



# Supply Chain Excellence

*a short primer on Dell's practices*

May 2006 || Mike Gray - Supply Chain Evangelist

# Dell's Product Portfolio

**Axim PDAs**



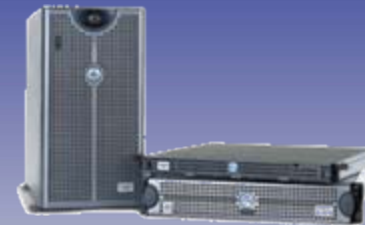
**Monitors TVs & Projectors**



**Precision Workstations**



**PowerEdge Servers**



**PowerVault & Dell|EMC Storage**



**Software & Peripherals**



**Dell | Services**

**Printers**



**PowerConnect Switches**



**OptiPlex Desktops**



**Dimension Desktops**



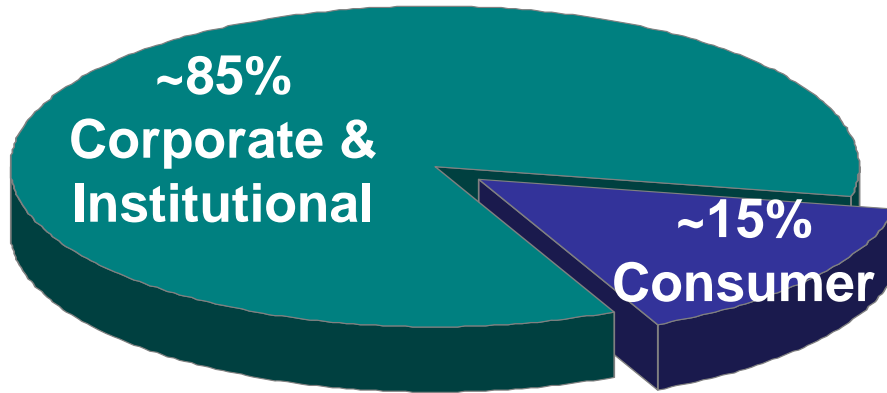
**Latitude Notebooks**



**Inspiron Notebooks**



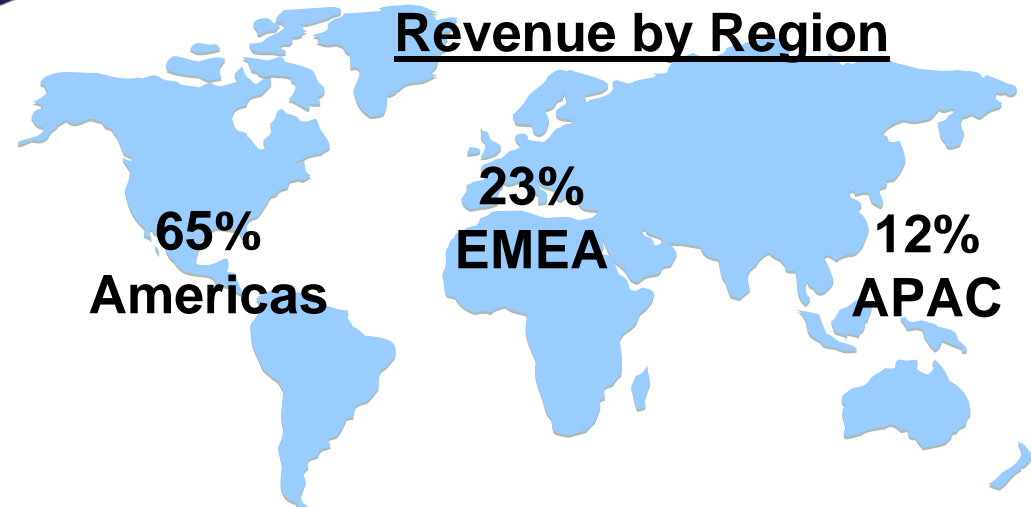
## Customer Base (Revenues)



## Revenue by Product

- Desktop PCs =====> 38%
- Mobility =====> 25%
- Servers =====> 10%
- Storage =====> 3%
- Enhanced Services =====> 9%
- Software and peripherals -> 15%

