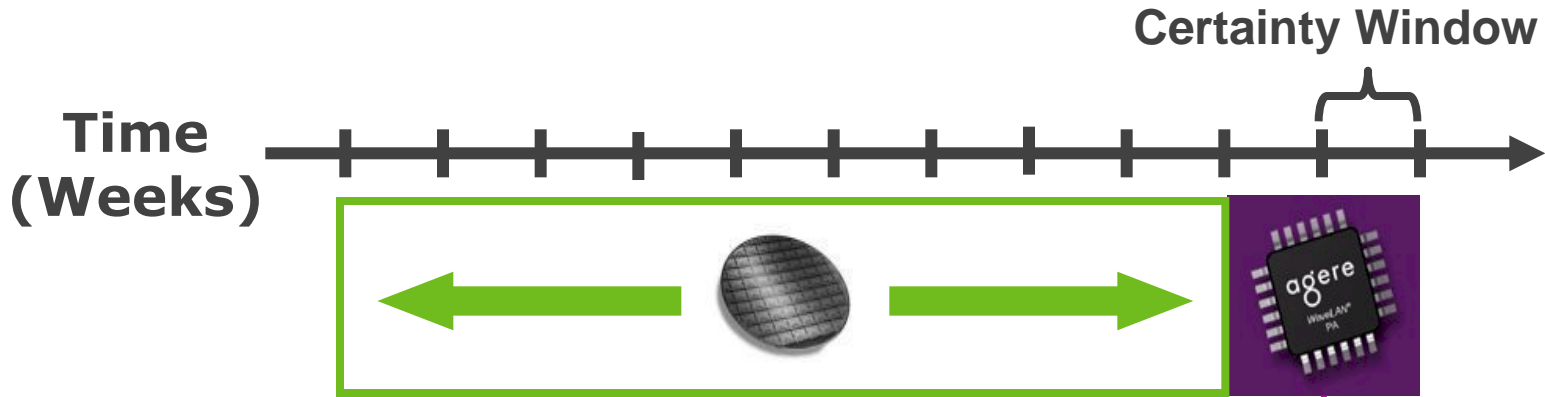
Cluster- 7



Cluster- 8

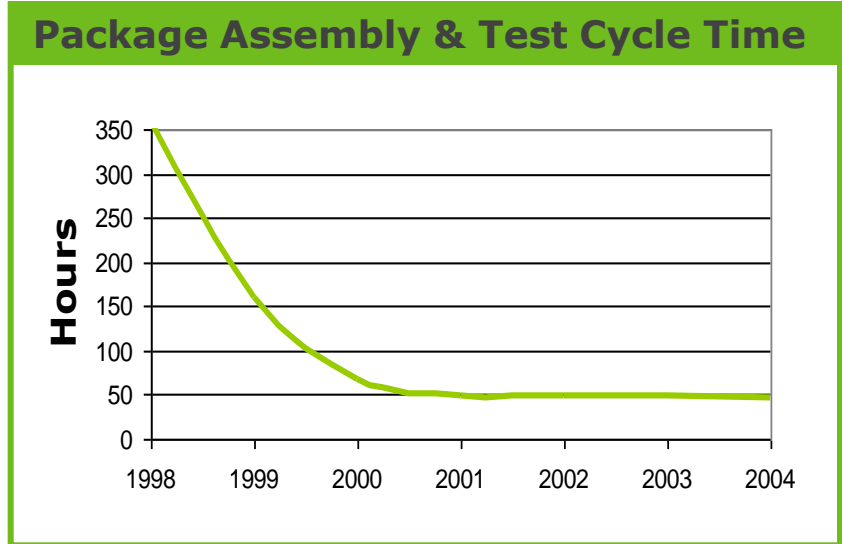


Speed



**Lean
Manufacturing**

