



Capital Market Days

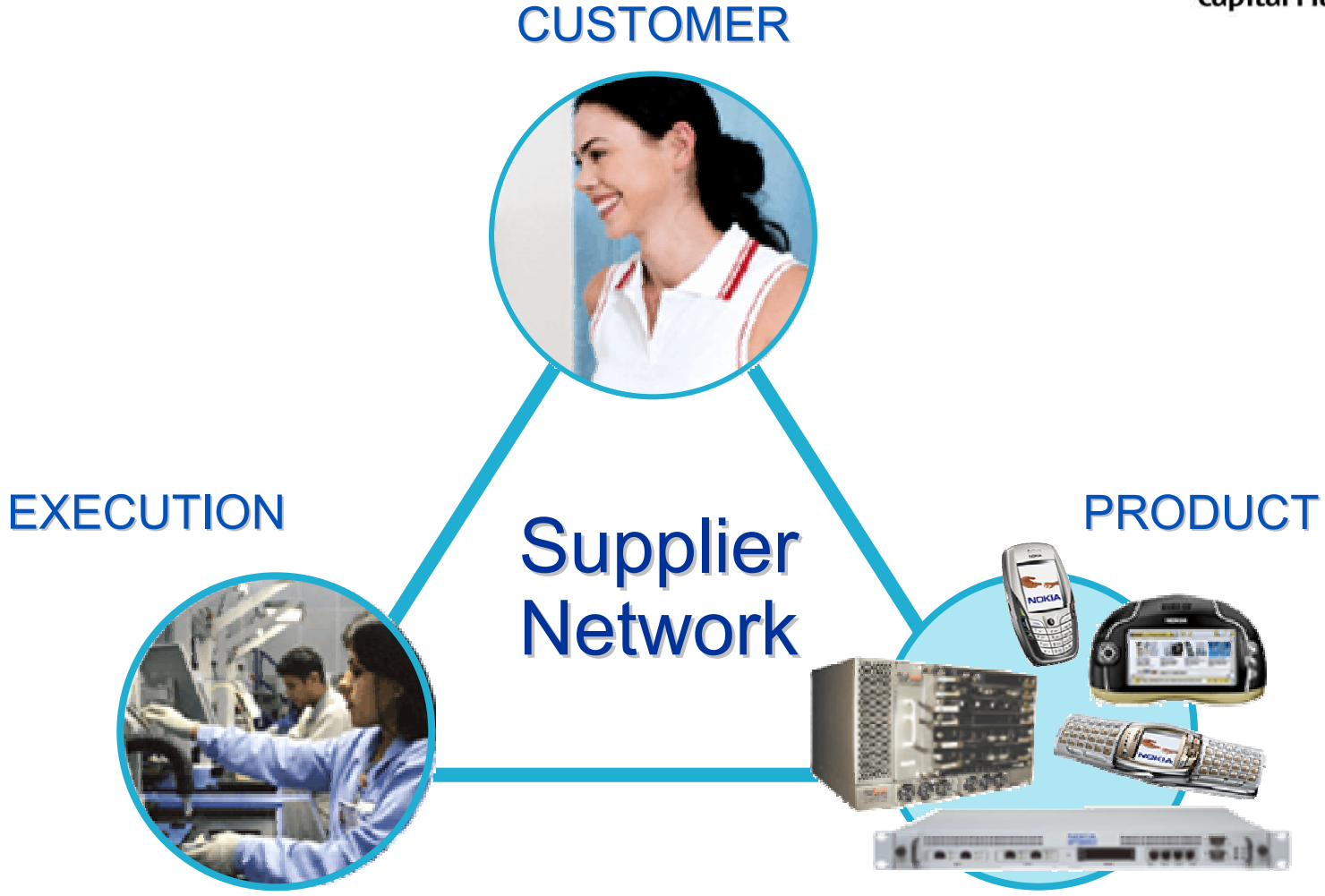
# Building momentum and creating the difference