## Revenue by Region

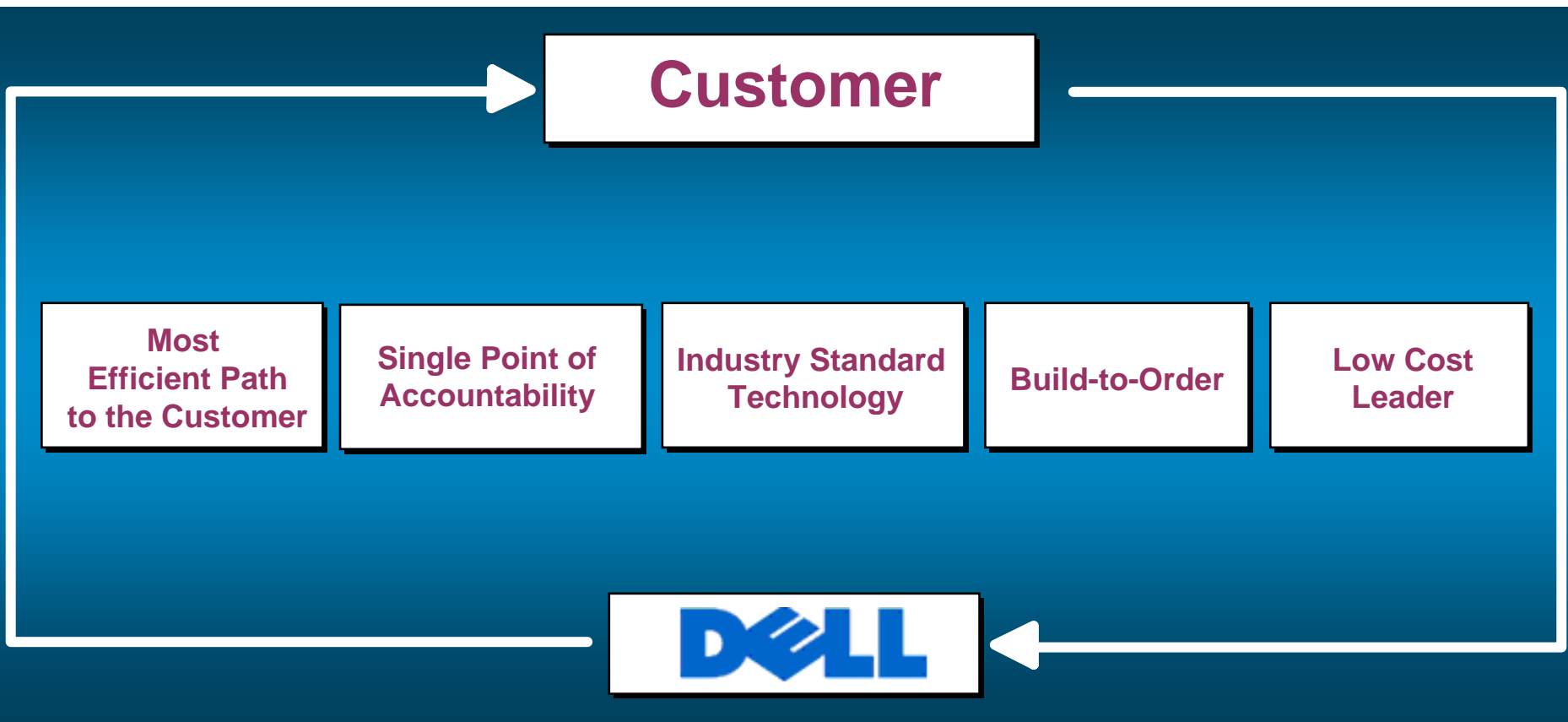


## Global Manufacturing

- Austin, Texas, USA
- Limerick, Ireland
- Penang, Malaysia
- Nashville, Tennessee, USA
- Xiamen, China
- Eldorado do Sul, Brazil
- Winston-Salem, North Carolina, USA

~65,200 employees worldwide  
Revenue \$56B (last 4 qtrs.)

