



**Information Technology
2007 Performance Report**
A look inside Intel's IT operations

IT@Intel

Efficiency Means Going Green

Intel IT's focus on increasing efficiency not only reflects a concern for reducing costs, but a commitment to reduce Intel's impact on the environment. We engage in energy-saving initiatives to support that goal, including constructing high-efficiency data centers, reducing energy consumption through server virtualization and consolidation, and adopting energy-efficient hardware such as LCD monitors throughout the organization.

Through our involvement in industry research and technology development groups, we are evaluating new technologies with the potential to reduce our energy consumption even further. We participate in the Green Grid, an industry-wide consortium dedicated to curbing data center power consumption, and our involvement has supported the development of guidelines for energy efficient data centers and data center power metrics.

Our commitment to the Climate Savers Computing Initiative, which aims to reduce computer-related greenhouse gas emissions by 50 percent, includes adopting energy-efficient practices and technologies, such as servers with 80 percent efficient power supplies.

Intel IT has also invested in innovative building designs that reduce the impact on the environment by recovering data center heat. In Intel's first certified green building at our Israel site, we employ heat recovery chillers to capture heat produced by data center servers and other equipment, and we use the heat in other areas of the building, such as warming office space in the winter and providing year-round hot water for bathroom and kitchen use.

Reusing data center heat eliminates the need to add boilers for heating the rest of the building. By reducing fuel consumption, the building reduces emissions of CO₂ and nitrogen oxides (NO_x).

This energy-saving approach not only reduces the building's environmental impact—accumulating points toward certification under the Leadership in Energy and Environmental Design (LEED*) Green Building Rating System—but it is also highly cost-effective. We project annual savings of about USD 235,000 due to reduced fuel consumption at our Israel site.

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Left: Blade servers at an Intel data center

Cover: Jon McGee, Data Center Manager

Note: Some 2007 data was estimated at the time of publishing

Keeping Intel Running and Growing

Welcome to our seventh edition of the Intel IT performance report. In this publication, we will discuss how we helped transform Intel into a leaner, more efficient and flexible company.

2007 was a year of change for Intel IT. We focused on key programs—data center efficiency, enterprise resource planning (ERP) transformation, and IT governance. We expect our long-range plan for data center efficiency to achieve more than USD 1 billion in cost-avoidance savings through data center virtualization and consolidation—we reduced the number of data centers from 136 to 117.

In 2006, we began a multi-year program to replatform our ERP environment. We achieved 25 percent of our roadmap in 2007 and laid the foundation for supply chain and warehouse management across 67 percent of our master data domains.

We significantly improved our IT governance model, making it an integral part of Intel IT's culture. We created an IT corporate steering committee and streamlined our decision-making process by eliminating 67 percent of our decision-making forums, allowing IT employees to work more efficiently.

In 2007, we also focused on standardizing our application environment. By removing more than 450 outdated and redundant applications, we increased our responsiveness and agility.

We reduced Intel IT headcount by 10 percent. While this reduction will make Intel IT leaner and more flexible, it was difficult for all of IT as many colleagues left Intel.

Intel IT provided leadership development and employee training to enhance technical skills, increasing the number of IT principal engineers. We introduced the Principal Program Manager program, providing a well-defined career path for IT program and project managers.

We enhanced the usability of our Web site (intel.com/IT), improving content delivery and participated in launching Intel's first online IT community, Open Port. The IT@Intel Zone on Open Port provides visitors with industry-related information and opportunities to participate in discussions with IT experts.

It's been another challenging year, and we credit our more than 5,500 IT employees with making Intel IT a leaner, more agile IT shop. I look forward to working with this creative and talented team in 2008 as we continue to enable Intel's success.



John "JJ" Johnson
Vice President
Chief Information Officer



Garry Erck, Network Specialist

Our Mission

Deliver IT capabilities that keep Intel running and enable growth.

Our Vision

Intel IT capabilities are a core competitive strength.

Intel IT 2007 Strategic Objectives

Strategic Objective One

Deliver a standardized, cost-effective computing environment that keeps Intel running.

Strategic Objective Two

Be an agile, high-performing organization.

Strategic Objective Three

Influence and deliver solutions that create bottom-line improvements for Intel.

2007

A Look Inside Intel IT



Russell Craft, IT Technical Engineering Manager

Our IT Operations

Intel IT employees: 5,500

IT sites: 66 in 28 countries

Data centers: 117

- Manufacturing computing: 29
- Regional and small site: 27
- Enterprise: 2
- General purpose: 52
- High density: 7

Who do we support?

- Employees: 86,500
 - Americas region: 50,500
 - Europe region: 23,000
 - Asia region: 13,000
- Sites: 146
 - Americas region: 42
 - Europe region: 49
 - Asia region: 55
- Countries and regions: 60



Americas region: North America, South America, Latin America
 Europe region: Europe, Middle East, Africa, Russia
 Asia region: Asia, Australia

Intel Information and Data Traffic

DATA TRAFFIC	2006	2007
WAN traffic (terabytes per month)	467	1,996
Backup data stored (terabytes per month)	812	989
Audio conferencing (millions of minutes per month)	39	34.5
MESSAGING TRAFFIC		
E-mail mail boxes	95,000	122,000
E-mail messages (millions per month)	137	143
Instant messaging users	70,395	80,000

“Intel IT provided six on-time releases and averaged only 15 weeks time to market, giving us the agility to significantly improve responsiveness in 2007.”

– Stuart Pann
 Vice President
 Sales and Marketing Group

Operational Efficiency

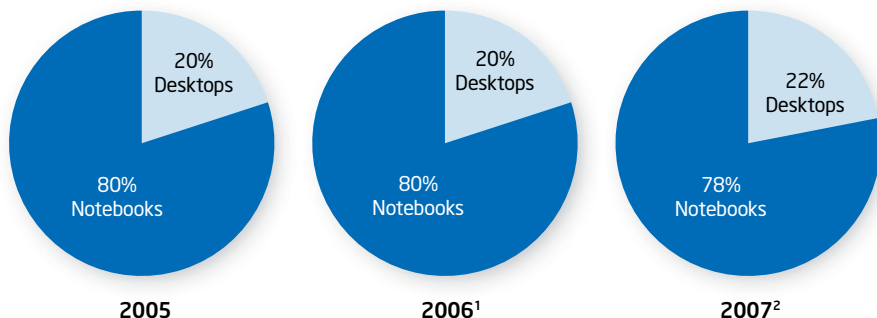
INFRASTRUCTURE SERVICES	2006	2007	EFFICIENCY GAIN
Cost per LAN node <i>Volume of LAN nodes</i>	USD 81.30 258,895	USD 23.78 810,538 ¹	70%
Cost per terabyte of WAN traffic <i>Terabytes of WAN traffic per month</i>	USD 7,310 467	USD 2,565 1,996	65%
Cost per data center square foot <i>Data center square feet (thousands)</i>	USD 5.63 466	USD 5.41 459	4%
CLIENT SERVICES			
Weeks of PC inventory	9.8	7.2	27%
SERVICE DESK (EMPLOYEE TECHNICAL SUPPORT)			
Cost per Incident <i>Contact resolution rate</i>	USD 24.53 93%	USD 19.29 95%	21%

¹In 2007 we changed our tracking methodology



Kristen West, Database Engineer

Intel Employee Notebook to Desktop Ratios



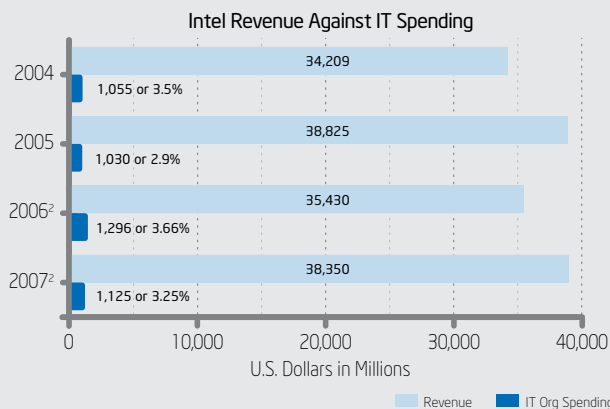
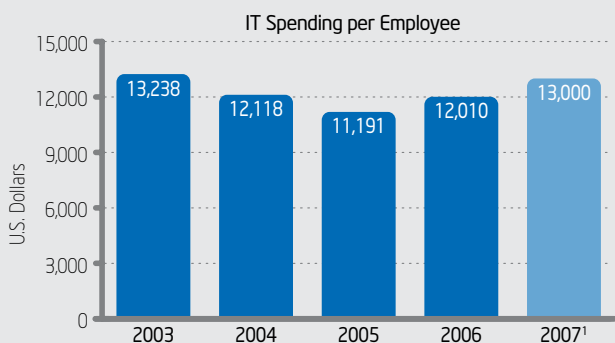
¹2006 Regional Breakdown of Notebooks: Europe 13%; Asia 20%; Americas 67%
²2007 Regional Breakdown of Notebooks: Europe 16%; Asia 20%; Americas 64%

6,300
 Wireless Access Points at Intel
 Up 18% from 2006

100%
 Buildings with
 Wireless Access

80,000
 Wireless Users
 Up 4% from 2006

How Much Does Intel Pay for IT Service and Support?



¹IT spending does not include stock-based compensation or IT spending by non-IT business groups

²IT spending includes IT spending by non-IT groups but does not include stock-based compensation expense

Note: 2007 data estimated at time of publishing



Cecile Kerr, Senior Systems Administrator and Neal D. Smith, Data Center Manager

2007 STRATEGIC OBJECTIVE ONE

Managing the Enterprise

Inherent in Intel's core values is operational excellence—achieving world-class results, year after year, by improving our reliability, usability, cost effectiveness, agility, and scalability. In 2007, we focused on improving our data center efficiency, providing the right level of service, standardizing our application environment, and transforming our enterprise resource planning environment.

one OPERATIONAL EXCELLENCE

50%

Capital Expenditure Reduction

70%

Accuracy of Forecasted
Compute Requirements

USD 66M

Savings from Restructuring our
Application Environment

Data Center Efficiency

With year-over-year growth in demand for computing resources escalating, and costs estimated to be 31 percent higher by 2014, Intel IT devised a long-range plan for increasing data center efficiency and transforming how we manage computing at Intel. We expect to achieve a net present value (NPV) of about USD 550 to 650 million and overall cost-avoidance savings of USD 1 billion or higher.

We've shifted our strategy away from a model centered on business units to one focused on providing capabilities and usage. Our plan improves data center efficiency supporting our main computing applications. It is based on three tenets:

- Standardizing processes and design specifications
- Increasing compute utilization
- Reducing data centers through consolidation

Standardizing Processes and Design Specifications

We are simplifying and standardizing our data center environments to increase efficiency and reduce costs—refining our procedures and governance and implementing best practices.

We discovered that many of our data centers are inconsistent in how they're managed. For example, our lack of standardization resulted in nearly

300 reference platforms. We plan to significantly reduce the number of reference designs, automate provisioning, simplify processes, and increase utilization by stacking more applications onto each server.

We offer tiered service level agreements to provide the right level of service to our users. By offering three levels of service for support, we can reduce our costs while providing a level of service appropriate to the requirements of each user group.

We've implemented a more holistic, long-range planning process for capital equipment, achieving 70 percent accuracy improvement in forecasting computing services demand in the first year, with a goal to reach 90 percent by the end of 2008. Our improved process means we can make better decisions about how and when we purchase and place servers to deliver the highest value.

Increasing Compute Utilization

Much of our data center growth has occurred vertically to accommodate peak demand requirements. We found during non-peak times, server utilization rates range from as little as 10 percent to about 65 percent, and storage devices have been underused with utilization ranging from 40 to 60 percent.

Implementing new technologies is helping us reach our goal of

80 percent server utilization. Our use of virtualization and grid computing reduces energy consumption and boosts utilization, enabling us to share compute servers by removing physical, geographical, and organizational boundaries, providing cost-avoidance savings of more than USD 30 million in 2007.

We are taking advantage of operating system virtualization to install three or four operating system images on one server, enabling each one to support more applications, and improving utilization. Moving to multi-core processor-based servers allows us to consolidate more machines in a single footprint, as well as boost performance and reduce power consumption. By consolidating workloads onto servers based on multi-core Intel® Xeon® processors, we've reduced the number of servers by about 1,800, while increasing the overall number of cores.

Grid computing improves our ability to share computing resources across Intel. Instead of installing additional servers and applications each time a user group needs them, groups can take advantage of processes and infrastructure we've developed to make it simple for them to use a virtual pool. Since 2006, we have seen an 11 percent increase in utilization and expect about USD 77 million in cost-avoidance savings by 2008.

We continue to reduce costs by replacing servers that have reached their four-year lifecycles with systems that have smaller footprints and lower power demands. Our newer multi-core systems offer a reduced footprint in more compact packages, such as blade servers, lower power consumption, and increased performance. This lowers operating and maintenance costs compared to single-core systems.

Data Center Consolidation

We are driving our costs down and increasing flexibility by concentrating computing resources into a smaller number of strategic data center locations. We plan to focus investments on these high-density, highly efficient data centers, rather than frequently updating our current data centers, and we will eliminate local data centers where possible.

In 2007, we reduced the number of data centers by 14 percent and reduced square footage by 4 percent. Over time, we plan to reduce our data center space requirements by about 35 percent.

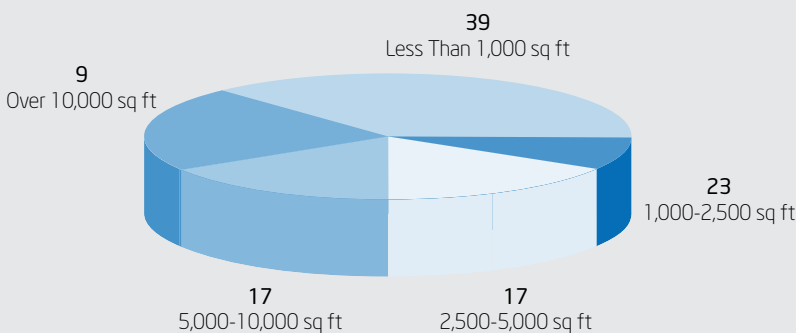
In North America, for example, two data centers will account for about 72 percent of all of our data center capacity, thus using our available footprint and not requiring major facility builds. We will develop and outfit each data center to support multiple business requirements and meet business continuity needs in each region.



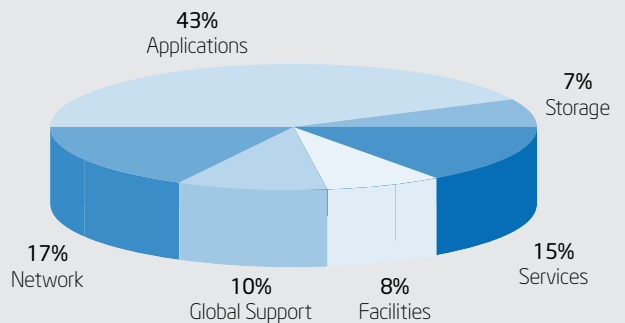
Rohit Sreenivasan and Dan Burrone, Senior Systems Programmers

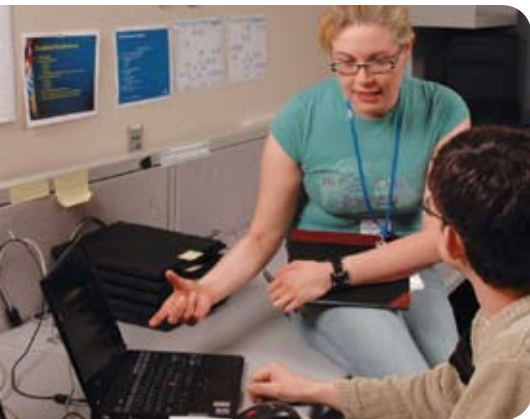
Key Data Center Metrics

Data Center Square Footage



Data Center Cost Breakdown





Teresa O'Brien, Environmental Engineer

The Right Level of IT Service

In 2007, we improved the quality of our IT internal support, consolidating our reference designs, moving our Service Desk for employee technical support to one location, and adding new capabilities, such as standard incident and problem management processes and tools. We continued to align our IT services with the current and future needs of Intel's business and customers.

Hosting Transformation

In 2007, we began a strategy to simplify and standardize support technologies and processes across IT. Many of our platform reference designs (PRDs) were customized and were not consistent across our data centers.

We implemented four new reference designs, thereby eliminating 11, and improving standardization. We also reduced the number of reference design servers by more than 2,000 and increased server utilization by 30 percent. This standardization and server reduction resulted in savings and cost avoidance of USD 10 million. We transitioned all first responses to incident management for enterprise hosting to Intel IT's Service Desk, increasing the standardization of our IT operations.

Service Desk Transition

At the beginning of 2007, Intel IT managed several Service Desks to provide technical support to Intel employees. Most of the Service Desks were located in mature markets and

offered different types of support channels, or ways in which employees contacted them, resulting in high operating costs.

We transitioned these independent Services Desks into one integrated support organization—the Integrated Service Desk (ISD)—using common support channels, tools, and processes. ISD now has two hubs, located in the lower-cost markets of Costa Rica and Malaysia. This move to lower-cost markets and other cost-saving measures, resulted in incremental annual savings of USD 10 million. Intel IT partnered with our Engineering Computing (EC) and Information Risk Security groups to manage first-level support for many EC services, further reducing redundant service offerings and overall support costs in IT.

Support Channels

In 2007, Intel IT adopted common support channels, tools, and automation. We launched an improved version of our intranet that simplifies how employees find the most appropriate support channel for their needs.



Antonio Santiago, Communications Manager

eSupport Improves Efficiency

In 2007, Intel IT's Office Service Desk (OSD), providing technical support to Intel's non-manufacturing employees, implemented a plan to transition 20 percent of OSD contacts to eSupport solutions, such as live chat and Web-based support. By the end of the year, employees initiated 31 percent of contacts via these lower-cost solutions. Compared to traditional telephone support, efficiency improved by more than 21 percent with concurrent live chats, resulting in annual cost savings of almost USD 800,000. By the end of the year, 20 percent of all OSD contacts were live chats.

We laid the foundation for the Incident and Problem Records Online (IPRO) program. IPRO, the basis for Intel IT's service management platform, which follows the IT Infrastructure Library* (ITIL*) methodology. Service Desk agents will achieve greater flexibility in handling customer support requests with our new multi-media routing and improved agent desktop. The Service Desk tool for employees will also be improved with taxonomy and search enhancements.

Business-Driven SLAs

Our service level agreement (SLA) performance model ensures a foundation to align Intel IT's solutions, products, and services with Intel's business capability needs and requirements. With a mature model in place, we can better manage the expectations of our internal customers and business partners.

In 2007, we focused on key activities to increase our SLA performance maturity and enhance relationships with our customers:

IT Solutions

We defined and published business-specific and corporate solutions, with clear summaries and service level metrics.

Performance Reviews

We created a partner satisfaction program and began reviews with IT groups to integrate services.

IT Scorecard

We put into place a measurement system to capture solution performance and make information available to meet the data needs of Intel audiences.

IT Products and Services Catalog

We created the IT Products and Services Catalog to articulate our capabilities to customers and end users. The catalog is a repository that aligns IT products and services to help our IT managers understand their connection to the solutions we provide. It presents both business and corporate solutions. Business solutions meet the needs of a group, and corporate solutions meet the needs of the company as a whole.

Managing these components via an IT catalog allows us to better identify and solve the needs of our business partners.



David Smothers, Systems Engineer

Performance on Critical SLAs

METRIC AREA	METRIC DETAIL	GOAL	ACTUAL
Business Continuity	Material customer impact (no significant operational excursions on business critical applications: Order, Ship, Bill, Pay, Close)	0	0
	E-mail uptime	99%	99.9%
	Tape-out defect rate	5/week	4.6/week
	WAN availability	99.995%	99.999%
	Time to contain cyber events	<7 days	2.43 Incidents
	Service desk cost per contact	USD 25.15	USD 19.29
	First call resolution rate	85%	95%
	Repair performance against commitment	95%	97%
Programs and Projects	Performance against schedule	90%	81%



Awanti Ghaneekar, Database Engineer

Transforming our ERP Environment

In 2006, Intel IT set the strategic foundation for a three-year roadmap to simplify our enterprise resource planning (ERP) environment, reduce maintenance costs, and better respond to Intel’s changing business needs. This year, we made solid progress, moving functionality out of the legacy environment and reducing customizations and complexity.

Our Vision

Intel’s current environment includes 13 ERP production instances on 450 servers, a multitude of user-interface tools, and several data warehouse extract methods. This complexity hindered Intel IT’s responsiveness and was cumbersome and expensive to maintain. By simplifying our ERP environment, we can now deliver business capabilities in weeks rather than months. We will continue to build-out our technology infrastructure and plan to port about 30 major applications to our new ERP environment.

Our ERP roadmap includes single instances of off-the-shelf, industry-standard capabilities, and integrated solutions. We will consolidate multiple access points into the ERP system and have one data warehouse extract method.

2007 Goals and Progress

In 2007, we completed seven application moves and built out four of our six master data areas. We also completed our ERP infrastructure foundation, significantly reduced the number of custom objects, and increased the velocity of maintenance upgrades. We worked with our business partners to make the right tradeoffs between customization and IT costs.

In line with Intel IT’s strategic objectives, we tightened decision making around our ERP environment. ERP teams receive clear success criteria, architecture alternatives, and decision milestones, speeding decision making and reducing deviations. Two architectural forums with cross-functional representation provide a one-stop shop for decision making. The forums encourage discussion, early resolution of issues, and commitment.

A Simplified ERP Environment

Intel IT is realizing significant cost savings and added agility as we transform our ERP Environment. We expect additional cost savings and performance improvements in 2008 as we integrate Quad-Core Intel® Xeon® processors into the ERP environment.

BEFORE	2007	FUTURE
12,000 ERP users	12,000 ERP users and 26,000 users of the new ERP portal	Portal only
Inflexible design	Completed seven ERP transformation projects	Simplified, virtualized environment
Maintenance only; upgrades cost prohibitive	Deliver maintenance upgrades in four weeks	Upgrades achievable at low cost
Vendor support difficult due to high level of customization	Reduced customization	Minimal customization
Complex landscape with thousands of communications paths	Moving toward standard messaging interface	Standard messaging interface

Project Challenges

Our matrixed structure and the dependent nature of the new ERP environment contributed to conflicting goals early in 2007, leading us to refocus employees with critical skills we needed and a renewed commitment to the roadmap. Typical of complex projects, we faced the temptation to add new functionality as we replaced existing functionality. We created a process to manage scope creep and prevent projects from becoming overly complex.

Managing Customizations

Intel IT established a clear process for approvals and waivers for ERP customizations. We've instated peer reviews that include senior solution architects, engineers, and peers. They look for alternatives, including business process changes that can achieve the same result as customization. Our IT governance model (see page 22) ensures joint responsibility between Intel IT and business groups, allowing only regularly reviewed customizations that drive competitive advantage for Intel.

Sponsorship from Intel executives ensures a reduction in customization by setting clear expectations and maintaining momentum. We also perform quarterly ERP audits to verify our processes are achieving the desired results and projects are in compliance.

2007 Highlights

In 2007, our ERP team completed 25 percent of the three-year ERP roadmap and laid the foundation for supply chain and warehouse management and four of six master data domains. We replaced highly customized application functionality with native code, aligning Intel to industry-standard practices.

Intel IT completed three ERP maintenance upgrades using one-third the time and resources previously required. We deployed a single portal for business-to-business connections and a one middleware service for electronic messaging. We also established a single portal into the ERP tool for employees and a single mechanism for extraction and reporting of ERP information.

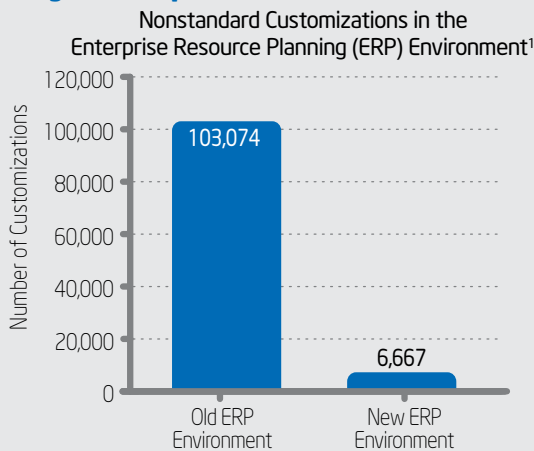
Plans for 2008

In 2008, we'll move about 10 more critical applications. We'll improve our resource management and conduct more frequent scope reviews and project integration meetings to maintain focus and resolve dependencies early. In addition, we'll consolidate accountability for the roadmap to a single program office and work with our business partners to meet their requirements with industry-standard ERP applications and tools.

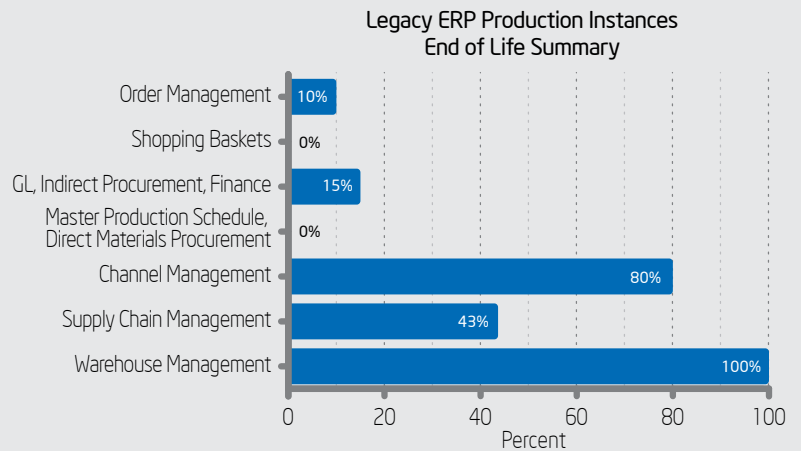


Julie Phillis, Network Engineer

Key Enterprise Resource Planning Metrics



¹25 percent of ERP roadmap complete





Jason Hoffman, Systems Programmer

Standardizing Our Application Environment

Every day, Intel's employees rely on our application environment to do their jobs. We often add applications and capabilities to the environment, increasing productivity for our employees. To prevent our application environment from becoming highly complex and inflexible, Intel IT established an end-of-life program to remove outdated and redundant applications.

Assessing the Situation

In 2006, Intel IT engaged a third-party consulting firm to help identify areas in which we could improve operational effectiveness and efficiency. The evaluation confirmed that there were significant legacy applications in our environment. The agency recommended Intel reduce our application base by 50 percent over four years.

Implementing Change

In response to this challenge, we chartered a temporary team with two strategic objectives:

- Significantly reduce the quantity of applications (about 33 percent reduction in two years).
- Establish processes to enable a 50 percent reduction.

Intel IT did not have an accurate list of all applications in the environment or processes for identifying and eliminating legacy applications.

The end-of-life (EOL) team created a single list of applications and associated data: the Intel Application Profiler (IAP). IAP replaced other databases and is the authority for application metadata. The team created and documented processes to identify opportunities, execute EOLs, and archive the source code and data. Post-EOL reviews help us refine and improve our documentation and processes.

In 2007, IT and its partners EOLed 468 applications, exceeding our goal of a 15 percent annual reduction. The estimated net present value savings from EOLing these applications is USD 66 million.



Arthur Donahue, Data Center Manager

End-of-Life Team Helps Retire Antiquated Data Warehouses

To achieve visibility into critical business functions across the company, Intel IT deployed an enterprise data warehouse solution in 2001. Though individual business groups planned to migrate to the new system and retire antiquated data warehouses, in 2007 many of the old systems remained in place, increasing maintenance costs and the risk of losing critical data as older servers start to fail. Groups struggled to make the transition due to the complexity of the old infrastructure and lack of resources.

To solve this problem, Intel IT chartered a two-year end-of-life program team. By coordinating across departments and targeting the most antiquated systems, the team retired a third of the stand-alone data warehouses in a matter of months, reducing costs and improving data integrity. Their efforts resulted in savings of USD 1.2 million over two years through reduced maintenance costs and productivity gains.

Increasing Our Cost Competitiveness

Intel IT measures the value our organization returns to Intel in the form of top-line growth and bottom-line improvements through a “business value” methodology. In 2007, we adopted a portfolio management process and transitioned our business value methodology from a gross value metric to a net present value (NPV) metric to make and communicate investment decisions.

Portfolio Management

Our portfolio management process, in conjunction with a five-year NPV metric, enables operations and financial IT professionals to conduct a full Investment-performance analysis that spans across the IT organization. In 2007, our IT operations used the results from this analysis as part of our decision-making process for proposed projects. With portfolio management, we focused on projects that have a combined NPV of approximately USD 1.3 billion over the next five years.

We also used the NPV metric and portfolio management in transforming our enterprise resource planning (see pages 10-11). This process enables better operations and decision making and allows IT investment management to address resource optimization of IT business value.

Realized Dollar Savings

As IT continues to invest in critical projects and absorb increasing product demand,

it is imperative to proactively manage the cost effectiveness of the computing environment that keeps Intel running. To build a culture of cost ownership and recognize the ongoing effort to enhance our efficiency, IT Finance developed a fair and consistent IT-wide cost savings consolidation and rewards program: the IT Cost Challenge.

All Intel IT business groups participated in the IT Cost Challenge as part of the organization’s strategic objectives. Processes developed in conjunction with the Cost Challenge fortify IT profitability projections, enable a common framework for savings analysis, and highlight IT-wide savings efforts to senior management. The IT Cost Challenge also standardizes the identifying traits of cost savings and cost avoidance for ongoing analysis. By the end of the third quarter of 2007, we achieved USD 64 million in validated cost savings, surpassing our goal of USD 60 million.



Laura Wilson, Project Manager

Increasing Cost Competitiveness Through Warehouse Management

In 2007, Intel IT moved all warehouse management (WM) from two management systems to a single environment. We upgraded our WM to our new enterprise resource planning environment (see pages 10 and 11), using native code. These changes eliminated almost 90 percent of the customization in the WM solutions. We reduced design time from more than six months to only six weeks.

We expect to take only six months to complete deployment of seven components warehouses. Previously, deployment to all Intel warehouse sites would have taken more than two years. We expect to decrease maintenance incidents by 50 percent and overall maintenance support costs by 25 percent due to the common platform for all WM functionality, reducing our total cost of ownership.



Scott Hardy, Engineer and Richard McIntosh, Systems Analyst



Geoffrey Khalil, AV Support Project Manager and James Harris, Audio Products Manager

Managing IT Spending

In 2007, we experienced increased demand for IT products and services while facing reduced IT spending targets. In response, Intel IT developed data-driven tools to identify investment opportunities and tightly managed controllable spending. We stayed within our 2007 reduced IT spending targets, though our IT costs per employee increased by 8.2 percent due to our smaller employee base.

IT Spending

In 2006, IT spending as a percentage of Intel revenue was 3.66 percent. This includes IT spending by non-IT business groups, but does not include stock-based compensation expense. We implemented a plan to reduce overall IT spending to 2.6 percent by 2010 and bring most IT spending under the control of the CIO. By the end of 2007, we reduced overall IT spending to only 3.25 percent of Intel revenue.

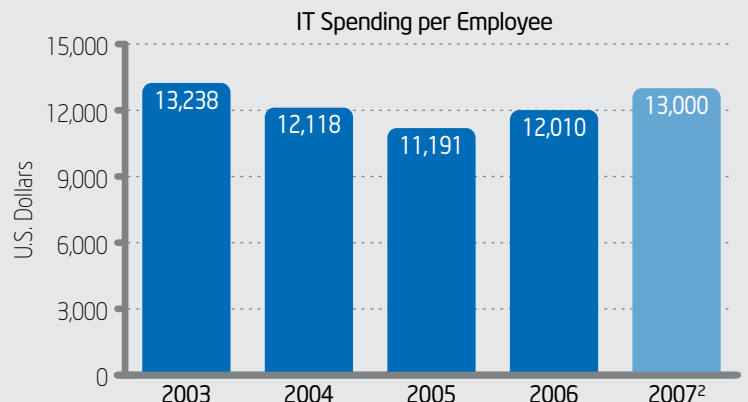
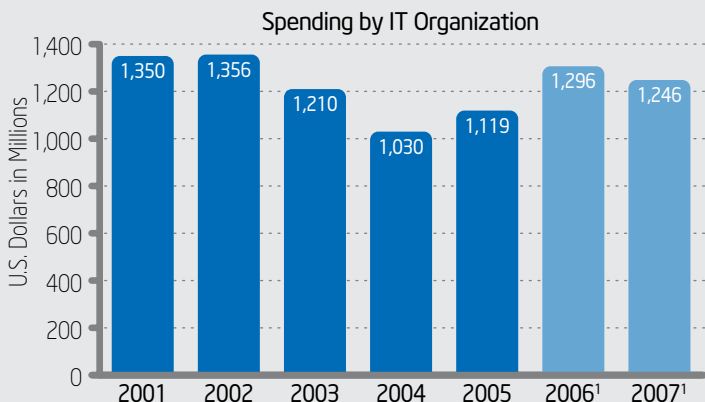
We initiated several IT efficiency efforts to reduce costs and emphasize financial disciplines that allowed IT to focus on areas that improve competitiveness and profitability. These include:

- Data center efficiency (see pages 6-7)
- Standardizing business processes and applications through transforming our enterprise resource planning (see pages 10-11 and 19)

- Optimizing support technologies by improving server utilization and consolidating data storage (see page 8)
- Driving more efficient use of capital expenditures through financial analysis and indicators (see page 13)
- Managing supplier costs by optimizing services, reviewing key supplier spends, and considering dual-source options and eliminating unnecessary services

In 2007, we maintained cost reductions and made investments in new capabilities while limiting increases in IT spending. We improved our decision making on investment opportunities and tracked results using rigorous financial validation and standardized business value language.

