

# FUTURE TRENDS

The electronics industry has moved from the industrial stage to the present information era. This has been achieved by moving along the digital highway, applying broadband technologies that demand enhanced cooperation through networked organizations. At the same time, the traditional borders between the metal and electronics industries as well as between the automotive and electronics industries has disappeared.

Health and wellness will be the next wave in the development of the consumer market. For the business market it will be safety, comfort, energy preservation and environmentally friendly products. For the components sector it will be further miniaturization and increased volume and speed of data processing.

The near future will see the introduction and further development of nanotechnology, leading to the integration of nanotechnology with information technology and molecular biology. This development will support the trend of achieving a higher level of health and wellness.

The expected market for nano-electronics in 2015 is 600 billion euros, according to recent market forecasts. The market for information-related products is expected to be of equal size in 2015.



## ABOUT ATOS CONSULTING

Atos Consulting is a leading, international business and IT consultancy organization with more than 2,500 professionals worldwide, of which approximately 950 are employed in the Netherlands. Atos Consulting is the partner for customers looking for effective solutions in the areas of efficiency, organization, processes and control.

Atos Consulting offers a thorough knowledge of sector-specific, primary processes and also their supporting processes such as Finance, HRM and IT. Atos Consulting can also offer interim management or can take over processes whenever the need arises. Atos Consulting guarantees an independent approach and provides expert advice in close collaboration with its clients.

Atos Consulting is part of Atos Origin, an international information technology services company. Its business is turning client vision into results through the application of consulting, systems integration and managed operations. The company's annual revenues are more than EUR 5,5 billion and it employs over 47,000 people in 40 countries, of which 9,000 are in the Netherlands. Atos Origin is the Worldwide IT Partner for the Olympic Games and has a client base of international blue-chip companies across all sectors. Atos Origin is quoted on the Paris Eurolist Market.