Jean-Francois Baril  
Nokia Sourcing & Procurement

# Strong supplier network supporting Nokia



Capital Market Days



# Strategic priorities: customer first

Capital Market Days



**Speed-up Product & Technology Introduction**



**Drive Quality for Competitive Advantage**



**Ensure Flexible and Trusted Supply**



**Create and Maintain Total Cost Leadership**

**Supplier  
Capabilities**

**Process  
Integration  
Capabilities**

**People and  
Competencies**

**Customers**

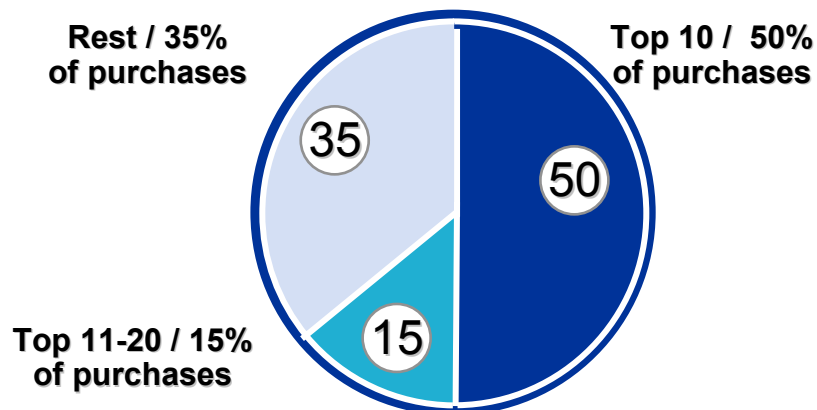
# Worldwide supplier base



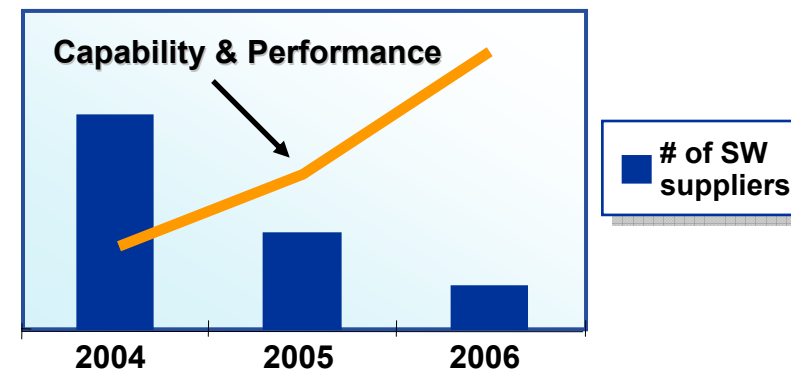
Capital Market Days

- Nokia has far less suppliers and active components than competitors
- Balanced geographical presence in supplier base
- Nokia provides one centralised interface to suppliers
- Global commercial contracts
- Cross functional teams to manage supplier base

## Stable base with HW suppliers



## Reduction in SW supplier base

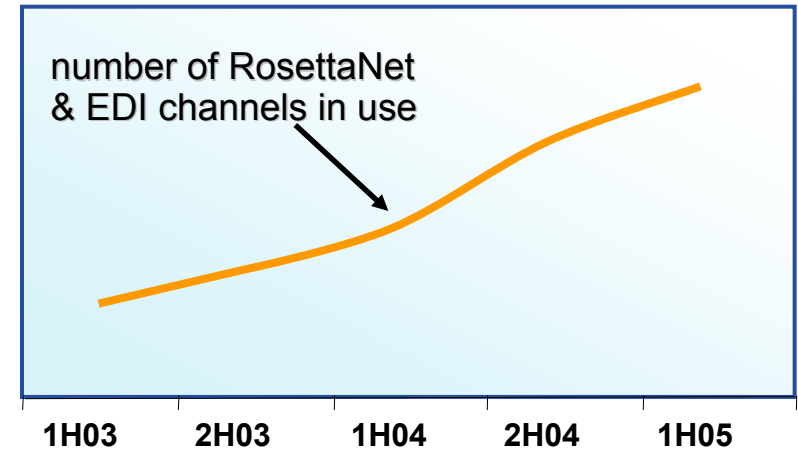
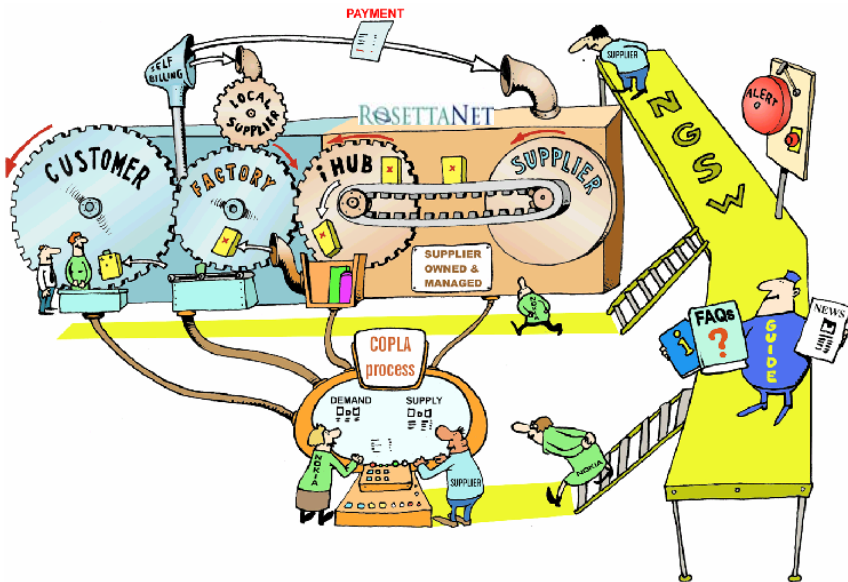


# Advanced supplier integration



Capital Market Days

- System to System integration through RosettaNet
- 8 iHub in place, 9th in ramp-up
- Contract manufacturers process integration as an extension of Nokia delivery process
- From delivery process integration to product creation integration

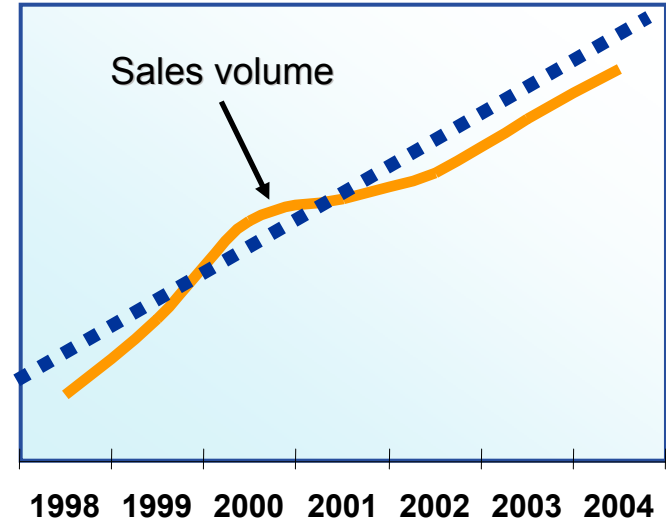


# Flexibility to meet demand

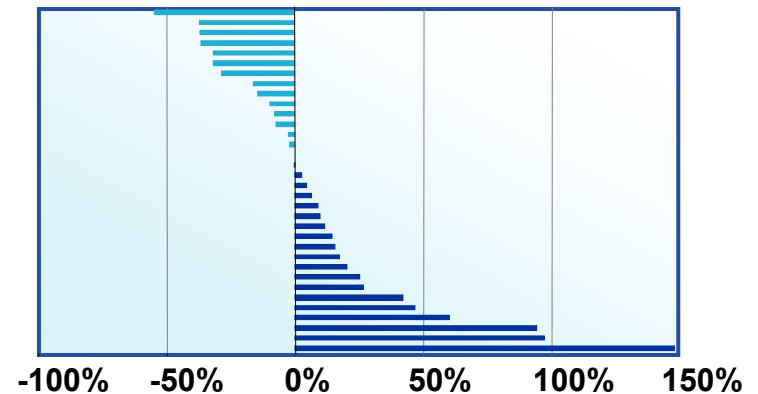


Capital Market Days

- Suppliers have capability to grow together with Nokia
- Constant availability of components vs competition
- Huge flexibility requirements with minimum liability
- "Real time" customer response and visibility to supply network capacity – weekly synchronized planning



## Respond to Changes in Product Mix

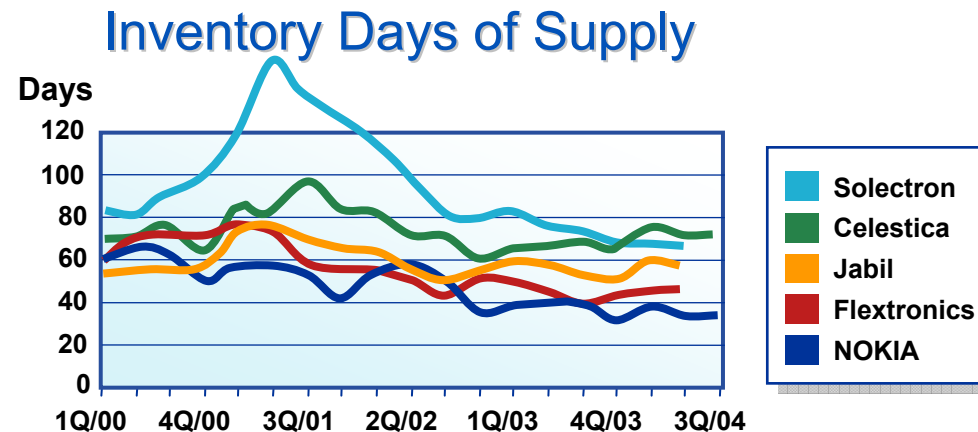
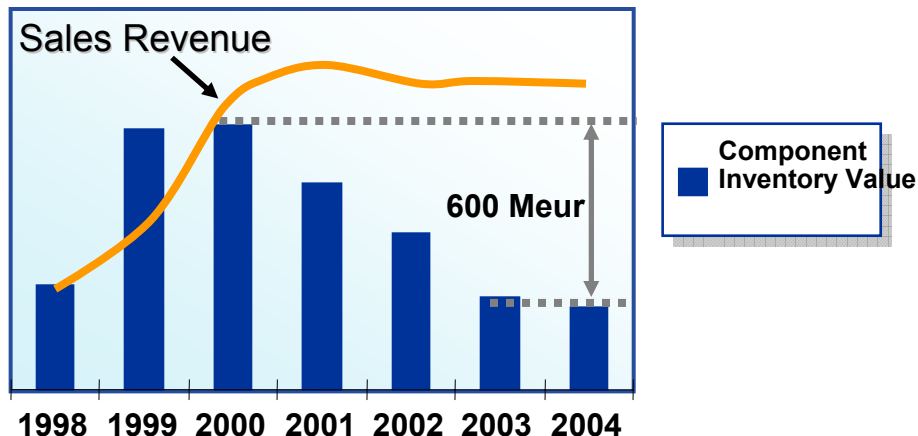


# Unlocking capital from component inventories



Capital Market Days

- Towards supplier owned component inventories
- Supplier managed availability & flexibility through iHUB processes
- Continuous component inventory reduction in the whole chain
- Self-billing process and stable payment terms

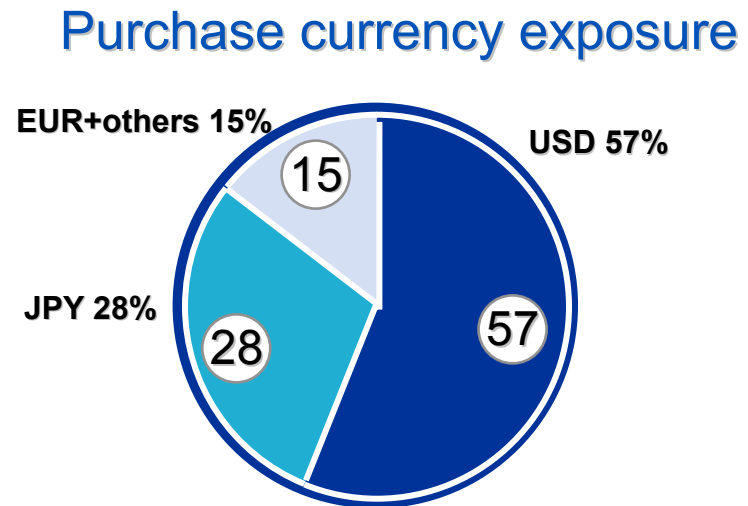
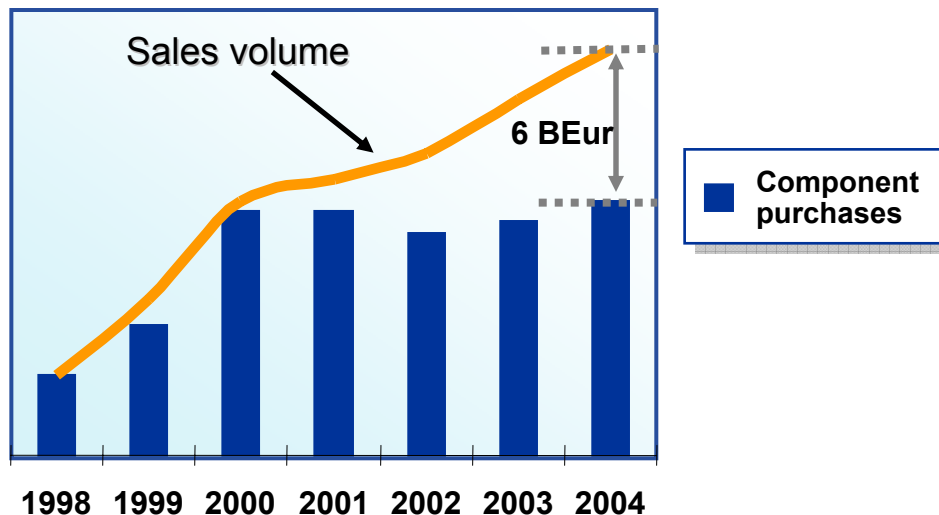


# Cost effectiveness increases



Capital Market Days

- Create 20% Cost Advantage to Competition
- “Should cost” model associated with optimal technology solution
- Open and proactive discussion with suppliers
- Price/Cost forecast accuracy 2 to 3 year horizon
- Total cost of ownership – logistics costs

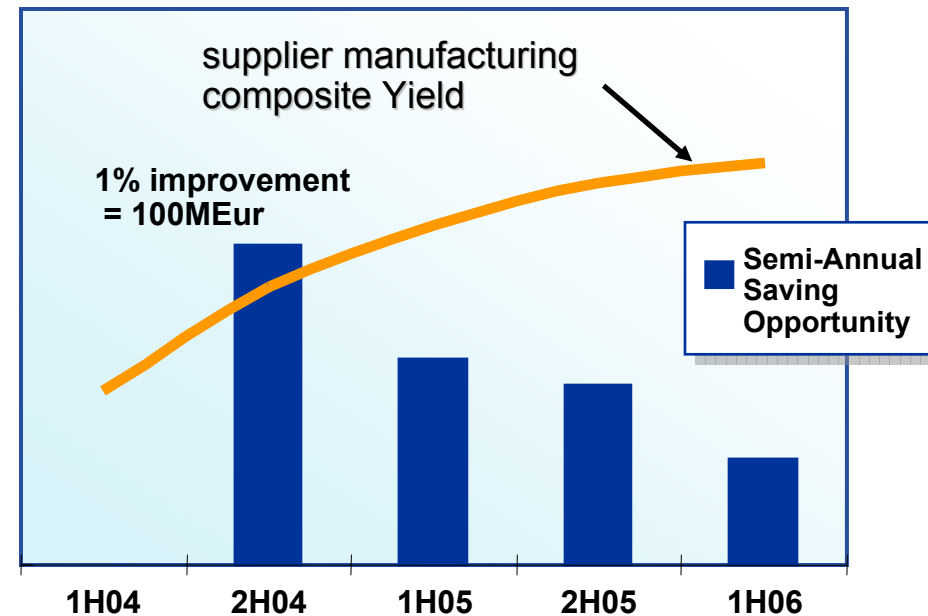


# No compromise in quality



Capital Market Days

- Continue to build competitive advantage
- Direct impact to Business
- Field Failure Rate seen by customer reduced by 50% in 36 months
- Component manufacturing failure rate improvement by 50% in 12 months



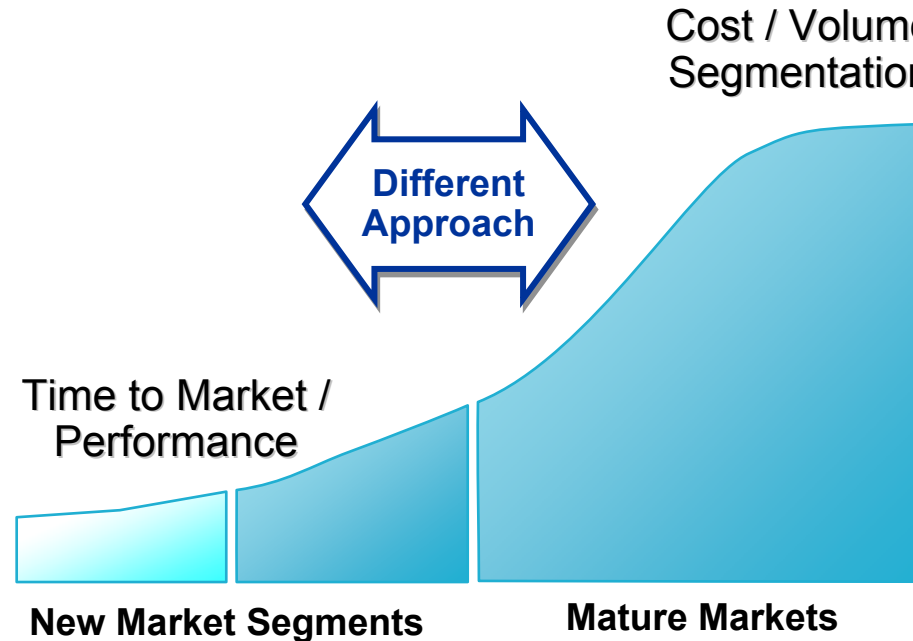
Major impact on trusted supply and flexibility as well !

# Speed in technology introduction



Capital Market Days

- Fast Technology development driven by end user experience
- Different approaches for different segments
- Five years experience in early supplier involvement and responsibility in R&D work
- Integration, modularity and standard interfaces
- Industrial design (touch & feel) better integrated to mechanics solutions
- Leading SW platforms and architectures
- Best in Class Subcontracted R&D



Nokia has 3 megapixel camera Phone models in the market today enabling photo-quality printing.

The number of megapixel models is expected to increase to over 25 during 2005

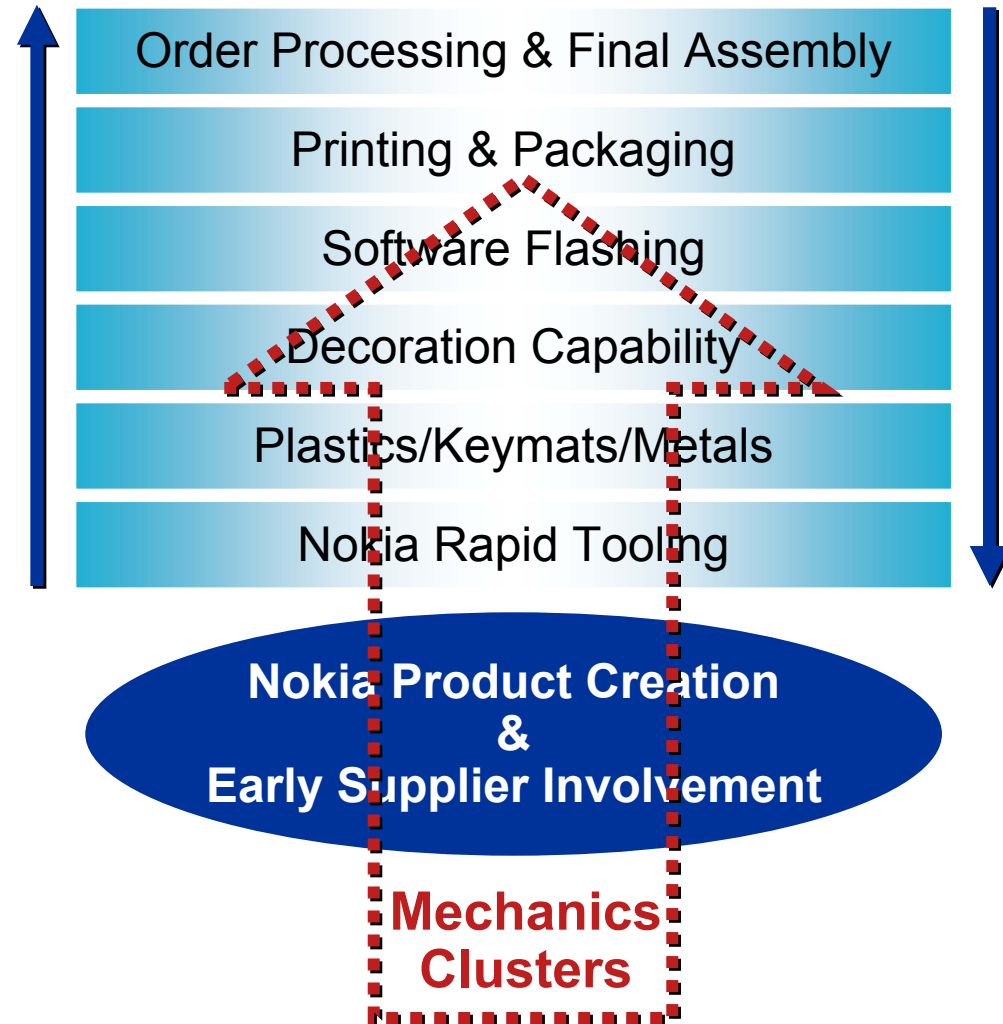
# Customisation supported by Nokia "clusters"

Speed is everything



Capital Market Days

- Economy of scale with local presence
  - enabling technology investments
  - driving 30% cost savings
- Shorter cycle times - 24h delivery capability
- One week tooling lead time
- Systematic manufacturing outsourcing