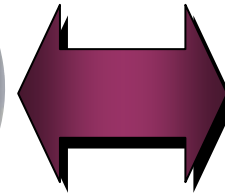
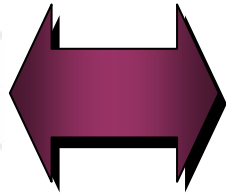
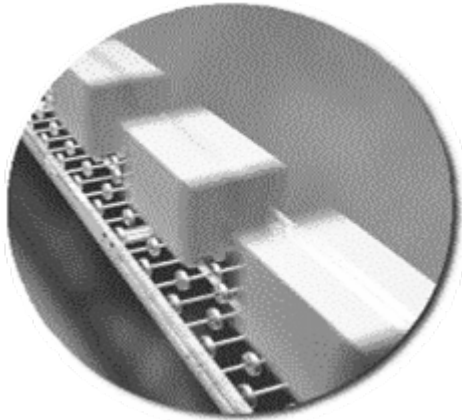
# The Dell Business Model



- Significant cost advantage (lower OPEX and Material COGS) provides industry's best price/performance
- Unique sales, marketing, and supply chain model enabled by direct customer relationship
- Organization managed by data analysis and performance metrics

# Dell's Direct Model = the foundation for success

## Suppliers



## Customers

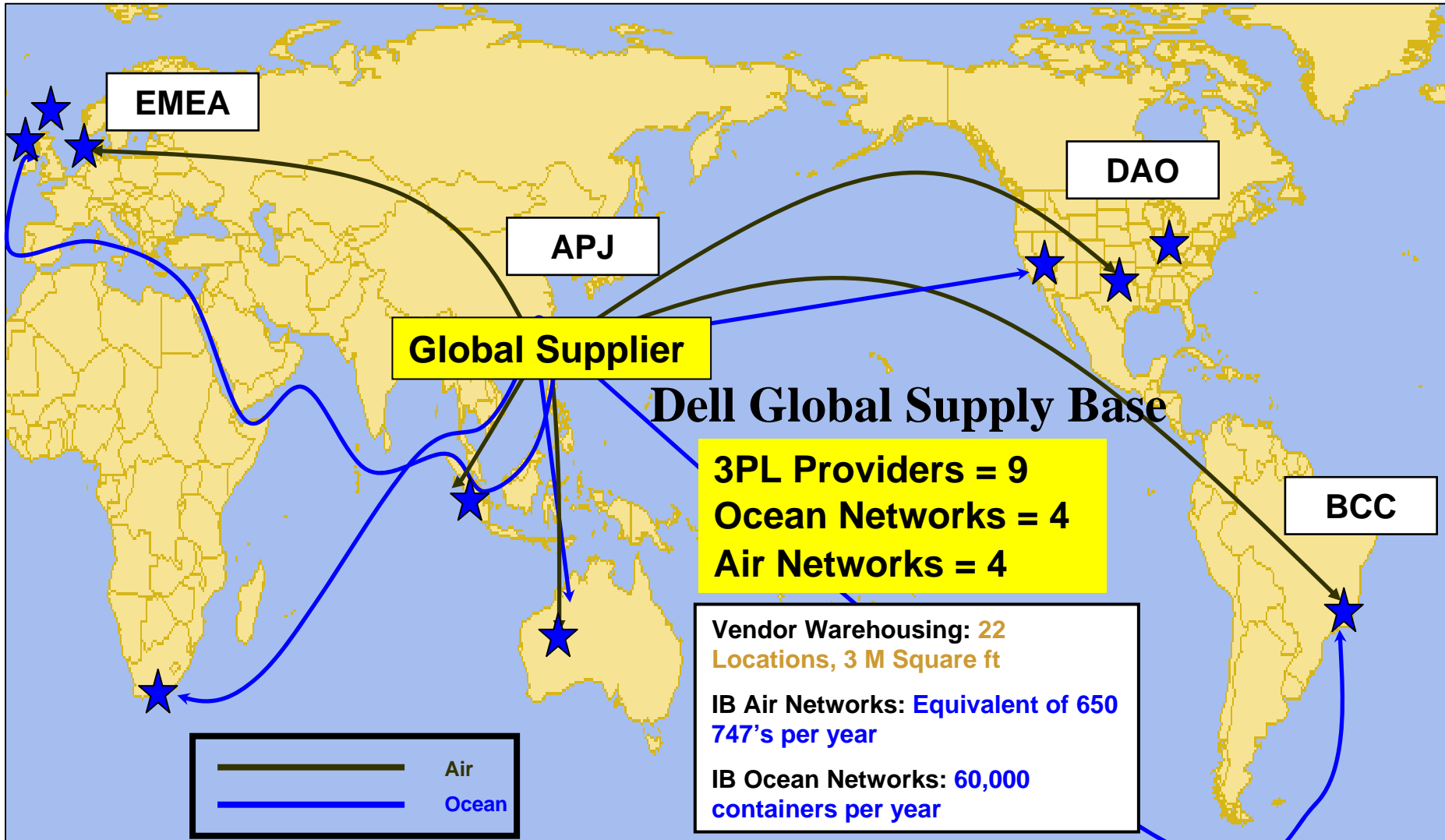


- Continuity of Supply
- E-business Collaboration
- Technology Leaders
- Low-cost Manufacturers