## FOR FURTHER INFORMATION PLEASE CONTACT

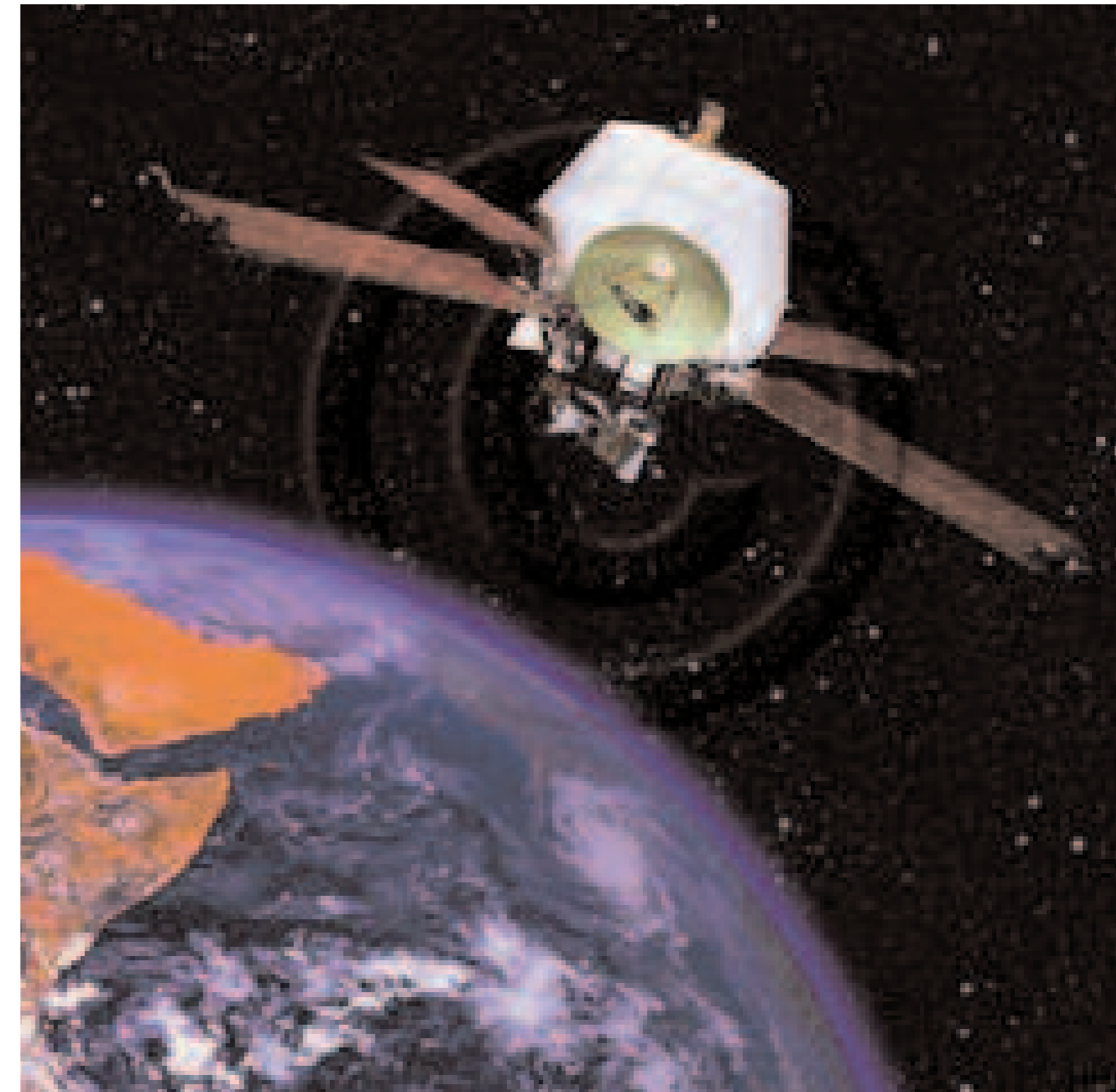
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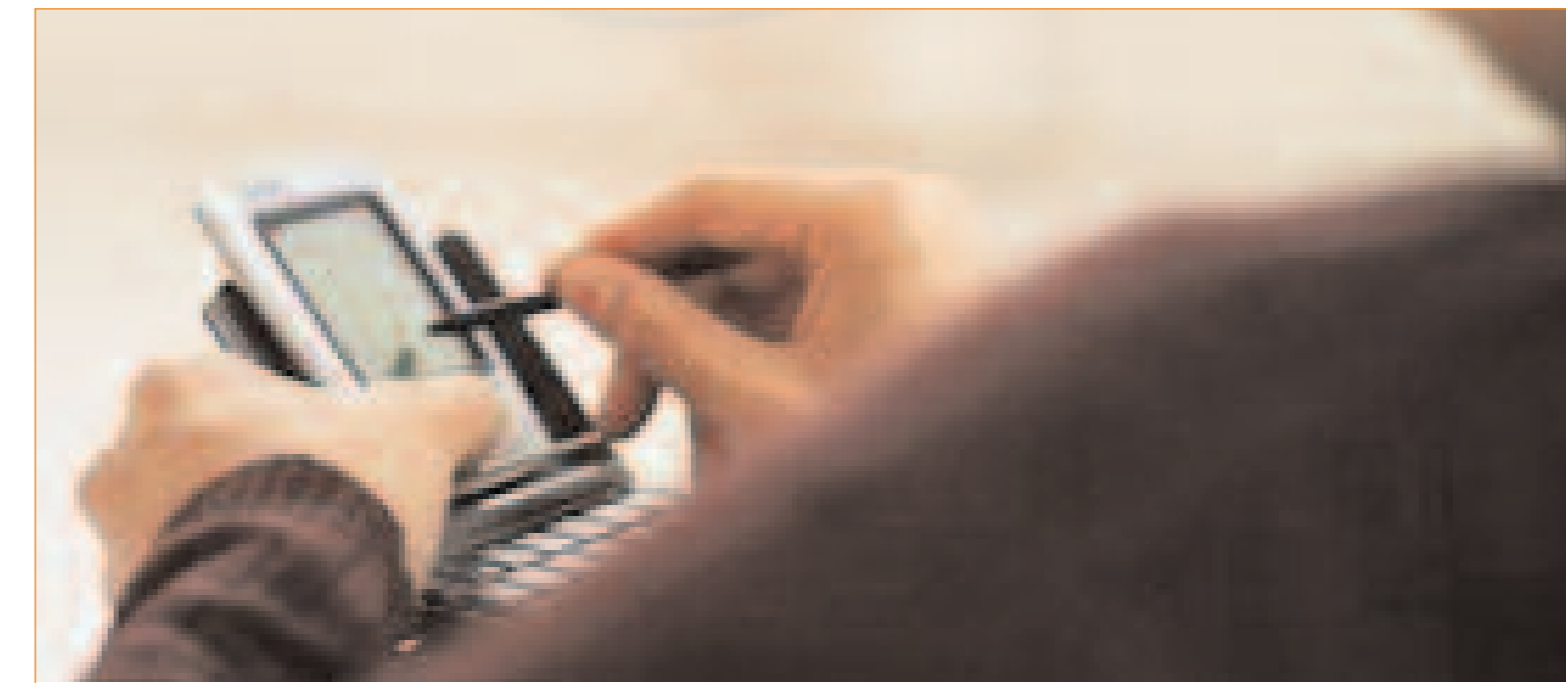
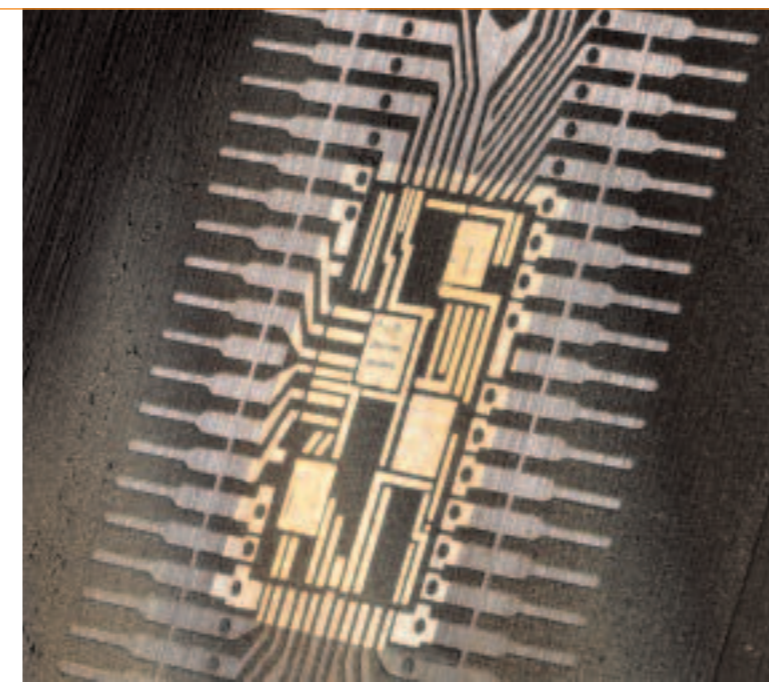


