

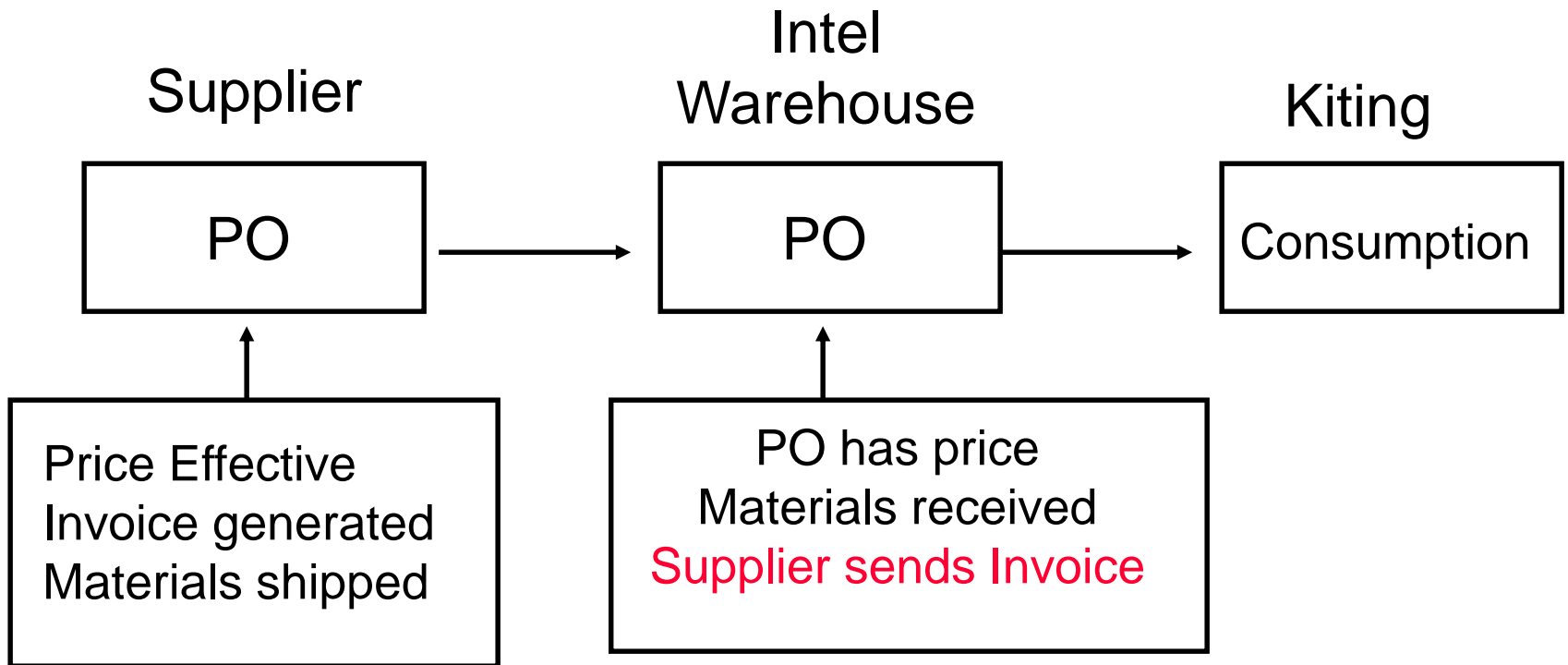
SM KM Consignment Model

- Supplier Consignment Training

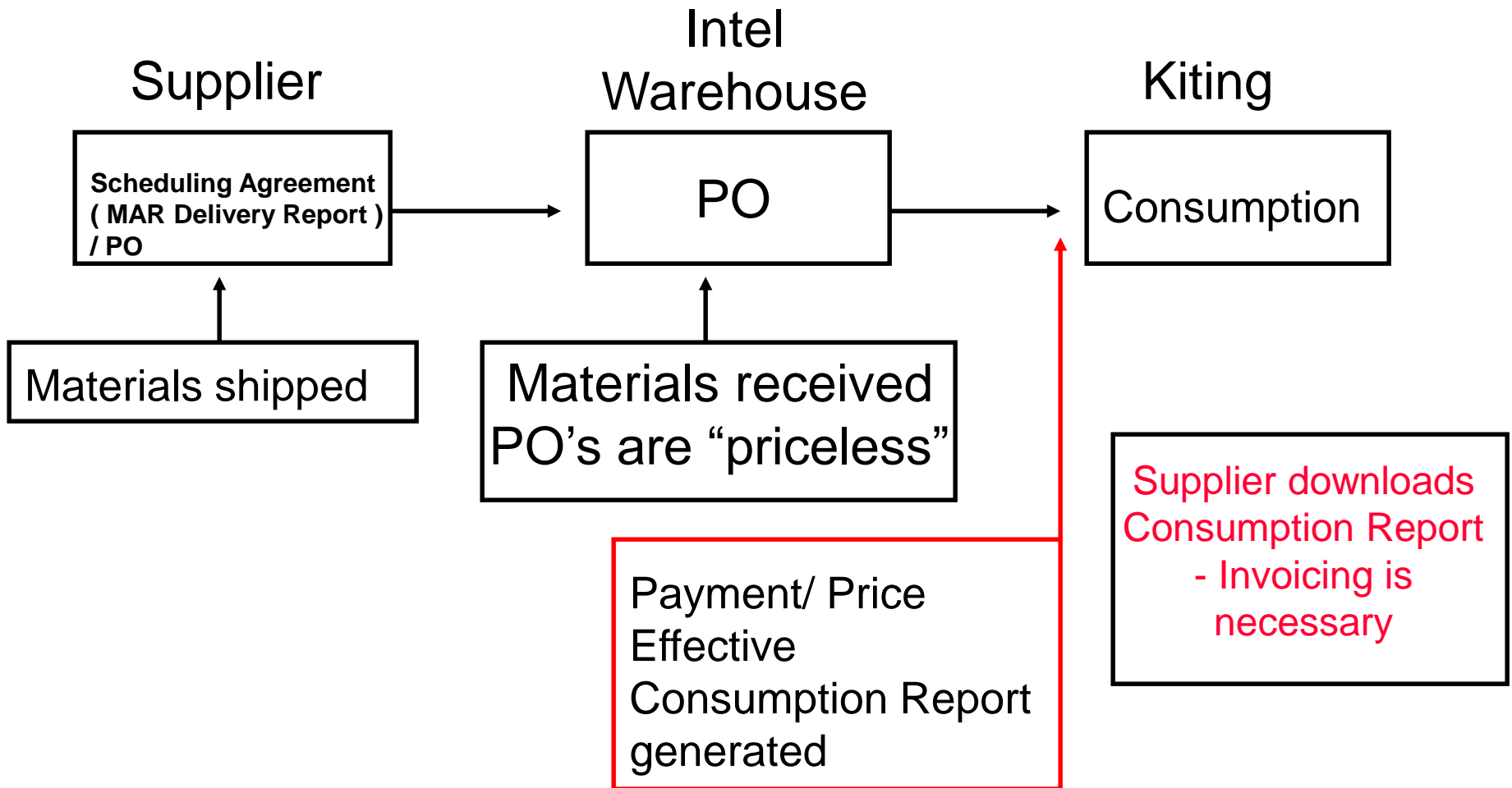
Agenda

- Overview of SM KM Consignment Model
 - Current vs Consignment Model
- Consignment Execution Process Flow
- Consignment Flow
 - Roles & Responsibilities

Current Model



Consignment Model



Business Process Flow

Consignment Model – Materials and Data Flow

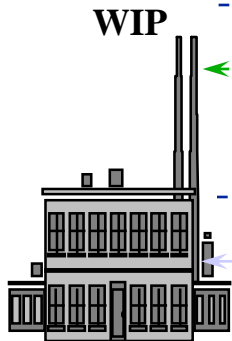
COMMODITY MGMT.



MONTHLY
CAPACITY
PLANNING
FORECAST

SUPPLIER

Intel Kulim



WIP

MRP DEMAND LINE SHARE/BLANKET PO

SUPPLY-LINE CONFIRMATION

KANBAN
PULL
LINE-READY
COMPONENTS

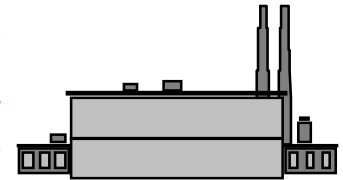


Kulim Hub

STOCK
STATUS

SHIPMENT ALERT

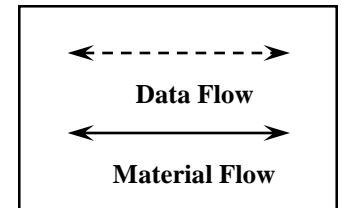
CONSOLIDATED
SUPPLIER SHIPMENTS



INVENTORY VISIBILITY :

Intel's Inv. Visibility

Supplier's Inv. Visibility



Consignment Execution Flow

Objective

- To walk-through the Consignment execution flow at Intel.
 - Process Flow
 - System/Tools

Aspects of Consignment

- Roles & Responsibilities
 - Buyer, Supplier
- Forecasting/ Replenishment
 - MAR Delivery Schedule
- Procurement
 - Purchase Order (PO)
- Mechanics of Consignment
 - Consignment Tracking Number
 - Product Receipts
 - Consumption/Withdrawal
 - Payment
- Consumption & Quota Arrangement
- Reports

Buyer Roles & Responsibilities

- Scheduling Agreements/Purchase order releases will be issued by the factory based on weekly ARM or PO requirements.
- Buyer to run Consignment Management Reports and reconcile to Accounts Payable & Supplier (if required) for payment resolution due to pricing error or qty error.
- For any consigned inventory variance during cycle count, buyer to work with supplier on reconciliation & agree with the inventory number. Inventory adjustment can only be made upon agreement.
- For any sudden demand increase, buyer will request for inventory replenishment or pull in PO.
- For EOL or excess consigned inventory, buyer will work supplier for RTV.
- Scheduling Agreement/ PO issued is priceless.

Supplier Roles & Responsibilities

- For non-ERS Suppliers, need to convert to ERS.
- To deliver weekly shipment to Intel Kulim per MAR Delivery Schedule report or PO.
- Shipment need to conform to barcode compliance.
 - P/N, Qty, Lot#/ Batch#/ Date Code, Expiring Date & PO
- Shipment need to be attached with Packing List
 - Qty by Batch #
- For first 2 weeks' shipment of consignment implementation, need to be labeled with 'SM Consignment Material' on each outer carton.
- Supplier will run Consignment Management Detail Report on weekly basis and reconcile to Intel Payment Tracker using Intel system Invoice Document number.
- Suppliers are to send invoices to Intel Malaysia and have the invoice referenced to the Intel system invoice document number as it is a legal requirement to have hardcopy invoices from suppliers.
- On weekly basis, Supplier will notify the Buyer for any discrepancies in Consignment Details report who in turn will escalate in the following manner:
 - **Pricing Errors** - Buyer will investigate and notify Accounts Payable of any changes.
 - **Quantity Errors** - Buyer will investigate the system of record and reconcile, then notify Accounts Payable.
- Consignment Management Reports are "Intel Confidential" and should be treated as such.

Forecasting/Replenishment

- On a weekly basis, Intel will provide suppliers with a rolling 26 week (ARM) forecast that indicates weekly requirements needed to maintain production at Intel factory. The suppliers will provide written confirmation response to forecast within 48 hours of receipt of transmission.
- Supplier forecast will be based on business allocation by Commodity Management
- In the event of significant (increase) build plan changes in between forecast cycles, Buyer/ Commodity Management will issue to suppliers the incremental forecast ASAP. The suppliers will provide written confirmation to forecast within the specific timeline given by Intel.
- **Procurement**
 - **PO can be used for generating a delivery schedule in lieu of ARM**

Mechanics of Consignment

- **Consignment Material Tracking Number:**
 - A Consignment Material Document number will be assigned by factory for each product. (Same as Scheduling Agreement or PO number).
 - The Materials document number facilitates the movement of consigned material through Intel.
- **Consigned Product Receipts:**
 - Material will be delivered to Intel Kulim Warehouse receiving docks
 - Receipts will show up on MAR Delivery Report and in Consignment Reports on SCDashboard and Supplier.intel.com Online weekly.

Mechanics of Consignment

- **Consumption/Withdrawal**

- Consumption/Withdrawal is the point where material issued to Intel Kulim manufacturing. The Consignment Management Detail Report will contain the part number, quantity, price, total transaction dollars, and work week consumed and the **Invoice Document number**. The Report indicates to supplier what Intel will pay supplier for material.
- A defined set of transactions have been documented in Intel system.
- Actual consumption will be listed on the weekly Consignment Reports.
- All Consumption is based on FIFO along with Supplier business allocation.
- Confirmation of withdrawals will be listed on the Consignment Detail/Summary Reports available on <https://supplier2.intel.com> on a weekly basis. Consignment Reports will also show BOH and EOH for week.

- **Payment**

- Supplier can download Consignment reports from <https://supplier2.intel.com>. This will act as record for payment purposes. **The supplier sends invoices to Intel Malaysia and have the invoice referenced to the Intel system Invoice document number as it is a legal requirement to have hardcopy invoices from suppliers.**
- **Payment Term clock starts at time of Invoice Document generated once a week (every Sunday).**

Supplier2.intel.com

Supplier2.intel.com - Microsoft Internet Explorer

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Address <https://supplier2.intel.com/supplierhub/> Go Links

intel.

Contact Us Contents Registration Support

Supplier2.intel.com

My Supplier Info

Application Info

- Registration

Doing Business With Intel

- Accounts Payable
- Business Development & Diversity
- Construction
- Env Health & Safety
- Supplier Quality Programs

Key Links

- Becoming An Intel Supplier
- eBusiness Technologies
- Events
- General Info
- Training

Intel's Supplier Site
Enabling e-Business
Between Intel and Its Suppliers

Hot Topics

Supplier Communication on the SARS

The spread of Severe Acute Respiratory Syndrome (SARS) is of concern to Intel, our employee's and our suppliers. At Intel, we are following the SARS recommendations issued by public health authorities, principally the World Health Organization (WHO) and the U.S. Centers for Disease Control and Prevention (CDC).

Supplier Highlights

<https://supplier2.intel.com/SupplierHub/App/UserHome.aspx> Local intranet

Start | Inbox - Microsoft Outlook | Supplier2.intel.com - M... | Hui Sae | Microsoft PowerPoint - [...]

8:54 AM

MAR Delivery Schedule Report

The screenshot shows a web browser window with the following elements:

- Browser Title Bar:** Supplier.intel.com: My Supplier Info - Microsoft Internet Explorer
- Address Bar:** https://supplier2.intel.com/SupplierHub/App/UserHome.aspx
- Header:** Intel logo, navigation links (Contact Us, Contents, Registration, Support), and "Welcome to My Supplier Info".
- Left Navigation Menu:**
 - Accounts Payable:** Intel@ Payment Tracker, Intel@ Web Invoice
 - Intel Resale Corporation:** Intel@ Web ASH
 - Intel@ Web PO:** Intel Web PO
 - Materials Auto Replenishment:** Cnsg. Mgmt Detail, Cnsg. Mgmt Summary, MAR Delivery Schedule, MAR Delivery Schedule (highlighted with a red arrow), MAR Support, MAR VRS Form, MAR VRS Reports, Requirement History, ROP Forecast
 - Materials Engineering:** Product Data Management, Quality
 - Sili-COM:** Consumption, Inventory, Material Plan, Receipts
 - Traning Toolbox**
- Main Content Area:**
 - Your Notifications:** A table with columns: Subject, Priority, Date, Hide. Below it is a link: [Hide Selected Notifications](#).
 - Your News:** A table with columns: Subject, Date, Hide. Below it is a link: [Hide Selected News](#).
- Taskbar:** Shows Start button, icons for Outlook, Supplier.intel.com, Hui Sae, PowerPoint, and system tray with time 8:56 AM.

MAR Delivery Schedule

MAR Delivery Schedule Report - Microsoft Internet Explorer

Supplier.intel.com
Materials Auto Replenishment

MAR Delivery Schedule Agreement

Current Filter: Site: CN01 Material: 736229-002 Vendor ID: 0100080010 Contract: 5501000930 Line No: 00010

Scheduling Agreement No: 5501000930 Date: 5/23/2003 Data Date: 5/22/2003
Buyer Name: Fang Li Phone #: 215-004-4207 Fax #: 215-004-4131

Vendor Master ID: Report Type: N
Supplier Name: Over Delivery Tolerance %: 0
Street Address:
City, State, Zip:

Please Deliver to:

Material #: 736229-002 Site: CN01
Line Item: 00010
Material Desc:
Manufacture Part Number:

Shipping Instructions:
Cumulative Qty: 159,020,000
Delivered Qty: 255,720,000
Price per Unit: 0
Consigned Inv Qty: 6,560,000


Delivery Date	Quantity	Firm/Planned	Delivered Quantity
5/15/2003	5,000,000	Firm (Old)	2,000,000
5/21/2003	5,000,000	Firm (Old)	0
5/28/2003	5,000,000	Firm (New)	0
6/4/2003	5,000,000	Planning	0
6/12/2003	5,000,000	Planning	0

Done Local intranet

Start Inbox - Microsoft Outlook MAR Delivery Sched... Hui Sae Microsoft PowerPoint - [...]

8:58 AM

Consigned Inventory will be here



Movement Transactions

Movement Type	Intel System Description
101	Receipt of consigned material into inventory (no payment triggered)
102	Reversal of 101 - used if the 101K was performed incorrectly (no payment triggered)
122	Return consigned material to vendor (no payment triggered)
411	Changes consigned material to Intel owned. This occurs when material is physically transferred from stores to manufacturing (payment to supplier triggered)
412	Reversal of 411K - used to reverse and correct erroneous 411K transactions or RTV of Intel Owned inventory (deduct supplier payment)
711	Cycle count adjustment - decrement (payment to supplier)
712	Cycle count adjustment - increment (deduct supplier payment)

Sample of Consignment Detail Report

Consignment Management Report - Detail - Microsoft Internet Explorer provided

File Edit View Go Favorites Help

Back Forward Stop Refresh Home Search Favorites History Channels Fullscreen Mail Print Edit

Address http://miis-dssdev/samvendor/reports/consignment_mgmt/detail/report.asp Links

Supplier Consignment Management Detailed Report

Report Date: Monday, January 17, 2000

From Date: 200003 To Date: 200003 Material ID: [All Items] Intel Plants: CR01 - CRICA-SECC