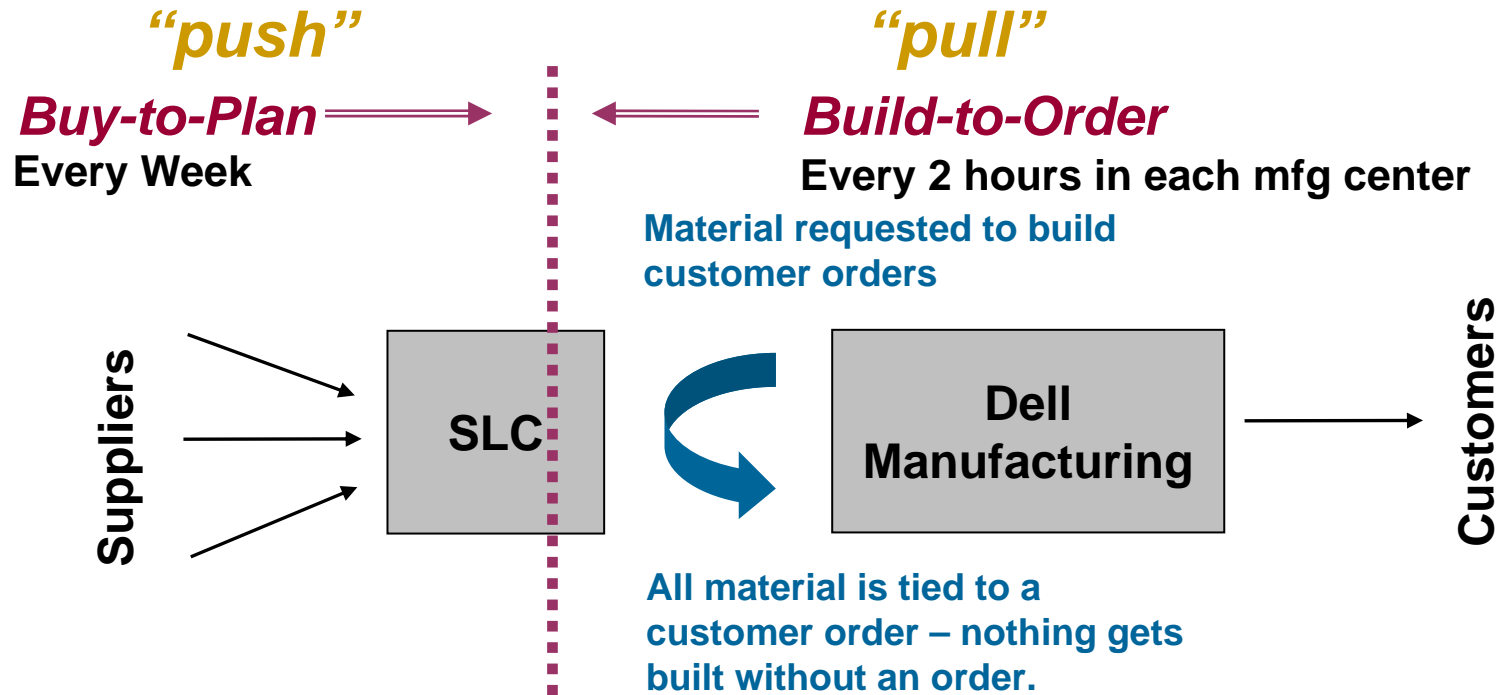
- Best Customer Experience
- Low Cost Efficiency & Highest Quality
- Partnering/Virtual Integration

- Product Quality
- Price for Performance
- Customization
- Reliability, Service and Support
- Latest Technology

# Global Supplier View of Dell Fulfillment



# Heart of Dell operations - a mixed model



- 1) Dell facilities act as Manufacturing Centers, not Warehouses – only inventory needed for few hours of orders is on site
- 2) Provides direct signal of Dell customer demand for suppliers
- 3) Dell’s performance to customer orders is directly linked to our suppliers’ level of support
- 4) Absolute synchronization between manufacturing and sales keeps the process balanced.

