Capgemini
CONSULTING.TECHNOLOGY.OUTSOURCING

in collaboration with NXP founded by Philips

Philips SPEED: Accelerating Global Integration

Increased efficiency, improved business control and reduced cost of ownership

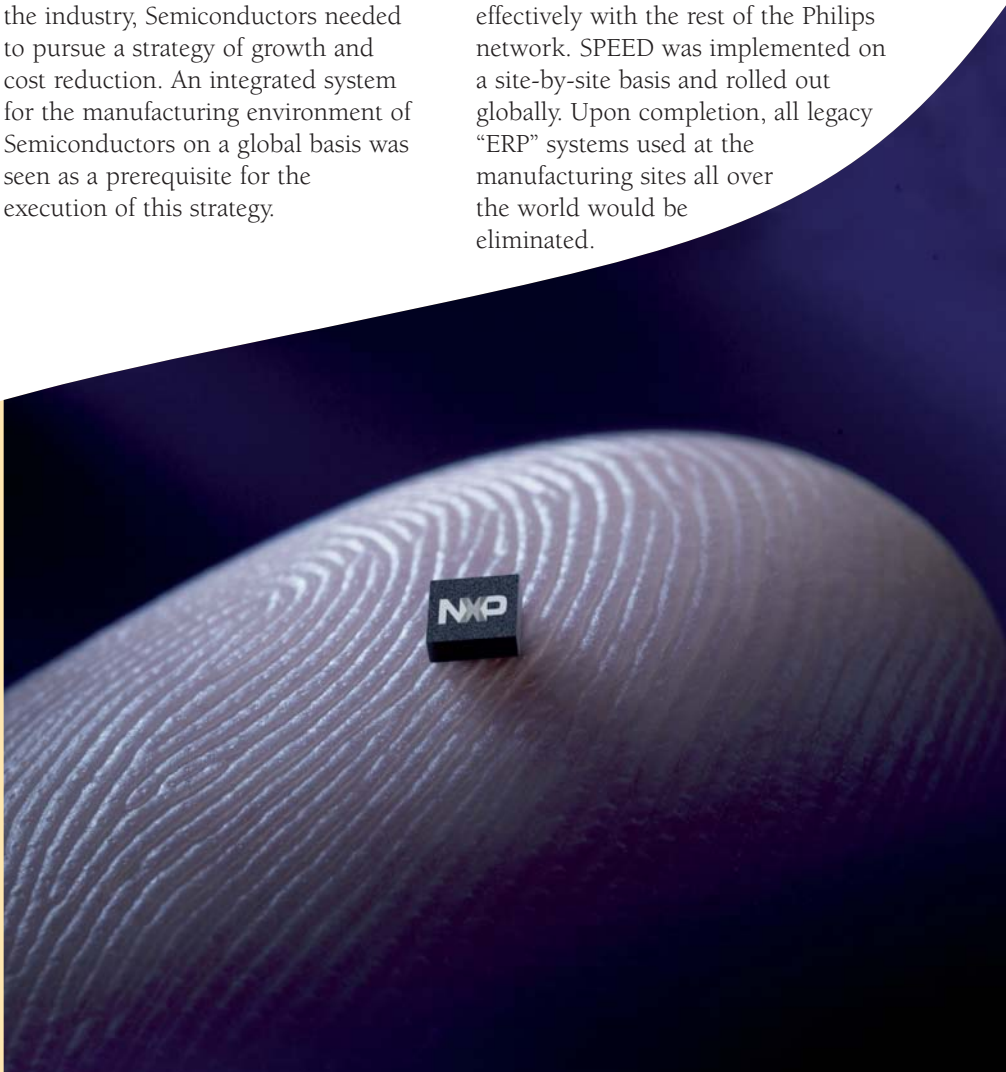
The Situation

The semiconductors market is truly global. Product development and manufacturing span all continents, and relocating labour-intensive manufacturing activities to Asian countries is an economic imperative. Flexibility in working with third-party suppliers and joint ventures is key.

NXP Semiconductors, earlier Philips Semiconductors, had diverse system architecture in place to support its "classic ERP" functionality. To regain a solid position as one of the top ten in the industry, Semiconductors needed to pursue a strategy of growth and cost reduction. An integrated system for the manufacturing environment of Semiconductors on a global basis was seen as a prerequisite for the execution of this strategy.

