

# Chemical Management Services



Ken Storer  
Senior Director  
Global Indirect Materials

# Who is Seagate

- The worldwide leader in the design, manufacturing and marketing of hard disc drives.
- \$7+ Billion annual revenue
- 98+ Million units shipped last fiscal year
- 45,000 + Employees worldwide

# Seagate WW Chemical Overview

- Total WW chemical spend → \$>54m
- