

The Jabra logo is displayed in a bold, black, sans-serif font on a bright yellow rectangular background.

# DEN DANSKE LOGISTIKKONFERENCE 2011

5 OKTOBER, 2011

A brand by GN Netcom A/S

A large, blue-tinted photograph of a heavy metal chain dominates the background. The chain is composed of thick, interlocking links, and the lighting creates a bokeh effect with out-of-focus light spots in the background.

## **SUPPLY CHAIN RESTRUCTURING JOURNEY – FROM HEAVY BURDEN TO RELIABLE PARTNER**

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GN NETCOM A/S

## **GN Store Nord A/S - Company Announcement**

### **GN Netcom to implement comprehensive restructuring**

Driven by tougher market conditions in both the Mobile and the CC&O Headset business, GN Netcom is launching a comprehensive restructuring program in order to turn around the **Mobile division's unsatisfactory earnings** and to **strengthen profitability in CC&O Headsets**. The program **comprises a significant simplification of the entire organization, including of the supply chain, a stronger focus** on selected core markets, key accounts and product segments and a further simplification of the organization involving staff cuts by up to 250 employees. The program was developed in collaboration with the previous Supervisory Board and is anchored in and approved by the new Supervisory Board that took office effective June 16.

The new initiatives incorporated in the **FAST program (FAST = Focused And Simplifying Turnaround)** build on the strategy presented in early 2007. The FAST program is expected to be fully implemented in the second quarter of 2009. Fully rolled out, the program will provide overhead savings in the magnitude of **DKK 150 million annually**. Including the previously guided non-recurring... (truncated)

# THE BURNING PLATFORM

## The situation in 2008

Several years with negative EBITA for the mobile division and an unsatisfactory low EBITA margin for the CC&O division are threatening the long term competitiveness for the company.

## FAST

FAST = Focused And Simplifying Turnaround, is a company wide turnaround initiated in June 2008, with supply chain restructuring as a main element

### Short term goals

- Mobile division to reach break even at EBITA level
- CC&O division to improve profitability

### Long term goals



# ADAPTING SUPPLY CHAIN STRATEGY TO MARKET AND BUSINESS CONDITIONS



## Mobile (B-2-C)

- Campaign driven demand
- Volatile market conditions
- Short lifecycles
- Small margin



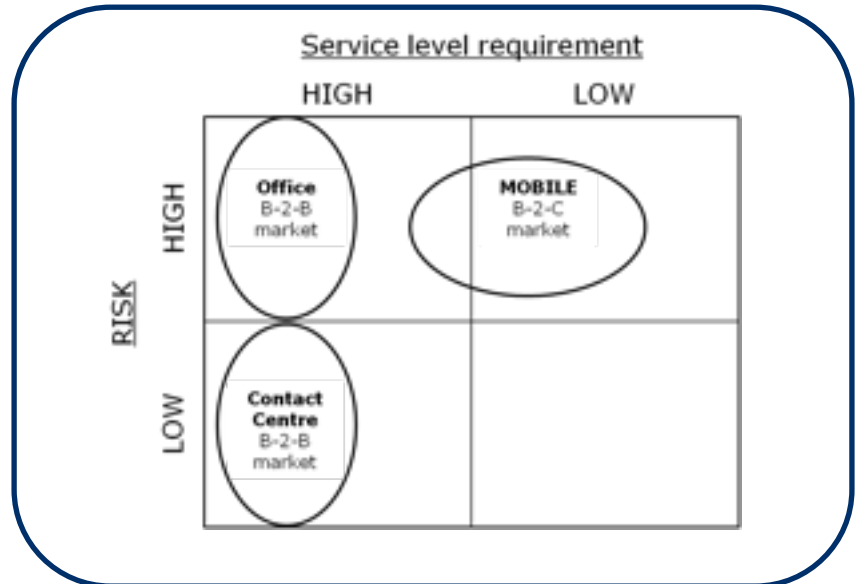
## Office (B-2-B)

- Big growth opportunity
- Deployment driven demand
- Medium lifecycles
- Medium margin



## Contact Center (B-2-B)

- Mature market
- High entry barrier
- High service required
- Long product lifecycles
- High margin



## The paradigm shift

Supply chain structure tailored to optimize risk (cost) vs Service levels for each market segment



# ESTABLISHING A SCALABLE FOUNDATION

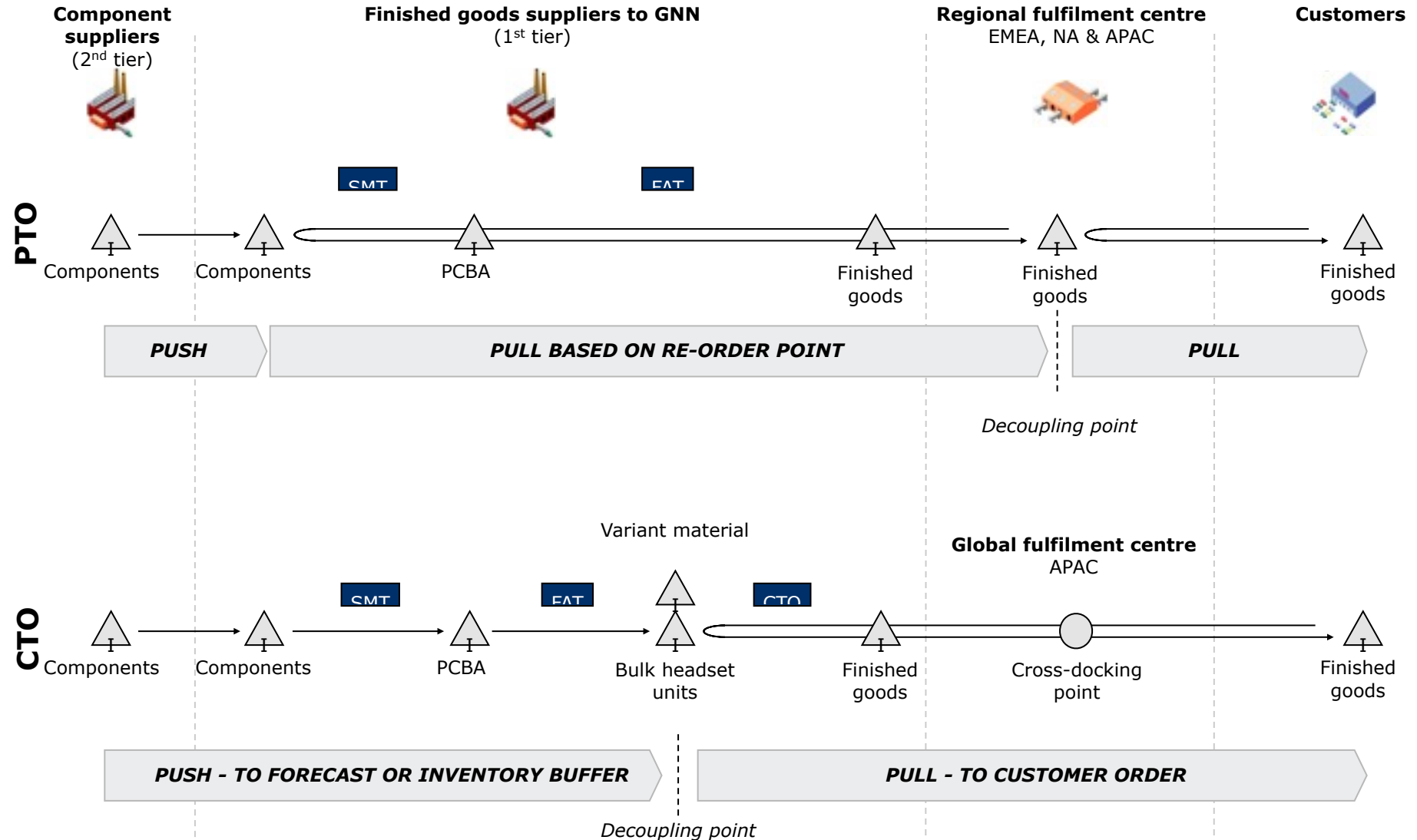
GN Netcom has established a scalable, global supply chain with clear differentiation on service/risk, based on strategic partnerships with one logistics provider and 100% outsourced manufacturing

## KEY ACTIVITIES

- Differentiation on service level
- Supplier base consolidation
- Uniquely tailored supply chain setup
- *Simplification* of product offering (SKU-reduction)
- Stringent channel model

RESULTS	Before EAST	Today
Manufacturing partners	23	6
Logistics partners	5	1
Stock keeping units	1.333	959
Customers	6.632	2.008
Service level	One	Multiple
Lead time, days	2	3 / 14

# REPLENISHMENT STRATEGY FOR PTO AND CTO



# CREATING A TRANSPARENT SUPPLY CHAIN

GN Netcom has developed a simplified, automated and transparent supply chain providing added flexibility and reliability at a reduced cost and risk

## KEY ACTIVITIES

- Global *transparent* processes
- System *automation*
- EDI enabled Partner collaboration
- New demand planning tool
- S&OP process - One plan

RESULTS	Before FAST	Today
Planning frequency	Monthly	Weekly
Planning fence (weeks)	8	2
Replenishment method	Push	Pull
System transactions	Manual	Auto
Inventory (M DKK)	343	93
Product segmentation	n/a	ABC
Supply Chain resources	71	41

# RELIABLE AND TRUSTWORTHY PARTNER

GN Netcom supply chain has through consistent high performance gained trust and is now considered a reliable and trustworthy partner by internal and external stakeholders

## KEY ACTIVITIES

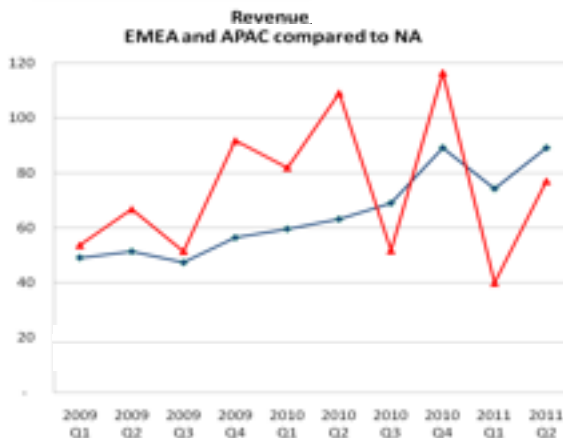
- KPI hierarchy as a tool
- Seamless integration of new customer requirements
- Burning platform ->  
Stabilization ->  
*Continuous Improvements*
- Leverage on culture change and partnerships

RESULTS	Before FAST	Today
Delivery to promise	89%	99%
Delivery to request	n/a	80%
Freight optimization (% rev)	5,6	4,1
Scrap cost index	100	<50

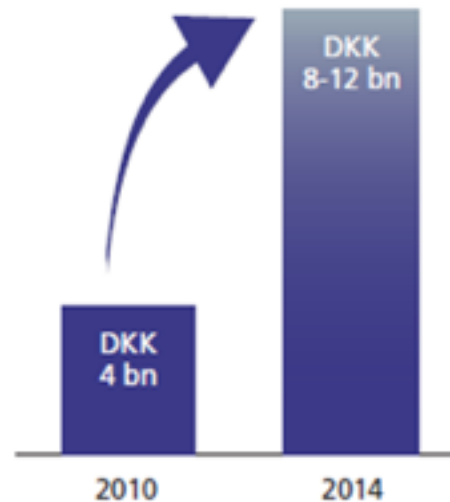
# FUTURE PERSPECTIVE

From a solid and scalable platform and at a significantly reduced cost base, supply chain in GN Netcom is now mature and ready to respond to the growth expectations in the CC&O market and able to follow the volatility in the Mobile market maintaining profitability

Mobile volatility in market



CC&O market potential



- Revenue growth not calling for OPEX increase in same magnitude
- Flexibility and cost in balance with risk – enabler for sustainable Mobile business

# CONTINUOUS (ROOM FOR) IMPROVEMENT

PHASE 1.

## **ESTABLISHING A SCALABLE FOUNDATION**

- Complexity creeping back
- Order pattern not reflecting market model
- Mobile (B-2-C) supply strategy version II?

PHASE 2.

## **CREATING A TRANSPARENT SUPPLY CHAIN**

- S&OP process anchoring
- Collaboration down stream (CPFR)

PHASE 3.

## **RELIABLE AND TRUSTWORTHY SUPPLY CHAIN**

- Customer requirements: Value add or cost driver?
- Delivery accuracy in balance with inventory value

# SUMMARY OF ACHIEVEMENTS ASSOCIATED KPI'S

Simplification and scalability

- Manufacturing partners: 23 ⇒ 6
- Logistics partners: 5 ⇒ 1
- SKU's: 1333 ⇒ 959

+

Transparency and automation

- Inventory value: DKK 343m ⇒ 93m
- Resources in Supply Chain: 71 ⇒ 41

+

Continious improvement

- Delivery to promise: 89% ⇒ 99%
- Freight cost (% of rev.): 5,6% ⇒ 4,1%



**Flexibility and scalability**  
**Competitive EBITA and sustainable growth**

**Jabra®**

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**Thank you**