Plant: CRICA-SECC Work Week: 200003 Date Range: 1/15/2000 TO 1/9/2000

Movement Type	Item	Description	Batch Number	Transaction Date	Fiscal Year	Material Document Year	Accounting Document	Material Document Number	Quantity	Unit Price	Total Price
BOH-Beginning On Hand	702298-001			1/9/2000	0	0			1916	\$0.00	\$0
EOH-Ending On Hand	702298-001			1/15/2000	0	0			1916	\$0.00	\$0
BOH-Beginning On Hand	713539-001			1/9/2000	0	0			6054	\$0.00	\$0
101-GR for consgt. stock	713539-001		94002.047	1/11/2000	0	2000	4502000120	5000000330	6834	\$0.00	\$0
101-GR for consgt. stock	713539-001		94002.048	1/11/2000	0	2000	4502000120	5000000330	760	\$0.00	\$0
EOH-Ending On Hand	713539-001			1/15/2000	0	0			13648	\$0.00	\$0
BOH-Beginning On Hand	731069-001			1/9/2000	0	0			551569	\$0.00	\$0
403-TP own from consgt.	731069-001		94944.004X	1/9/2000	2000	2000	4940001717	4900006214	-265		
403-TP own from consgt.	731069-001		94944.516X	1/9/2000	2000	2000	4940001717	4900006214	-265		
403-TP own from consgt.	731069-001		94947.029	1/9/2000	2000	2000	4940001629	4900005922	-495		
403-TP own from consgt.	731069-001		94947.029	1/9/2000	2000	2000	4940001717	4900006214	-120		
403-TP own from consgt.	731069-001		94947.532	1/9/2000	2000	2000	4940001717	4900006214	-1075		
403-TP own from consgt.	731069-001		94948.537	1/9/2000	2000	2000	4940001633	4900005940	-1410		
403-TP own from consgt.	731069-001		94948.537	1/9/2000	2000	2000	4940001635	4900005944	-378		
403-TP own from consgt.	731069-001		94948.538	1/9/2000	2000	2000	4940001635	4900005944	-1116		
403-TP own from consgt.	731069-001		94948.538	1/9/2000	2000	2000	4940001636	4900005946	-1494		
403-TP own from consgt.	731069-001		94948.537	1/9/2000	2000	2000	4940001635	4900005944	-378		
403-TP own from consgt.	731069-001		94948.538	1/9/2000	2000	2000	4940001635	4900005944	-1116		
403-TP own from consgt.	731069-001		94948.538	1/9/2000	2000	2000	4940001636	4900005946	-1494		
403-TP own from consgt.	731069-001		94951.517	1/9/2000	2000	2000	4940001570	4900005707	-1494		
403-TP own from consgt.	731069-001		94951.517	1/9/2000	2000	2000	4940001571	4900005709	-978		
403-TP own from consgt.	731069-001		94951.517	1/9/2000	2000	2000	4940001572	4900005711	-1494		
403-TP own from consgt.	731069-001		94951.520	1/9/2000	2000	2000	4940001571	4900005709	-516		
403-TP own from consgt.	731069-001		94951.520	1/9/2000	2000	2000	4940001633	4900005940	-84		
403-TP own from consgt.	731069-001		94951.520	1/9/2000	2000	2000	4940001676	4900006015	-1494		
403-TP own from consgt.	731069-001		94951.520	1/9/2000	2000	2000	4940001678	4900006013	-1494		
403-TP own from consgt.	731069-001		94951.520	1/9/2000	2000	2000	4940001691	4900006131	-1494		
403-TP own from consgt.	731069-001		94951.520	1/9/2000	2000	2000	4940001692	4900006133	-1494		
403-TP own from consgt.	731069-001		94951.520	1/9/2000	2000	2000	4940001732	4900006269	-936		
403-TP own from consgt.	731069-001		94951.520	1/9/2000	2000	2000	4940001748	4900006323	-1494		
403-TP own from consgt.	731069-001		94951.520	1/9/2000	2000	2000	4940001752	4900006331	-1494		
403-TP own from consgt.	731069-001		94951.525	1/9/2000	2000	2000	4940001732	4900006269	-558		

Done Local intranet zone 9:52 AM

By Plant, by vendor:
BOH, all transactions and
EOH balances provided

Price information only provided on
movement types w/ financial impact.
Export to Excel. Add Total Price to
determine vendor invoice

Intel Reports

Report	Data Resides	Reporting Format	Report Readiness	Report Frequency
Forecast/ Replenishment	ARM transmission	ARM EDI/ Supplier.intel.com – MAR Delivery Report*	Automated	Weekly
Consigned Product Receipts	Intel System WM	Consignment Detail Report - Supplier.intel.com*	Automated	Weekly
Withdrawal/ Consumption	Intel System WM	Consignment Detail Report - Supplier.intel.com*	Automated	Weekly
Consigned Inventory	Intel System	ARM EDI/ Consignment Detail Report/ MAR Delivery Report – Supplier.intel.com*	Automated	Weekly

* Supplier can download report on weekly basis from Supplier.intel.com.

Consignment Process Summary

- Forecast/Replenishment/ Procurement is MAR Delivery Schedule or PO
- Material document number indicates withdrawal, Invoice document number is for Payment tracking.
- Can see Consignment inventory in MAR Delivery Report and Consignment Detail Report Weekly
- Consignment Detail Reports available on Supplier2.intel.com weekly.
- Supplier does send their invoice to Intel Malaysia referencing the Intel System Invoice document number.
- Price effective at time of consumption.
- Payment terms begin week after point of consumption.



Questions?