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



More Than Just Fast Manufacturing

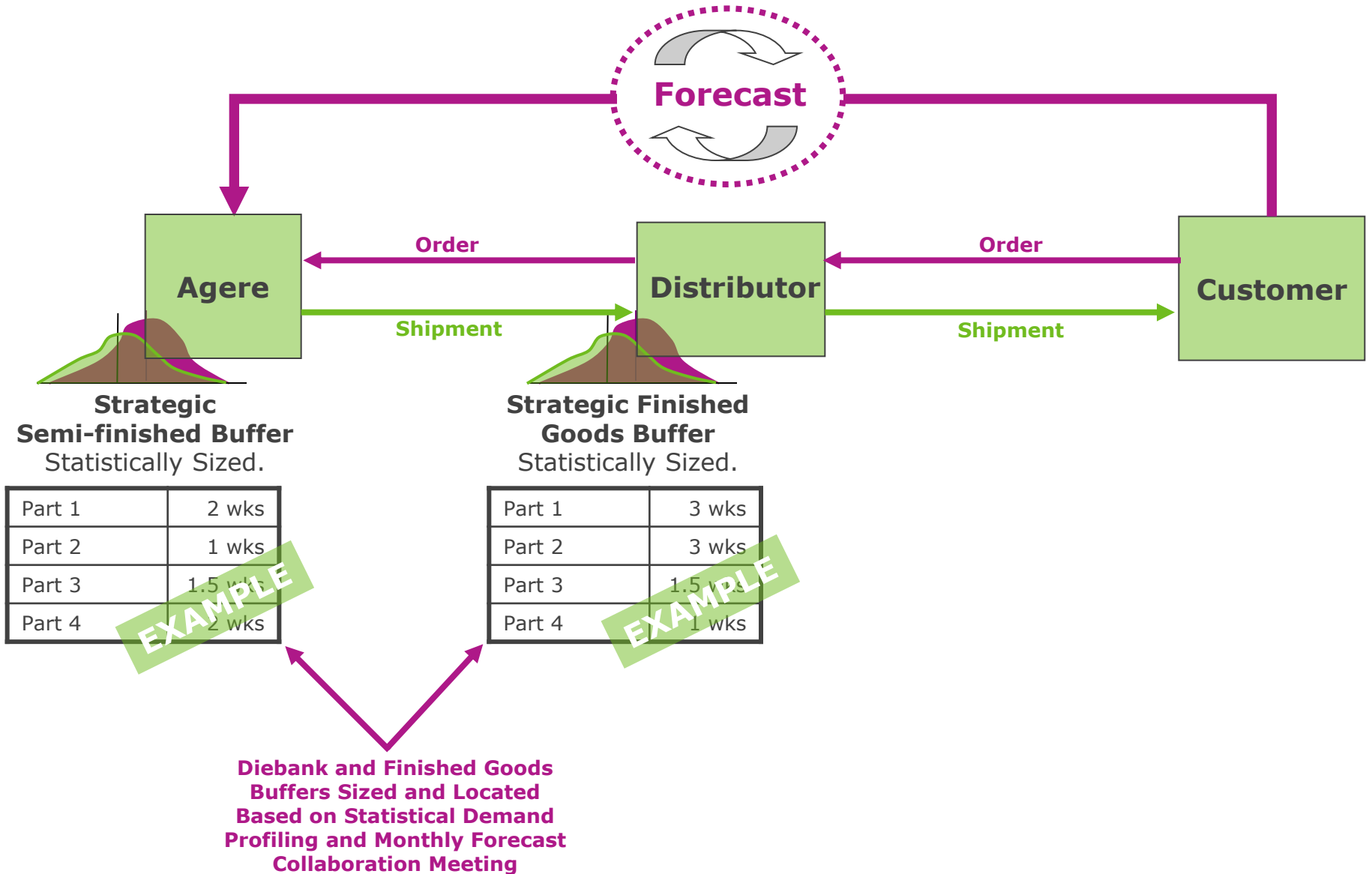


