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Manufacturing End Of Build / End of Life Transition

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Prolimax Introduction

www.prolimax.com

Prolimax is an ISO 9001:2000 certified IT hardware and supply chain services provider, delivering value-added customer solutions to manufacturers, their channel partners and end users. We are located in Shannon, Ireland and Nijmegen, The Netherlands.

IT Hardware Asset & Lifecycle Management

- Reverse logistics, screening & routing, disposition,
- EOL product solutions, specialised procurement

Supply Chain Processes

- Manufacturing, Refurbishment, System Integration,
- Inventory Management, Warehousing & Distribution
- Order fulfillment
- Import/Export.

IT Hardware & Software (re)sales

- Re)sale of IT hard and software

ISO 9001 BQAI

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Some facts.........

Top 5 Corporate Family, Worldwide Server Systems Factory Revenue, Second Quarter of 2013 (Revenues are in Millions)

Vendor	3Q13 Revenue	3Q13 Market Share	3Q12 Revenue	3Q12 Market Share	3Q13/3Q12 Revenue Growth
1. HP	$3,390	28.10%	$3,339	26.60%	1.50%
2. IBM	$2,822	23.40%	$3,502	27.90%	-19.40%
3. Dell	$1,961	16.20%	$2,086	16.60%	-6.00%
4. Cisco	$599	5.00%	$419	3.30%	42.80%
5. Oracle	$494	4.10%	$588	4.70%	-16.00%
6. ODM Direct	$783	6.50%	$540	4.30%	45.20%
7. Others	$2,035	16.80%	$2,075	16.50%	-1.90%
All Vendors	**$12,085**	**100%**	**$12,559**	**100%**	**-3.70%**

According to the International Data Corporation (IDC) Worldwide Quarterly Server Tracker, factory revenue in the worldwide server market decreased -3.7% year over year to $12.1 billion in the third quarter of 2013 (3Q13). This was the third consecutive quarter of year-over-year revenue decline, **as server market demand remained soft ahead of a forthcoming refresh cycle, which is expected to emerge in early 2014.** After increasing modestly in 2Q13, server unit shipments were flat year over year in 3Q13 with 2.3 million units shipped worldwide.

Source: IDC Worldwide Quarterly Server Tracker, December 2013.

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Merging Economic Benefit, Environmental Best Practice Strategic Advantage

Through the use of retiring, returning and surplus assets
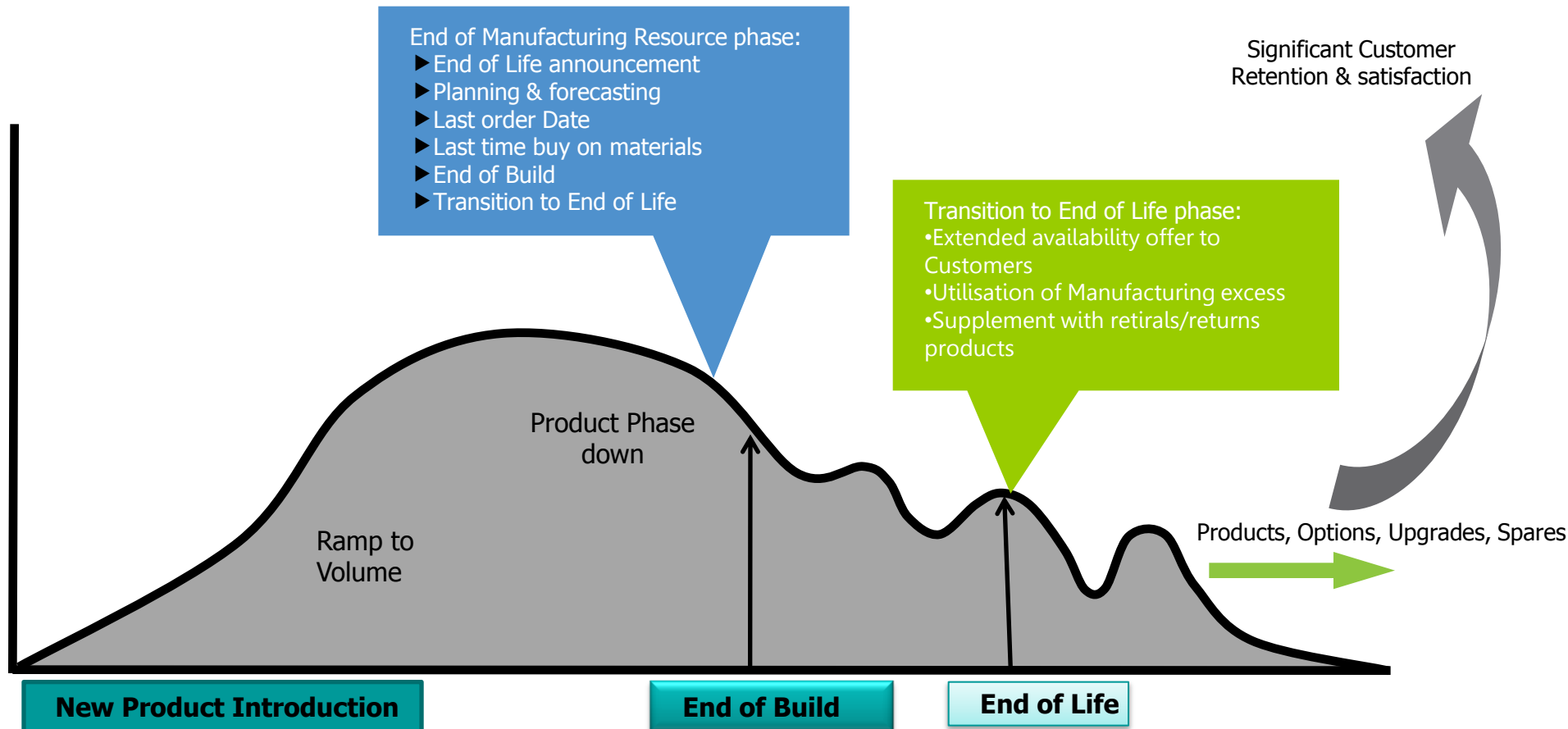
The Challenge for Manufacturers

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Working to secure I.T. Investment

Protecting the OEM & their customers' investments in Brand and Technology.

- For OEM's, managing a clean exit from an End Of Build cycle can be a costly and distracting exercise within the organisation.

- Resources and Overhead are consumed on a declining program.

- Inventory management and obsolescence risks increase.

- All this while resource could be better applied to New Product ramp up.

- For Customers, Many would prefer to migrate to new product at a pace that is controlled by their own business strategies rather than by the OEM's product introductions.

- Their requirements may not be aligned to OEM roadmaps.

- The risk of losing Customers to alternative brands is very real in this scenario.

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Life Cycle Management – End of Build Markets and Customers

The future indicates the need for broader lifecycle management and product stewardship
The criteria for success is to integrate and deliver to the interest of all stakeholders in the value chain – Title owners, Brand Manufactures, End Customers and Service Providers

End of Manufacturing Resource phase:
▶ End of Life announcement
▶ Planning & forecasting
▶ Last order Date
▶ Last time buy on materials
▶ End of Build
▶ Transition to End of Life

Transition to End of Life phase:
• Extended availability offer to Customers
• Utilisation of Manufacturing excess
• Supplement with retirals/returns products

Significant Customer Retention & satisfaction

Product Phase down

Ramp to Volume

Products, Options, Upgrades, Spares

New Product Introduction

End of Build

End of Life

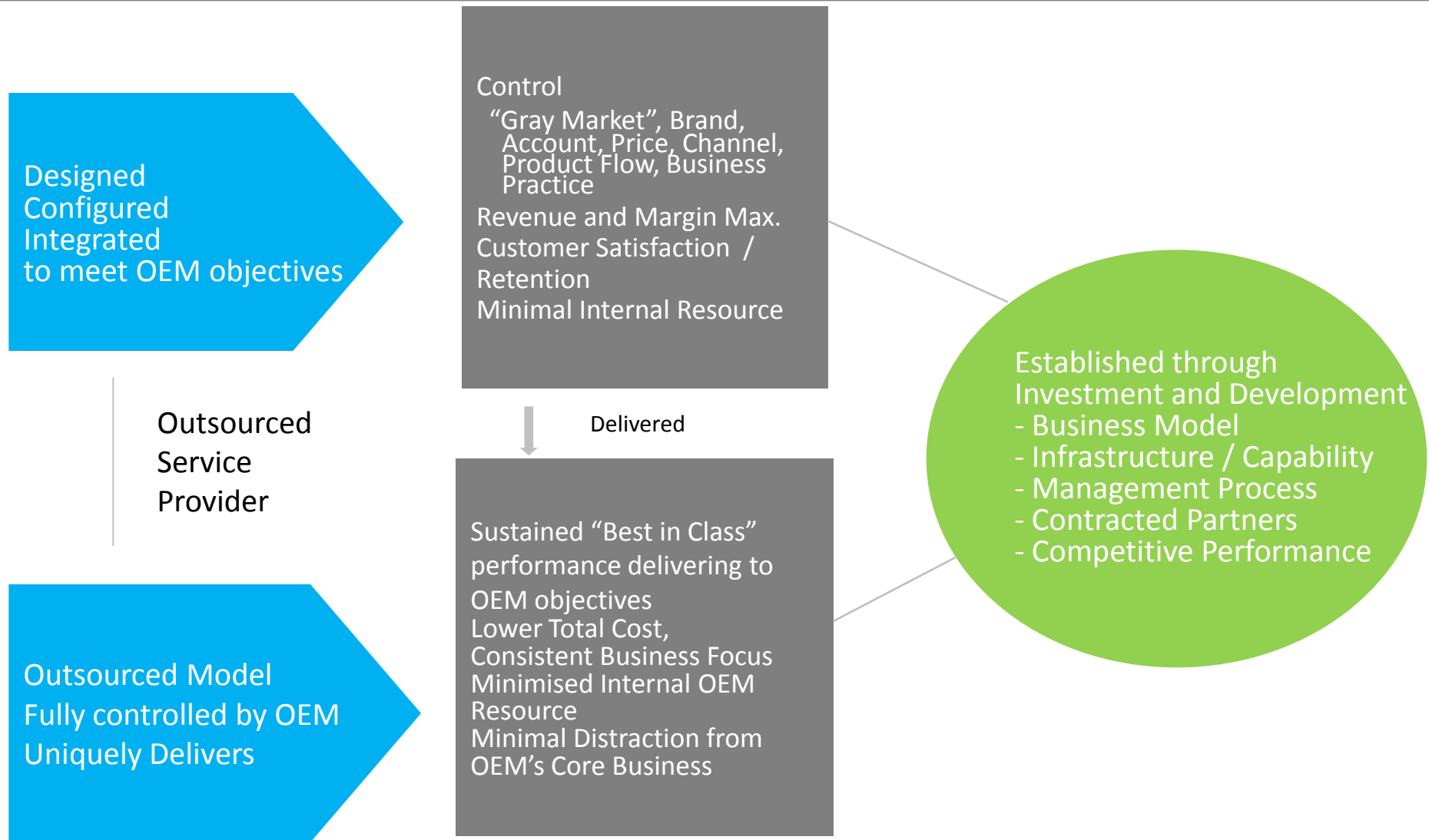prolimax®

The Outsource offering

Outsourced End of Build provides effective solutions to the OEM by –

- Deploying only the required Resource and Overhead in the manufacturing environment.
- Inventory transfer, procurement and obsolescence management are targeted to the program.
- Primary OEM focus on next generation build, with no distractions.
- Extended availability to Customers via forecasting and delivery without hard rules on Last Order Dates.

- Customer retention to Brand by keeping your customer on your product.

- Beyond End of Build, the transition to End of Life can be supplemented by using remanufactured products.
- Customers' may need to buy systems & options that are no longer in production while they are qualifying new Technology platforms. Bridge the gap with remanufactured products.
