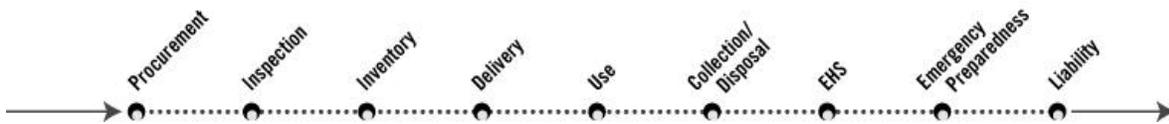


## FOR THE RECORD CMS PILOT PROGRAM IN SILICON VALLEY

The Silicon Valley Manufacturing Group has teamed with Chemical Strategies Partnership (CSP) and the Santa Clara County Pollution Prevention Program (SCCP2 Program) to introduce a new business model to Silicon Valley manufacturers. This initiative is a region-wide pilot program to introduce the chemical management services (CMS) model to manufacturing companies and other stakeholders. The goal of the partnership is to reduce the use and release of toxic chemicals in the Silicon Valley region through the transformation of the chemical supply chain. The project is being funded by the U.S. EPA, Region 9, the Steven and Michele Kirsch Foundation, and the San Francisco Foundation and presents a unique opportunity for manufacturing professionals and other organizations in Silicon Valley.

CMS is a market-based strategy whose goal is to prevent pollution by cutting chemical use and waste. The key to the CMS model is a shift in the traditional relationship between chemical suppliers and their customers. In traditional supplier-customer relationships, the chemical supplier's profitability is a function of the volume sold--the more chemicals sold the higher the profit for the supplier. Meanwhile, the buyer has an opposite incentive--to reduce costs or the amount of chemicals purchased. In the chemical service model, suppliers become CMS providers and are paid for successfully delivering and managing chemicals across the entire chemical lifecycle (see Figure 1). Thus, the supplier's profitability is based on better performance, not on selling chemicals.

**Figure 1: Chemical Lifecycle**



To kick-off the program, the SVMG, CSP, and the SCCP2 Program hosted a workshop in November 2000. The workshop featured panelists from successful CMS programs as well as practical information on how to evaluate your company's chemical costs and how to begin a CMS program. A total of 33 representatives of Silicon Valley manufacturing companies and other stakeholders attended the workshop in November. Currently Seagate Technologies and Analog Devices are underway with pilot programs at their facilities. CSP is in the process of conducting the baseline cost analysis at Analog's two manufacturing facilities in Silicon Valley. Seagate has moved quickly through the baselining exercise, using that information to develop and issue a request for proposal (RFP) to CMS providers for a corporate, nation-wide contract. CSP is also working closely with a handful of other interested companies, to determine whether involvement in the Silicon Valley project would benefit their organization.

If you are interested in learning more about CMS or the Silicon Valley Project, please check our website at <http://www.chemicalstrategies.org>, or call Darcy Whaley at (415) 421-3405.