24 Hour Planning Cycle

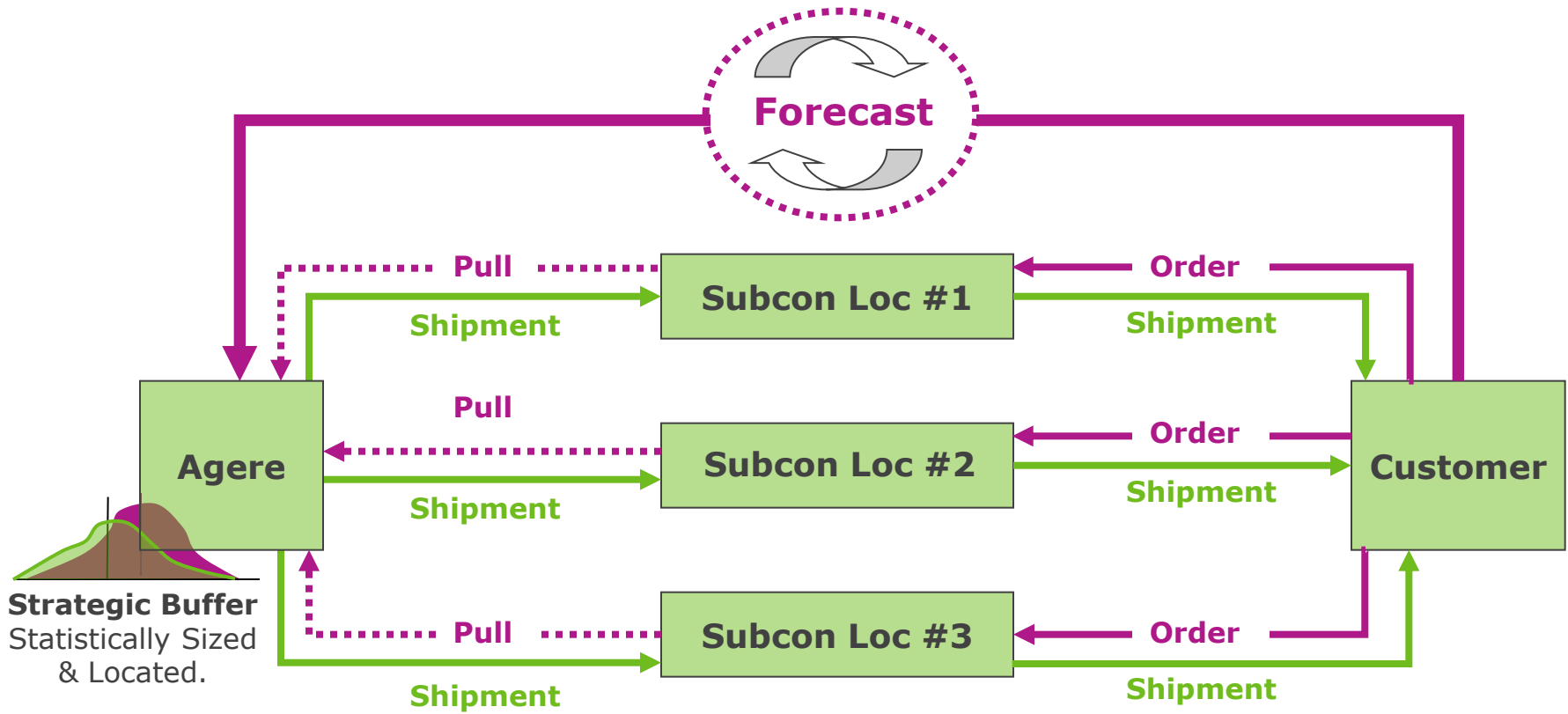
Order Fulfillment & Delivery



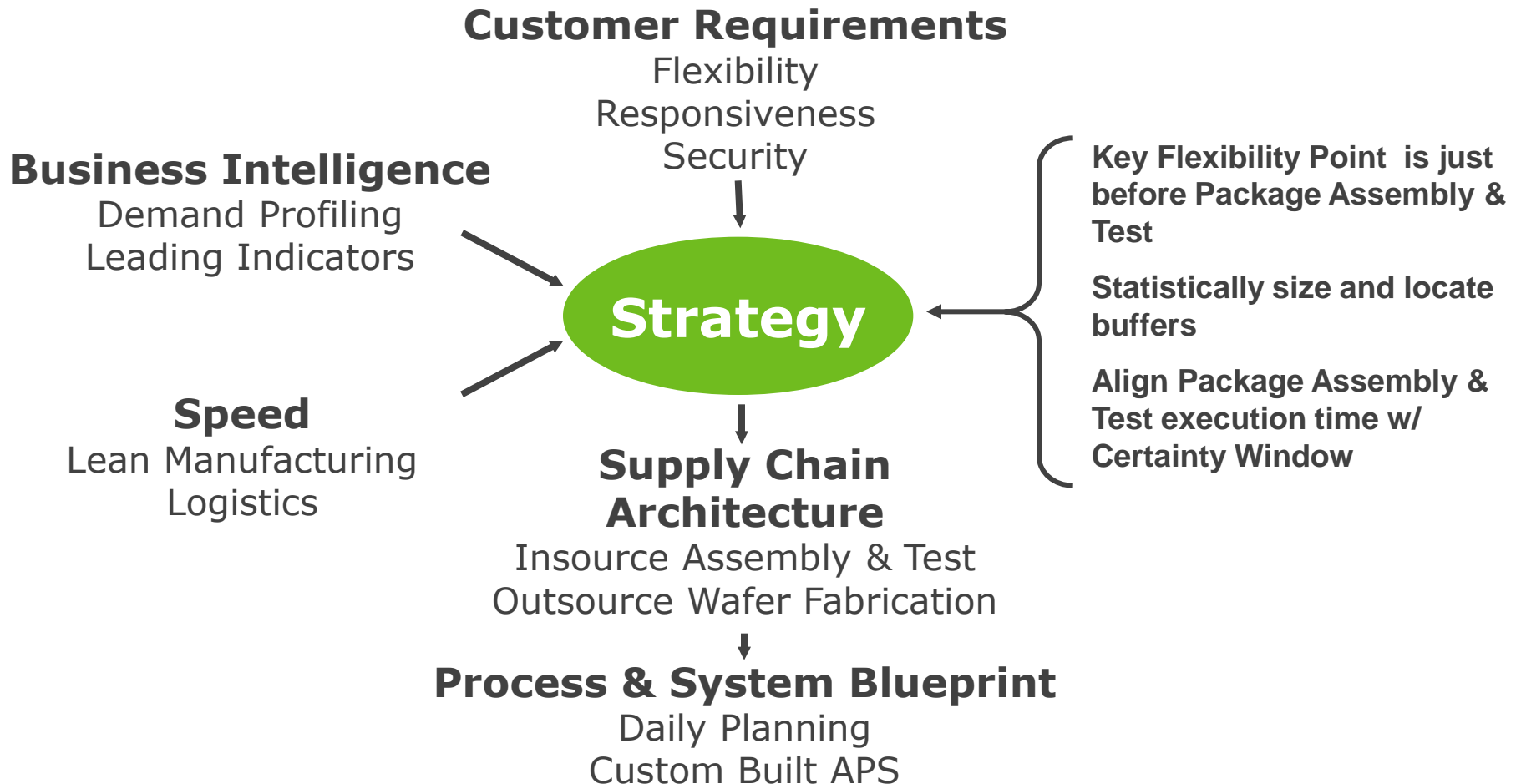
Collaboration Model: Customer, Distributor & Agere



Collaboration Model: Customer, Subcon & Agere



Agere's Flexibility Strategy



Thank You!

Questions?