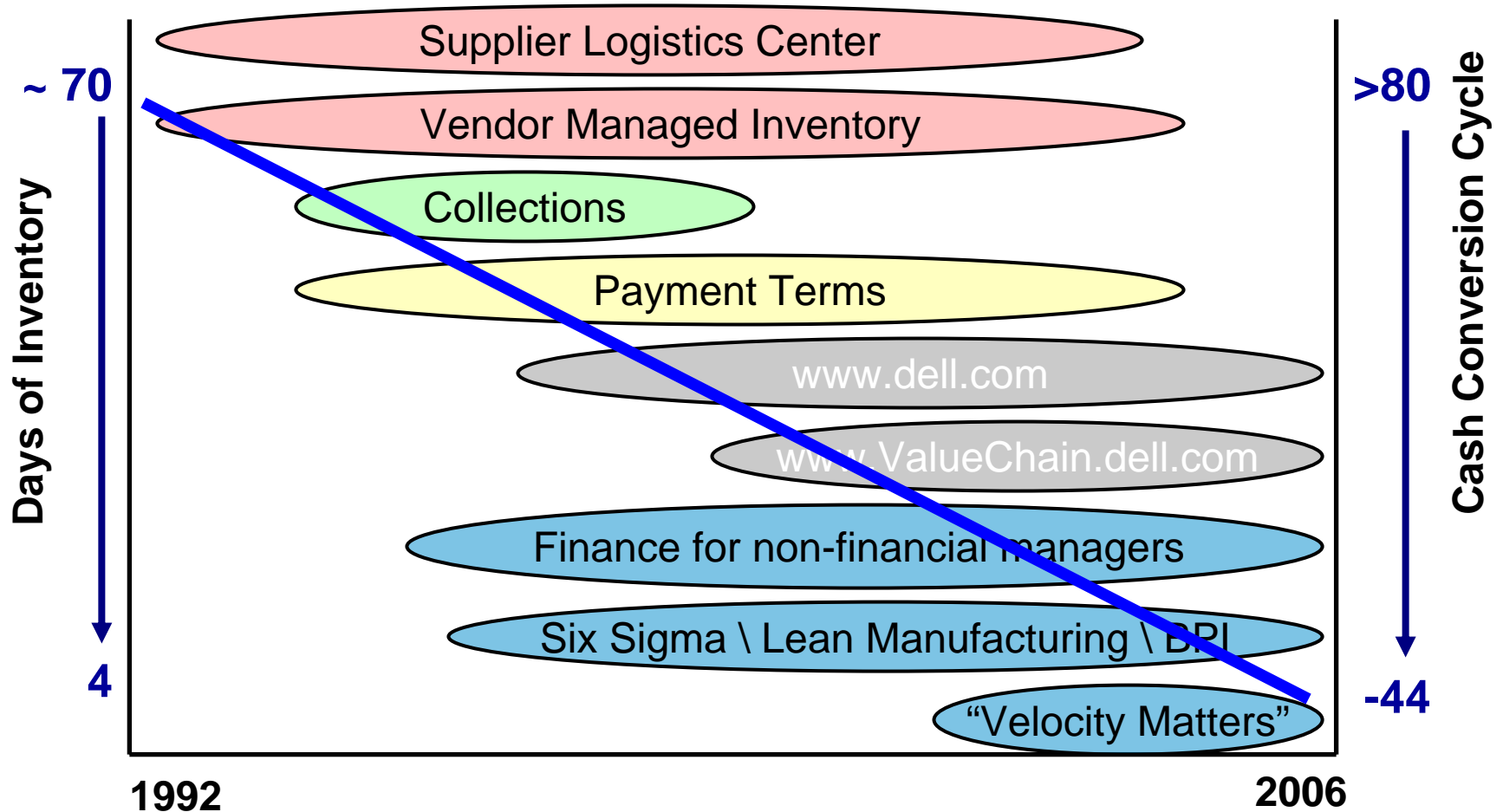
# Cash Conversion Cycle and SCM

3 Elements (expressed in days):

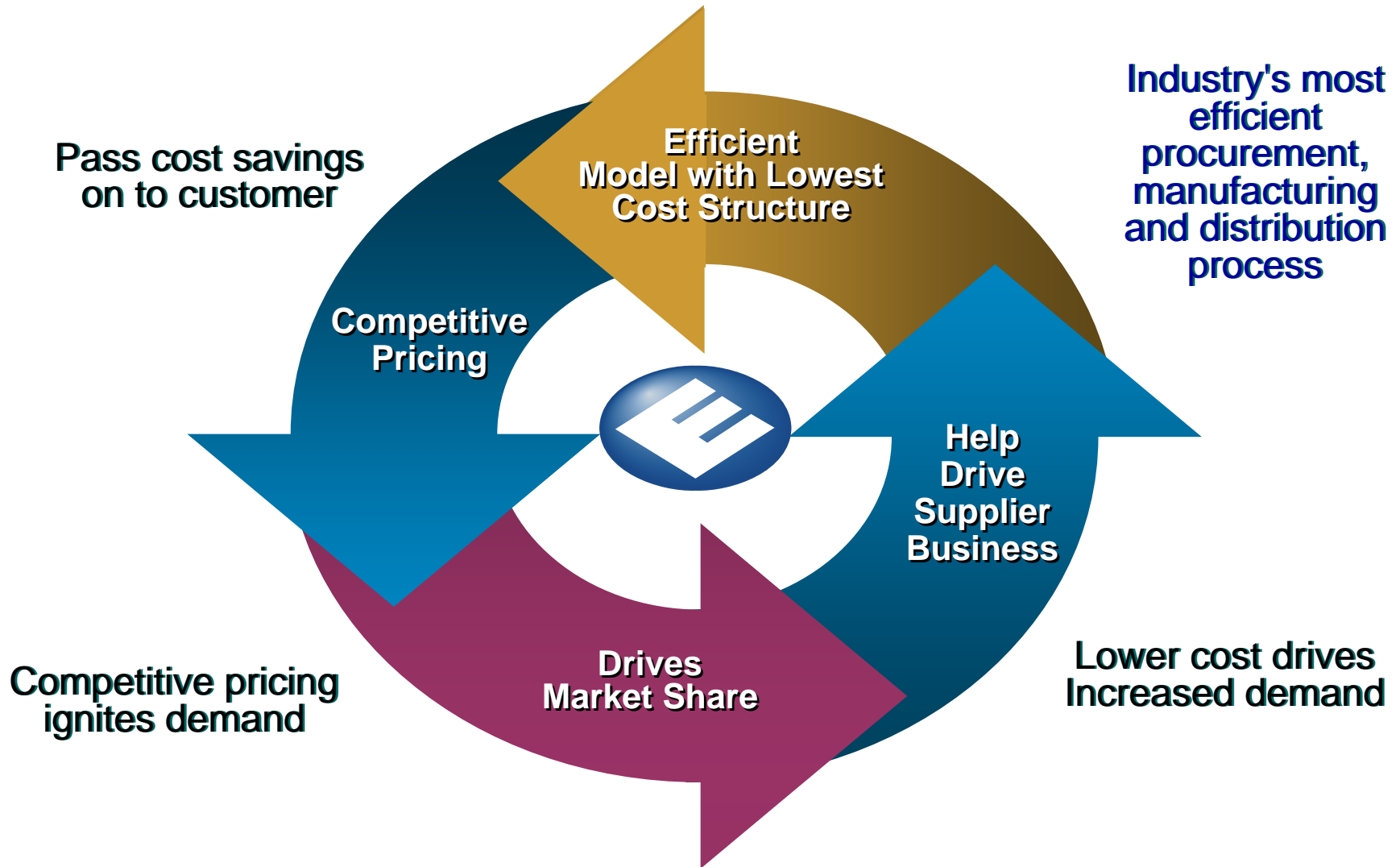
- Inventory (DSI)
- Accounts Receivable (DSO)
- Accounts Payable (DPO)

$$\frac{\text{Cash Conversion Cycle (CCC)}}{\text{DSI + DSO - DPO = CCC}}$$

# Dell's SCM Journey ...



# Dell's Direct Model = Perpetual Success



# Supply Chain Excellence

# Thanks!