# INNOVATIVE CONSULTING SERVICES IN A DYNAMIC HIGH-TECH ELECTRONICS MARKET



# CONSULTING SERVICES

The electronics industry is a complex industry consisting of three segments: Business to Business, Business to Consumer and Components. The applications in this industry range from aerospace & defense to telecommunications infrastructure, automotive, photo/video/audio and mobile communications (consumer applications), computer and medical applications. Major issues are at play in each of these industry segments: innovation and true understanding of customer needs are key; being in control of the complete supply chain is a must and delivering products and services at competitive pricing in a sustainable way is the challenge. Each industry sector requires a different approach. Hereafter, we present our view on these issues and how the industry deals with them. Atos Consulting™ has been of service to many companies in coping with these issues and has achieved sustainable improvements in close cooperation with the customer. Our industry experience allows us to develop successful customer-specific solutions.



## **COST OPTIMIZATION IS KEY TO SURVIVAL**

The electronics market is driven by a continuous stream of new products. The speed of innovation is increasing and cost levels are under extreme downward pressure. This forces electronics companies to operate with extreme efficiency in order to remain competitive and cost-effective. Cost optimization is achieved by those companies which are able to streamline development, purchasing, production, delivery and service in the most efficient way.

Supporting activities need to be standardized as much as possible to achieve an efficient global business. The Shared Service Centers (SSC) concept is applied to many types of supporting activities such as purchasing, HRM, ICT, customer service and logistics. SSCs are the answer to the continuing drive for cost optimization. By removing support activities from local business, the local or regional business organization can focus entirely on activities that add value, such as marketing, customer relationship management and services. This can result in important cost savings at agreed quality levels.

## **INNOVATION IS KEY FOR BUSINESS GROWTH**

Although many companies still need to focus on cost reduction and efficiency, we also see companies turning their attention to growing top-line revenues and securing customer loyalty. They consider innovation and new service offerings as the new focus for gaining marketshare in a market with production overcapacity. Companies that want to grow, need to realize excellent Returns on Investment for their new products; they therefore need a sustainable business creation process and must synchronize this process with their other value chain processes. Business opportunity scans enable companies to identify new business opportunities for which to develop new products and/or new markets.