The Solution

In 2000, Philips decided to phase in an SAP-ERP system for all its manufacturing sites worldwide. A program, SPEED (Superior Production Execution through ERP Deployment), was launched. Based on SAP, it included ADEXA, SAP-Business Warehouse, SAP Plant Maintenance and Enterprise Buyer Professional standard applications. These are all highly integrated, supporting the manufacturing business processes. A set of common interfaces would enable each site to communicate effectively with the rest of the Philips network. SPEED was implemented on a site-by-site basis and rolled out globally. Upon completion, all legacy "ERP" systems used at the manufacturing sites all over the world would be eliminated.



"One of the best managed and controlled implementations in the whole Philips Group."

Philips internal audit on reviewing the kernel and live sites

The Result

With the implementation of SPEED the following benefits are being achieved:

- Single global Business Control Model for manufacturing sites with standard systems, procedures, processes and documentation
- Reduced total cost of ownership by replacement of a multitude of almost end-of-life local legacy environments
- Increased efficiency and data quality by avoiding multiple keyboarding
- Improved business control as a result of more transparent, fully integrated processes and management information
- Improved delivery reliability and speed at the manufacturing sites as a result of more accurate demand planning techniques, better scheduling, reduction in cycle times, reduced inventory levels and accurate, timely and complete management information.

How NXP Semiconductors and Capgemini Worked Together

The key objectives that Semiconductors wanted to achieve were:

- reliable management information
- integration and consistency across all processes
- standardization and simplification of processes and systems
- reduce the number of systems and system interfaces
- flexibility to enable future growth and to adapt to new business requirements quickly
- substantial savings through central development and system support.

Philips needed a partner to implement SPEED; one based in Europe but with the global capacity, scope, project management skills, experience, resources and, above all, commitment to make the deployment work. Philips selected Capgemini to collaborate with the semiconductor division to plan and manage the project, develop and implement common global business practices as well as create an operating model supported by common, integrated systems.

To reduce the project's complexity, a phased approach was chosen. The first phase (SPEED I) started in 2000 and focused on the purchase to pay and management accounting and control processes. The kernel was finalized in 2001 and by 2006 SPEED I was implemented at all the manufacturing sites. The SPEED II kernel development started in 2003 and was finalised in 2004. The SPEED II scope included all manufacturing planning and execution processes for the front-end manufacturing sites.

By mid-2006, implementation of the last front-end manufacturing site had (SPEED II) started. The finalization of the SPEED III kernel for the back-end manufacturing sites will be finalized in 2008. At that point, all manufacturing planning and execution processes for the back-end manufacturing sites will be supported by a fully integrated standard, global SPEED system.

Capgemini has implemented SPEED in Europe, Asia Pacific and North America, mobilising top-quality resources from 16 countries.

About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, called the Collaborative Business Experience.

Backed by over three decades of industry and service experience, the Collaborative Business Experience is designed to help our clients achieve better, faster, more sustainable results through seamless access to our network of world-leading technology partners and collaboration-focused methods and tools. Through commitment to mutual success and the achievement of tangible value, we help businesses implement growth strategies, leverage technology, and thrive through the power of collaboration.

Capgemini employs over 75,000 people worldwide and reported 2006 global revenues of 7.7 billion euros.

More information about our services, offices and research is available at **www.capgemini.com.**

Capgemini Netherlands
Manufacturing, Retail & Distribution
Consulting & Technology Services
Transformation Consulting
Advanced Development & Integration

Approved by:
Rianne Groot Wesseldijk, communication manager, NXP Semiconductors
Jan Kemps, Project manager Capgemini

In collaboration with

NXP founded by Philips

NXP Semiconductors is a top 10 semiconductor company founded by Philips more than 50 years ago.

Headquartered in Europe, the company has 37,000 employees working in 20 countries across the world. NXP creates semiconductors, system solutions and software that deliver better sensory experiences in mobile phones, personal media players, TVs, set-top boxes, identification applications, cars and a wide range of other electronic devices.

Cover-Reference Number