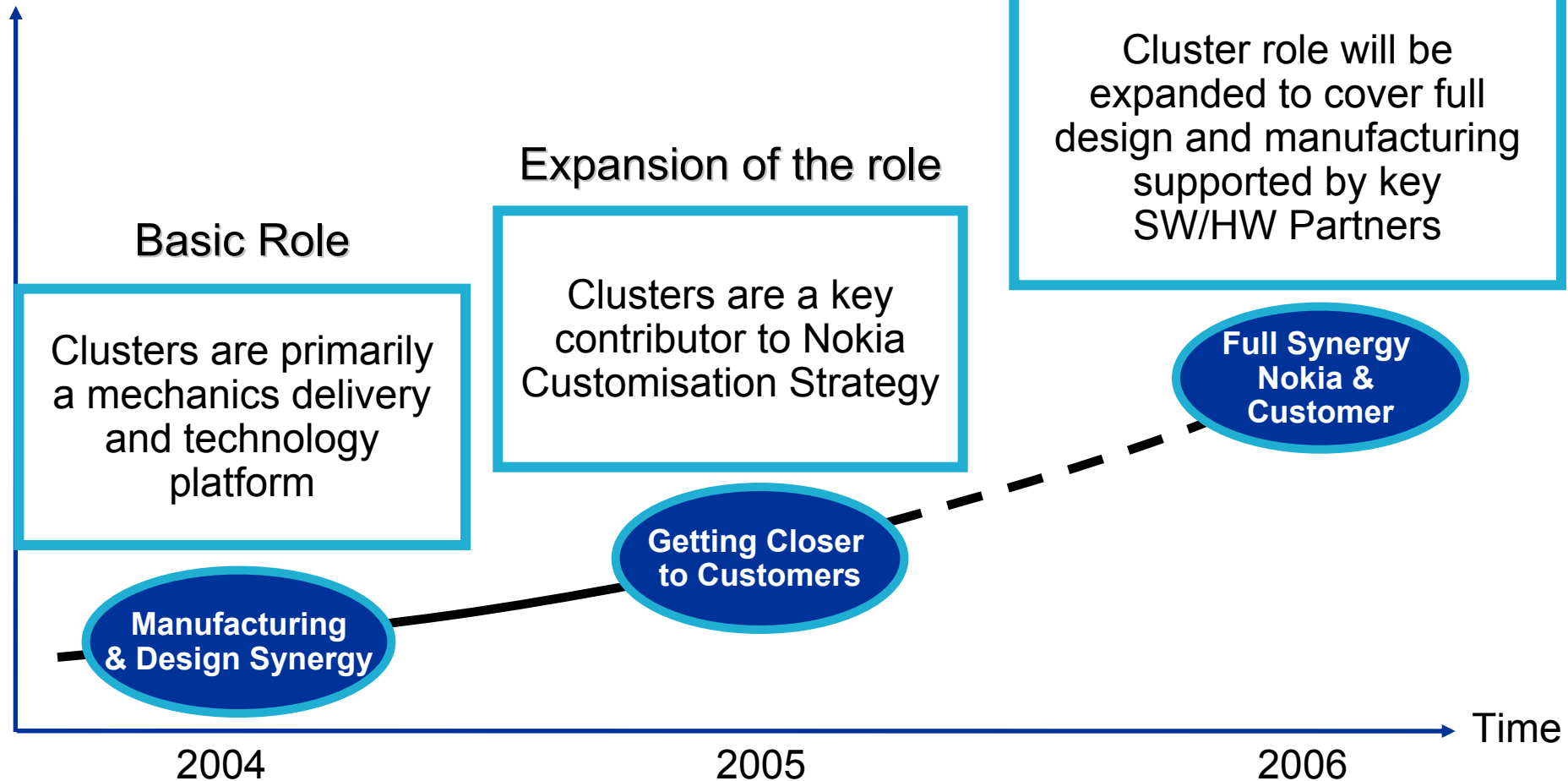
# Nokia "cluster" evolvement



Capital Market Days

## Full Scope

Value-added



# Winning customers' minds & hearts



- Constant availability of components vs competition
- Solution cost 20% better vs competition
- Component failure rate improvement by 50% in 12 months
- Customisation
- Technology Leadership and "WOW effect"
- Re-enforce values in Partnership spirit
- Nokia undisputable #1 customer

above all...  
**TRUST and PASSION**





Capital Market Days

Thank you!