Key Finance Metrics



¹ 2006 and 2007 IT spending includes IT spending by non-IT groups and does not include stock-based compensation expense.

² IT spending does not include stock-based compensation or IT spending by non-IT business groups

Keeping Intel IT Legal

In addition to keeping Intel running, Intel IT promotes a culture of high-level business ethics and legal compliance while managing the appropriate level of information risk. We ensure the availability of critical information and apply the proper level of protection to Intel’s information assets.

For a company like Intel, which runs on information and data, the IT organization is responsible for enabling the rest of the corporation to comply with laws and regulations as well as our own internal policies. Careful management of information risk, security, and compliance are critical to the way we do business.

IT Emergency Response

As part of Intel IT’s overall focus on improving efficiency in 2007, we improved our IT emergency response process (ITERP), resulting in less time to contain cyber events, as compared to 2006. We experienced a record high number of cyber events with a total of 118, compared to 74 events in 2006. The time to contain cyber events

averaged 2.43 days, down from 5 days in 2006. By quickly containing cyber events and mitigating their impacts, we prevented material impact to Intel despite the increase in the number of events.

Controlled Technology and Data Privacy Requirements

In 2007, we enhanced our a controlled technology compliance program. We increased technical controls to enable controlled technology compliance and implemented a standard global compliance assessment process. We also consolidated instructor-led export control and controlled technology compliance training courses into one online training course, making training employees simpler and easier.



D.S. Malhotra, Server Engineer and Vijay Tangirala and Andy Son K Le, Systems Programmers

CAPABILITY	GOAL	RESULTS
Keeping Intel IT Legal: Maintain the right level of protection while complying to control requirements to keep Intel legal.		
Controlled Technology and Data Privacy	<ul style="list-style-type: none"> Secure our outsourcing engagements and mitigate risk by 75%. 	<ul style="list-style-type: none"> Completed more than 100 outsourcing risk assessments. Mitigated risk by about 75% by influencing vendors to respond to control recommendations. Collected and securely disposed of more than 35,000 unnecessary hard disk drives and more than 20,000 unnecessary back-up tapes. Developed standards for the security of our paper waste handling processes. Validated compliance at 25 Intel sites.
Privacy (Keep Intel Legal)	<ul style="list-style-type: none"> Establish extended privacy team as the operational privacy compliance forum, with participation of 66% of Intel business groups. Evolve privacy compliance collateral. 	<ul style="list-style-type: none"> Achieved 71% participation by Intel business groups that process personal data. Revised privacy compliance standards for ease of use.
Material Events	<ul style="list-style-type: none"> Ensure compliance with regulatory requirements. Manage acceptable risk for critical aspects of our business, resulting in no material events. 	<ul style="list-style-type: none"> In compliance with regulatory requirements. 0 material events.
Sarbanes-Oxley (SOX) compliance	<ul style="list-style-type: none"> Ensure compliance with regulatory requirements. Manage acceptable risk for critical aspects of our business. 	<ul style="list-style-type: none"> SOX compliance program for IT general controls moved to sustaining. Scope reduced by 35%. Combined automation and standardization of IT processes, reducing testing effort by 40%. Maintained passing grade on SOX with less than 15% deficiency rate.



Steve Bickford, Calibration Engineer

2007 STRATEGIC OBJECTIVE TWO

Instilling Agility Into the Organization

In 2007, Intel IT focused on instilling agility into our IT organization. We made sweeping changes to the way we manage IT projects, shortening the length of projects and revamping our decision-making process. We provided training to develop leadership and technical skills and made significant process improvements.

Project Performance and CMMI*

Intel IT uses the Capability Maturity Model Integration* (CMMI) to provide a framework for executing projects and delivering value to our business partners in a consistent, repeatable manner. In 2007, we increased the visibility and use of project data to drive consistency in our processes, project tools, language, and predictability. These results significantly improved our organizational performance.

In the first quarter of 2007, we managed only 58 percent of IT projects using CMMI, and only 80 percent of those projects were in compliance. We put a strategy in place to increase CMMI usage and compliance. By the end of the year, we were managing 98 percent of IT projects using CMMI and increased compliance to 96 percent. This dramatic increase in adoption and compliance reflects the culture change Intel IT underwent in 2007.

We also focused on delivering value more quickly to our business partners by reducing the length of all IT projects to no more than six months. Projects expected to take longer than six months to complete were broken down into smaller six-month projects. In many cases, this meant the original project a business partner requested was released in phases at six-month intervals with each release having additional features or improvements. It also allowed us to obtain user feedback more frequently. This shorter project duration prevented large, costly projects that delivered unnecessary functionality and allowed us to better meet changing business requirements.

The primary indicator by which we measure project success is performance to committed release (PCR). PCR measures the percentage of projects that exceed the committed release date by two or more weeks. In 2007, 82 percent of projects met PCR.

two PERFORMANCE

98%

IT Projects Managed Using CMMI*

82%

Projects Meeting
Committed Releases

USD 65M

Savings from Measurable
Process Improvements

Implementing IT Resource Management

In 2007, our IT workflow initiatives improved how we managed projects to deliver high quality products and services to the rest of Intel.

Resource management is an integral part of our project management processes. By efficiently managing the demand for the expertise of our IT employees, we can effectively build, maintain, and manage Intel's enterprise environment.

In 2007, we introduced a resource management capability to support our enterprise resource planning transformation (see pages 10-11). This capability includes standard processes and tools to enable fact-based analysis and reporting, give visibility to staffing assignments, and help us assess future demand for these critical programs. In 2008 we will continue to evolve the capability to enable Intel IT to provide the right resources to the right project at the right time.

PLC Decision Making

As part of our 2007 focus on IT workflow, we updated Intel's Program Lifecycle (PLC), the methodology we use to define project phases and provide a decision-making framework.

PLC decision making is one of the links between our IT workflow and governance improvements. We simplified our PLC decision-making process to benefit both project management standards and the RAPID decision-making model of IT governance.

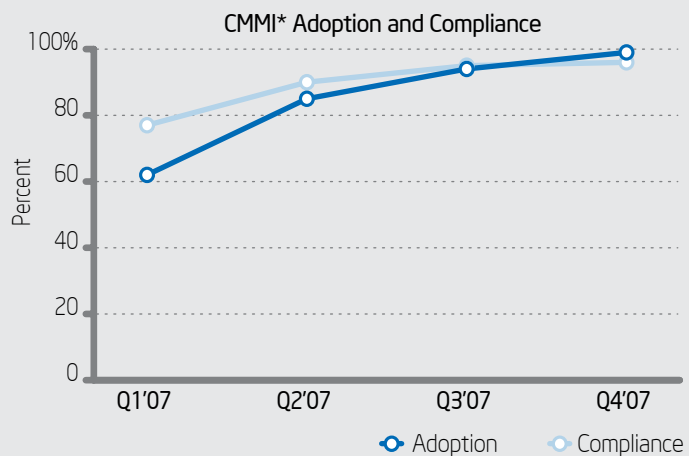
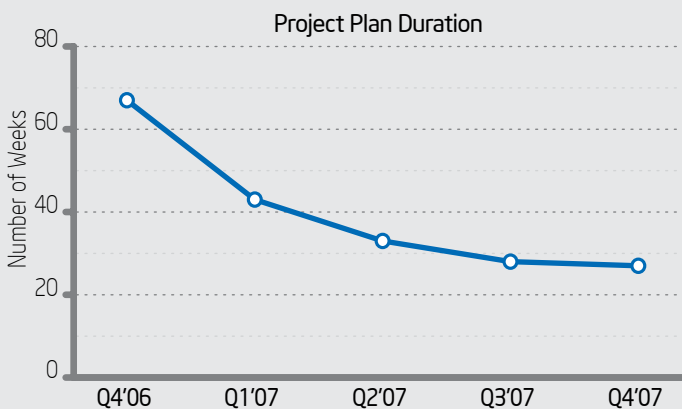
We changed how we make PLC decisions by incorporating CMMI processes. We added new deliverables that focus on workflow objectives. We now ensure IT projects are six months or less. Exceptions must be further evaluated and approved.