The acquisition of business units and complete divisions used to be commonplace within the electronics industry. Today, cross-market cooperation is chosen as a very flexible way of combining the required knowledge and experience for gaining

market share or to develop new markets. As a result, the temporary integration and separation of product development and business processes is a major challenge in cross-market cooperation. Portfolio management and market research are continuously applied in support of these challenges.

Many companies face increasing challenges in managing product and process innovation through the entire product life cycle and across the value chain. The motivation for this is the need to increase product life times, improve customer service by tracking product status and to enhance control over the internal organization. Information about and communication with all participants in the value chain is essential in this respect. The key success factors are the implementation of standard processes and the assignment of clear responsibilities with the objective of producing up-to-date and consistent product and process information.

## **ENHANCED CUSTOMER RELATIONSHIP MANAGEMENT**

The main commercial challenge for many electronics companies is to differentiate their products and services from the competition, to get the right products on the market faster and to reduce costs. Traditionally, marketing focused on reaching and understanding the customer, sales managed the channel and sold the products and service was a cost center. Internal process redesign leads to a change in focus and efficiency improvement. The development of new commercial infrastructures (Marketing Growth Factory) provides experience and solutions that boost commercial performance through customer management, electronic ordering, enhanced forecasting, new distribution models and portfolio and price management. Business performance can be maximized through collaboration with the customer at all commercial levels.

## **AFTER-SALES SERVICE IS A MUST FOR ACHIEVING CUSTOMER LOYALTY**

Some companies have managed to grow successfully during the recent economic downturn by developing their after-sales services. Developments in other industry sectors show that after-sales service in the electronics industry could be a highly profitable part of the business for the electronics sector as well. After-sales service consists of supplying spare parts, providing preventive and reactive maintenance, product recall and customer contact. After-sales service enhances customer loyalty and branding. Despite their impact on customer loyalty, after-sales service operations are grossly underperforming at most companies. The main reasons for this are: a 'one size fits all' approach, failure to understand the service costs and how these vary per customer and, last but not least, the structure of the service organization. It is more difficult to put a price on services, than pricing products. The challenge is to turn after-sales service into a competitive advantage, instead of considering a repair shop to be a cost center.

## **SUSTAINABLE BUSINESS DEVELOPMENT**

Next to market growth and cost optimization, the creation of long-lasting sustainable business is becoming common place in the electronics industry. Sustainable means respect for the environment and fair labor force treatment but also being a predictable business partner for customers and suppliers alike.

Based on the nature of their offerings, companies need to match their supply chain capabilities to develop sustainable business processes. The nature of the offerings may vary from commodity or innovative products to service and end-to-end solutions. Offering commodity products requires an efficient supply chain. Innovative products require a more responsive supply chain, while end-to-end solutions require an open network supply chain.

The additional requirements of legislative compliance add complexity to an already challenged business process. The alignment of processes within and outside the downstream organization is critical in supporting operational excellence. The driving force remains market demand.

To develop a sustainable supply chain, certain companies have outsourced/transferred parts of their value chain to original design manufacturers, component suppliers, contract manufacturers, logistics service providers and shared service centers in low cost regions. The transfer results in higher transport costs, more working capital in the supply chain and increased complexity. These costs are recovered many times over because of the savings on labor costs. Other companies have, in contrast, opted for full vertical integration inside their company and achieved sustainable business development. Irrespective of the choice for sustainable development, a robust business case is needed to support the decision-making process.

## **CORPORATE GOVERNANCE**

In recent years, the demands for corporate governance have increased. Governance issues and approaches have been set out in legislation, such as the Sarbanes Oxley act in the USA, and in softer codes of conduct such as the Dutch code for corporate governance ('code Tabaksblat'). Main themes in these rules are: transparency, integrity, correctness and trust. Non-compliance with such acts and codes of conduct for good governance can have adverse consequences for an organization, such as additional research by grant supervisory bodies, delayed publication of financial results, legal procedures and potential loss of reputation. Compliance, on the other hand, can help an organization reach certain governance objectives. Full compliance is ensured when an organization addresses all control issues, both internal and external. The absence of proper controls may lead to, for example, increasing streams of product recalls, court cases, financial claims, deterioration of share value and image. May lead to, but not necessarily will. These problems can successfully be prevented. Enterprise Risk Management is an approach to help organizations to identify and manage the possible risks in the areas of strategy, operations, compliance and reporting. With a balanced approach, an organization can reach higher levels of control on most issues to which they are exposed.