- The option to buy quality remanufactured product is designed to protect the customers' initial IT investment by ensuring the availability of branded equipment long after E.O.L.

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Model Benefits to OEM

Designed
Configured
Integrated
to meet OEM objectives

Outsourced
Service
Provider

Outsourced Model
Fully controlled by OEM
Uniquely Delivers

Control
"Gray Market", Brand, Account, Price, Channel, Product Flow, Business Practice
Revenue and Margin Max.
Customer Satisfaction / Retention
Minimal Internal Resource

Delivered

Sustained "Best in Class" performance delivering to
OEM objectives
Lower Total Cost,
Consistent Business Focus
Minimised Internal OEM Resource
Minimal Distraction from OEM's Core Business

Established through Investment and Development
- Business Model
- Infrastructure / Capability
- Management Process
- Contracted Partners
- Competitive Performance

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The Benefits.....

Case Studies -

Challenge	Solution	Outcome
High Volume Server going EOL but with large installed base unwilling to transition to new offering.	Full transfer to Outsource partner under controlled program. Process and inventory transfer.	$5m incremental revenue Post planned EOL. GM of 40%. No inventory write off's. Customer Retention and satisfaction.
Customer with protracted certification process impacted on EOL dates and recertification cost.	Outsourced full Customer requirement. Combination of Last Time buy and targeted trade in program to support material demand with agreed Customer Contract.	No recertification by Customer. Trade in program generated incremental revenue on New Sales. Trade in program utilized inventory. No inventory obsolescence. Revenue of $4m at GM of 45%.
Long term Customer with demand on specific platform beyond planned EOL date. Recertification challenge for Customer.	Program requirements agreed with Customer and fulfillment Partner. Technical solution to meet with existing certification requirements.	100 configurations supported post EOL. Revenue of $1m GM to OEM of 49%. High value Customer retained. Customer stayed on platform with good economic benefit.

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Wrap Up

- Questions & Answers

- Thank you.

- Visit us at - www.prolimax.com

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