We updated our PLC decision-maker training to reflect our new model, setting clear expectations for decision makers and project managers. In 2008, we will focus on adoption of the improved PLC methodology across IT.



Men Long, Network Software Engineer and Hormuzd Khosravi, Senior Network Software Engineer

Key Project Management Metrics





Darrell Leblanc, Engineering Manager

A Culture of Continuous Improvement

In 2007, Intel IT became a more lean and focused organization. Our annual Organizational Health Survey results gave our IT leaders perspective on the challenges that come with change, especially the need for clear objectives, improved morale, communication, and organization building. The survey results showed strengths in effective teamwork, team performance, and team management. We began a focused response to these challenges, including improving manager and leader quality, reducing bureaucracy, and instilling a commitment to prioritization and transparent direction setting.

Intel IT continues to focus on the processes and technical knowledge necessary to evolve our workforce. In 2007, we made progress toward adopting standard program and project methodologies. We expanded technical skills and increased our focus on developing IT leaders.

Leadership Development

We identified the next generation of senior IT leaders and mission-critical positions across IT. We provided training and mentoring to key individuals in each IT business group, enhancing their leadership skills.

The IT Principal Engineer (PE) program fosters technical leadership and innovation within IT. PEs are selected using a rigorous set of readiness indicators, including technical expertise, strategic leadership and contribution, and role modeling and mentoring. This is one of the highest honors in the Intel technical arena. At the end of 2007, Intel IT had 12 PEs.

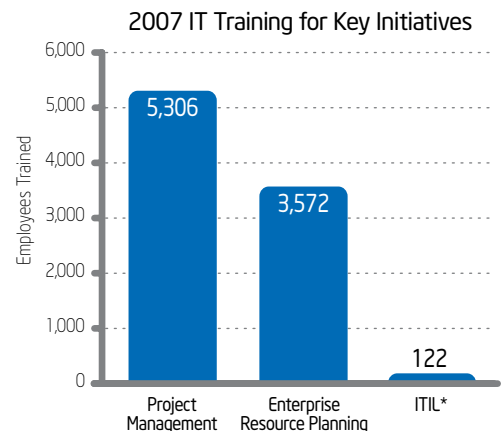
Principal Program Manager

Program management is critical to achieving IT's key results. We launched a new Principal Program Manager (PPM) program. The PPM designation recognizes senior IT program managers with proven track records in managing project teams and delivering programs that meet our strategic objectives. IT managers nominate candidates for the PPM designation. To become an IT PPM,

the candidate's skills must include program management expertise, strategic leadership and contribution, and role modeling and mentoring. An individual recognized with the prestigious title of IT PPM is a proven leader in developing program management competency.

Skills Enhancement

We rely on the talent and skills of our IT employees and recognize our responsibility to grow their skills to meet the challenges ahead. Employee skill development is a key factor in transforming IT into a more streamlined and efficient organization. In 2007, 43,000 IT attendees completed more than 138,000 hours of training. We focused on skills development and training for key IT programs, including enterprise resource planning, project management, and IT Infrastructure Library* processes.



Engineering Our Business Processes

In 2006, Intel IT implemented a program that provides methods, tools, and support (both direct and enabling) for business process engineering using industry-standard quality frameworks. This year, we used that program to achieve measurable improvements in the business processes of our IT organization and across the corporation.

We provided a rigorous training program for our employees to enhance their business process improvement skills, exceeding our goal for certifying business process experts by more than 25 percent. We improved our business processes ahead of IT systems development, which resulted in better performance, lower cost, and higher data quality. By the end of 2007, we achieved USD 65 million in savings through measurable process improvements.

We saw significant improvement in business processes in data center virtualization (see pages 6 and 7). We used a holistic approach in defining standard virtualization business process and managing process performance. We defined a new set of standard processes to operate future data centers consistently and efficiently. For example, the process for silicon design setups was measured and redesigned to leverage virtual computing technologies. The result was a 66 percent reduction in time to set up the silicon design

environment—reducing the time to complete from 36 days to 12 days.

Lifecycle Management

In a joint effort with Intel’s Corporate Platform Office, Intel IT launched an integrated platform lifecycle management (IPLM) capability to facilitate Intel’s platform transformation. Through the business process engineering methodology, we expect IPLM to achieve more than 65 percent traceability of ingredient features to platform requirements, link more than 50 percent of risks to requirements, and reduce engineering change cycle times by more than 50 percent.

IPLM is recognized as part of our overall efficiency effort and supports seven platforms and more than 40 ingredients. “We’ve taken an innovative leadership approach to improve our efficiency, decision making, and overall performance and increase collaboration between our design teams,” said Brian Bingold, director of Intel IT’s Corporate Platform Office.

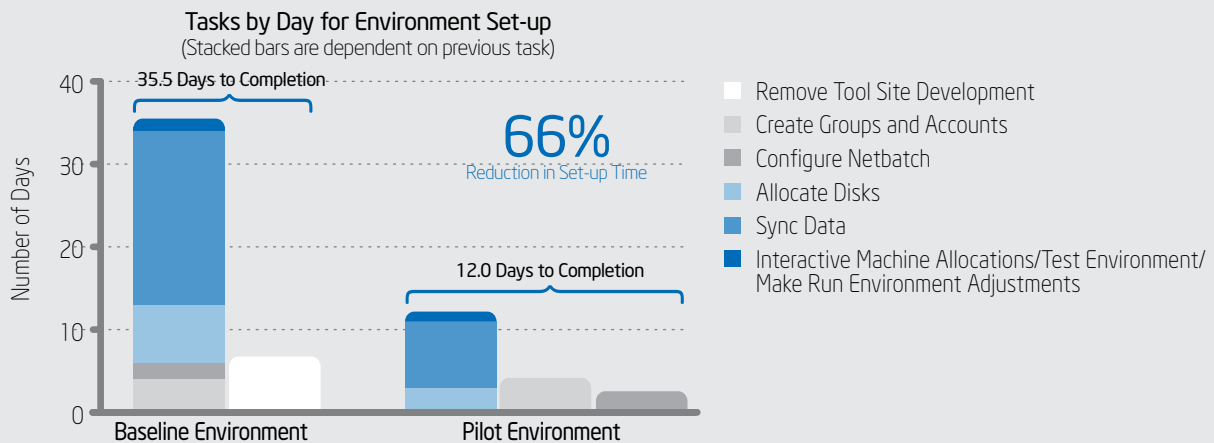


Min Yang, Systems Programmer

“Intel IT’s business process engineering efforts have resulted in significant efficiency improvements and cost savings across Intel.”

— Gregg Wyant
IT Chief Architect and General Manager of Strategy, Architecture, and Innovation

Key Business Process Metrics





Thom Spengler, Systems Engineer and Mark Krampits, Senior Engineer

Building Our Business Partnerships

In Intel IT, we believe that you cannot manage what you don't measure. We strive to deliver flawlessly on our commitments, manage expectations, and align with our Intel business partners' strategies. We set goals and measure our performance on the IT scorecard, a set of measurable objectives and success indicators. We also measure the satisfaction of our internal customers through our Partnership Excellence Program.

The IT Scorecard

Intel IT maintains a high-level scorecard aligned to our strategic objectives (see page 3). On a monthly basis our CIO's staff uses the scorecard as a tool to help manage Intel IT. We focus on results while comparing our performance to our business targets, past performance, and the IT industry.

Each item on the scorecard is actionable and measurable. The scorecard consists of organizational, operational, and solution indicators. It represents a small amount of the data needed to run a complex IT organization. Some items on the scorecard may change from year to year based on our focus and identified areas for improvement.

To make the IT scorecard actionable, we take an exception-based approach. An "exception" is any item that is significantly below or above expectations. CIO staff then reviews the scorecard and any indicators that do not meet their targets are reviewed with IT's senior leaders.

Partnership Excellence (PE) Program

In 2007, we made some significant changes to our PE program with the objective of moving from a customer-supplier relationships to business

partnerships. We recognized support from Intel executives was critical to be successful with our cost reduction and efficiency improvement programs. We also noted that to facilitate the development of these relationships and encourage data-driven investment decisions, we needed to change the forum for engagements.

To facilitate that change, we established quarterly business partnership reviews with each of Intel's senior executives and established an annual business partnership assessment, which grades strategic and tactical alignment as well the effectiveness of our communications.

The IT scorecard and PE program are used together to meet the needs of our business partners. In addition to the standard, quantifiable metrics in the scorecard, we added customized metrics relevant to each business partner. For example, our Europe region maintains a strong focus on new technologies. The IT scorecard gives them insight into Intel IT's level of support for those technologies, allowing them to provide frequent feedback on future plans. The integration of the IT PE review with key metrics improved the objectivity of PE scores and the quality of the discussions.

Improving Our Decision Making

In 2006 we renewed our focus on IT governance. We focused on how we make decisions about Intel's IT capabilities and who makes and has input into those decisions. This year, we made significant progress toward improving our IT governance model.

IT Governance Model

To further define our focus on IT governance, we identified the top 50 routine IT decisions. We determined who should give input to a decision, who should recommend the decision, and who the final decision maker should be. We focused heavily on reducing the number of decision makers or recommenders and significantly reduced the number of decision-making forums. We also reorganized Intel IT to better align our business groups with our business partners.

We recognized Intel's chief executive officer (CEO) as our key IT customer and stakeholder and established an IT corporate steering committee that meets quarterly. The steering committee includes Intel's

CEO, our CIO, and a small group of Intel's executive staff.

We established several decision forums that report to the IT corporate steering committee, including an enterprise steering committee, a funding steering committee, and others with various decision rights and decision owners.

At the end of last year, there were 240 decision-making forums across IT. In 2007, we reduced the number of decision-making forums by 64 percent to only 86. This simplification enables IT employees to quickly recognize and access the decision-making forum for a particular project and move forward more quickly without dealing with multiple decision owners and forums.

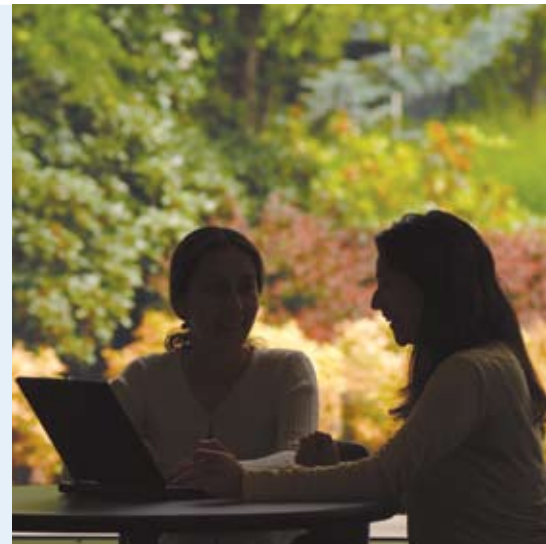


Jerzy Kolinski, Software Engineer and
Bob Meinschein, Computer Systems Architect

Reducing Project Risk

New product introductions, product updates, outsourcing, and off-shoring practices require massive changes to current business processes. These situations can significantly raise the information security risk level.

In 2007, Intel IT tackled this problem by embedding a standardized methodology for risk management in IT projects and the IT product life cycle process. We now have the capability to look at broader project and product risks by utilizing the COILS (Corporate, Operations, Information Security, Legal, and Strategic) methodology, which separates risks into the five categories represented by the acronym COILS. This standardized risk methodology allows us to identify and mitigate additional information security risks that were not previously recognized by our project and product managers using traditional project management risk assessments.





Suzanne Ferreira, Systems Programmer

2007 STRATEGIC OBJECTIVE THREE

Creating Bottom-Line Improvements for Intel

We influence Intel product design based on our IT operations experiences. In 2007, our enterprise resource planning efforts improved the effectiveness of Intel's supply chain. At Intel, IT is a competitive capability that directly impacts Intel's bottom line. Our IT experts meet with customers and participate in industry events to share real-world IT experiences. We've redesigned our Web site for better delivery of IT-related content and helped launch Intel's first online IT community.

three PROFITABILITY

23

Proof Points Validated

99.96%

Supply Network Uptime

90%

Reduction in Customizations in Warehouse Management Solution

Enabling Platform Planning

Intel IT's expertise and infrastructure are core competitive strengths. We help improve Intel's profitability by collaborating with our product groups to improve designs and influence product roadmaps. We serve as a proxy for Intel customers to analyze and benchmark technologies, develop usage models, and conduct proofs of concept.

Expanding IT's role means influencing product design at the earliest stages. This year, we've engaged in more than 50 strategic dialogs with development teams to validate the market direction and value for products and initiatives. These discussions influence new product development and industry alignment that improves Intel's bottom line.

For example, we've helped our product groups by collaborating on topics such as virtualization manageability, security, and architectural considerations for Software as a Service (SaaS), and service provider (SP) ideas that lead to more SP-centric platforms and new revenue models. We've also helped

align our product groups with industry initiatives, including the Climate Savers Computing Initiative, which aims to reduce computer-related greenhouse gas emissions by 50 percent (see page 2).

We conduct pilot projects and proofs of concept, and document existing operations to deliver "compelling proof points"—report packages that demonstrate new technology solutions and the resulting economic benefits. In 2007, we validated Intel platforms and technologies in 23 proof points, 43 percent above our goal of 16.

We've instituted a formal engagement process to ensure close alignment between business groups and IT in developing plans and priorities. We codeveloped a scorecard with each business group and reviewed it quarterly to keep IT focused, provide continued alignment, and ensure consistent response to changes in direction. This has resulted in significantly improved feedback scores from our business partners.

Managing Intel's Supply Chain

In 2007, Intel IT began transforming and improving the enterprise resource planning (ERP) environment that directly impacts Intel's supply chain. We completed the first major steps in this three-year process. We focused on standardizing processes and tools for improved customer responsiveness and better efficiencies within the IT organization. We have exceeded our goal of 90 percent on-time delivery for software solutions to our customers.



William Phillips, Manufacturing Technician

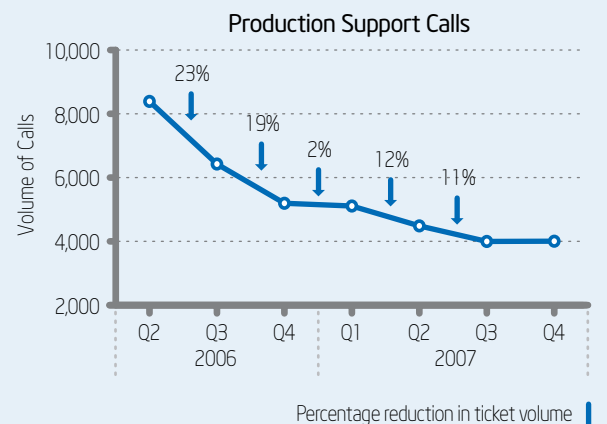
CAPABILITY	GOAL	RESULTS
Delivering software solutions to our customers		
Warehouse Management	<ul style="list-style-type: none"> Move all warehousing to a single platform using enterprise resource planning (ERP) decentralized warehouse management. Eliminate customization and leverage native ERP functionality, reducing maintenance costs by 25% and incidents by 50%. Accelerate design, development, and deployment of solution. 	<ul style="list-style-type: none"> Eliminated almost 90% of customization in legacy warehouse management solution. Design time reduced from more than six months to six weeks. Deployment time reduced from two to three years to six months. Program delivered in 18 months (less than half the time of previous system upgrades). The tool allows users to focus on analysis and forecast accuracy in addition to reducing time spent on data collation, verification of accuracy, and sharing.
Revenue Operations	<ul style="list-style-type: none"> Deliver a standard tool and increased efficiencies for all groups. 	<ul style="list-style-type: none"> Delivered a standardized scalable tool and data repository that provides common language across groups (worldwide revenue, geo finance and geo operations) for effortless revenue forecasting.
Tactical Demand Fulfillment and Boxing	<ul style="list-style-type: none"> Build a leading-edge application to consolidate all change orders. 	<ul style="list-style-type: none"> Deployed an enterprise set of systems with one place for entering change orders, improving customer responsiveness.
Keeping our business running		
Manufacturing Computing Supply Network Production Support	<ul style="list-style-type: none"> Achieve world-class results of better than 99.95% uptime. 	<ul style="list-style-type: none"> Exceeded goal.
Solid Program Execution	<ul style="list-style-type: none"> Meet committed delivery at a rate of 90%. 	<ul style="list-style-type: none"> Achieved 92%

Improving Supplier Management Support

Intel IT reduced costs and improved requisition-to-supplier (R2S) application support by improving processes and implementing structured management using the Information Technology Infrastructure Library* (ITIL) methodology.

In 2007, we focused on top issues that drive calls and our ERP accounts payable system. We continued to reduce the volume of production support calls for supplier registration and supplier payment. By the end of the year, call volume was down by 35 percent.

We worked with our business partners to improve end-user training and partnered with the application service desk to establish strategies, improve ticket quality, and prioritize problems. We prioritized system improvements to reduce the volume of production support calls, and transitioned work to business groups, reducing the volume of calls.





David St. George, Data Center Operations Manager

Improving Our Customer Orientation

In 2007, Intel increased its focus on making it easier for customers to do business with us. To improve overall customer orientation, Intel IT worked with Intel Sales and Marketing Group (SMG) to provide tools for Intel's sales force.

Helping the Sales Force

Intel IT helped Intel's sales force devote more time to customers by improving their access to key information and sales tools through the My SMG portal.

My SMG provides one-stop access to information that helps our sales force, such as product roadmaps, pricing information, billing data, design wins, customer change notifications, customer feedback and more. It gives time back to the sales force so they can spend more time with customers.

Intel IT created the classified design information (CDI) tool to provide technical product information to Intel's customers in a simple fashion. CDI is part of a long-term plan to improve Intel's confidential content management processes and tools, providing more streamlined access to platform and product content. Users of Intel's confidential content benefit as CDI improves the reliability, availability, and performance of

our confidential content management and entitlement systems. CDI has transformed the way Intel's sales force works, making their work easier and more efficient. It has reduced the time the sales force spends accessing information by as much as 15 percent of their workday.

Customer Relationship Management

Intel has many customer data bases that are used for sales and marketing efforts. To implement and take advantage of a planned enterprise resource planning (ERP) customer relationship-management (CRM) system, Intel first needed consistent customer definitions. Intel IT helped design and implement standard customer data elements and customer hierarchies. We reduced archived customer data by removing 170,000 duplicate and inactive records. This work enabled Intel to begin ERP CRM implementation by establishing an accurate customer data base.



Charlie Lasswell, Software Architect

IT Excellence in Action

To reduce the amount of time Intel's sales force spends looking for information, Intel IT partnered with Intel Sales and Marketing Group (SMG) to deploy a worldwide portal—My SMG. The global team released My SMG at the annual Intel Sales and Marketing Conference, the largest gathering of Intel sales professionals. By the end of 2007, more than 70 percent of Intel's sales force logged on to My SMG three or more times each week.

Prior to the My SMG portal, there were more than 35 intranet sites and applications our sales force accessed to meet customer needs and Intel requirements. With the release of My SMG, they can now use one portal to access all the resources they need, spending less time searching for information and more time meeting the needs of Intel's customers.

IT recognized the My SMG team with an IT Excellence Award (IEA). The IEA is an annual award given to IT project teams who display hard work, creativity, agility, and operational excellence on projects with significant impact. It is the highest honor Intel IT confers on IT employees.

Leading the IT Industry

Intel's IT professionals face many of the same challenges as IT professionals worldwide. We share our experiences and best practices with other IT professionals in peer-to-peer discussions, industry events, and through our new online IT community. We benefit from interacting with IT colleagues and learning about the best practices of other IT organizations.

Sharing our Experience: IT@Intel

Intel's senior IT staff, architects, researchers, and engineers share IT-related experiences with industry colleagues. In 2007, we participated in more than 600 customer meetings and more than 250 industry events.

In 2007, we continued our proving-ground efforts with social media solutions, redesigning our Web site (intel.com/IT) to provide access to podcasts, webcasts, and video white papers. Intel IT participated in the creation of Intel's "Open Port"—an online IT community (communities.intel.com). The IT@Intel Zone on Open Port gives visitors the opportunity to participate in discussions with Intel IT experts and take a look inside Intel's IT operations.

Our Intel Premier IT Professional (IPIP) program is a rapidly growing, collaborative industry-outreach program cosponsored by Intel's America's Sales and Marketing Organization. In 2007 we hosted more than 20 events, workshops, and webcasts, which enabled

attendees to share knowledge and solutions while forming valuable relationships. Free membership is open to the IT industry and features access to the IPIP Web site (IPIP.intel.com) and a subscription to *premier IT* magazine, published semiannually.

Influencing Product Design

By sharing what we've learned through our IT operations, we help Intel product developers understand IT-industry requirements. We initiate discussions with Intel platform development groups to influence platform design at the earliest stages and help Intel deliver solutions the IT industry wants and needs.

We perform key research into usage models for new technologies, study the effects of IT-enhanced employee productivity, and help develop new architectural standards and guidelines. This approach has enhanced industry standards and prompted important debates about critical issues in areas such as security, mobility, manageability, and return on IT investment.



Shahin Sabbaghian, Graduate Technical Intern and Monte Klinkenborg, Product Engineer

Social Media at Intel

Intel IT enables, develops, and participates in social media efforts internally and externally. As we support Intel business groups integrating social media, we test corporate policy and assess tools, security, risks, and manageability concerns.

Internal social media tools, such as Intelpedia (Intel's internal wiki), the IT Innovation Zone, and employee blogs, have become a part of Intel's corporate culture. In 2006, we launched Intel's first external blog, and this year we helped launch Intel's online IT community, Open Port. The integration of social media makes Intel a more flexible and collaborative company. Social media helps improve internal communication, reduce bureaucracy, and foster innovation at Intel.

Evolution of Social Media:

2003: IT began grassroots efforts

2004: Inaugural internal blog by CEO Paul Otellini

2005: Intelpedia launched—Intel's internal wiki

2006: Internal IT Innovation Zone launched
IT launched first external blog
(blogs.intel.com/it)

2007: IT launched IT@Intel Zone in external IT
Community (communities.intel.com)

2008

FUTURE PLANS



Hillie Lenau, Product Supply Planner

2008 IT Strategic Objectives

People

Build an engaged and energized IT Team

Operations

Deliver cost competitive IT operational services that power Intel's business

Business Solutions

Deliver information + technology solutions that create top- and bottom-line performance for Intel

Plans for 2008

Over the past two years, Intel IT significantly reshaped and resized our organization while continuing to deliver high-quality IT capabilities and services to Intel. In 2008, we will focus our energies on delivering new capabilities and driving targeted improvements.

2008 Vision and Mission

To launch the New Year, we will roll out a new vision and mission along with three new strategic objectives for IT.

2008 Vision

Our people and solutions enable Intel's growth and business transformation

We are excited about launching this vision statement in 2008 and have the full support of Intel IT's key customer, our CEO Paul Otellini.

2008 Mission

Deliver competitive I + T

The new mission statement is short and simple, designed to create a conversation with our IT employees yet capture our overall mission. "I + T" demonstrates the importance of both information *and* technology. Historically, we have been excellent technology deliverers, with information delivery secondary. Our new mission places both information and technology on equal footing.

2008 IT Strategic Objectives

Our 2008 strategic objectives (SOs) focus on three areas: people, operations, and business solutions. These SOs are the basis for our 2008 efforts and provide pillars for organizational activities. Each of our quarterly deliverables will fall under one of these strategic objectives.

Priorities for 2008

We have an aggressive applications roadmap to deliver. In 2007, we moved seven critical applications to our new enterprise resource planning environment, and we'll move about 10 more critical applications in 2008. In addition, we plan to implement a new inventory management system and a new external Web presence capability.

There are a number of productivity improvement capabilities to deliver, such as a new video conferencing capability, a new team collaboration tool with desktop sharing, and a sizeable PC refresh. We will continue aggressively reducing the number of legacy applications and move forward with our data center efficiency program, reducing the number of data centers, servers, and cost.

Throughout 2008, we will have an increased focus on our employees. They are the lifeblood of our organization and we've been through a challenging 2007. This is a time to congratulate each and every IT employee for their dedication in 2007 and their outstanding performance during this turbulent time. Our plan for 2008 is exciting, uplifting and invigorating. We're excited to start the new year and optimistic that 2008 will be a strong year as we continue to help transform Intel.

Retiring our Mainframe

In the first major effort to upgrade outdated IT solutions, Intel IT retired its mainframe computing system, moving the mainframe applications to server environments. The 15-month program required coordination with several business groups, completion of 30 projects, and employed the expertise of about 70 IT employees. We expect annual savings through cost avoidance of about USD 2 million.

The mainframe housed applications and tools, including the IT data warehouse (see page 12) and several other applications and tools that were critical to Intel's infrastructure. We moved critical applications to the server environment and eliminated others that were no longer necessary.



Teresa Hill, Engineer

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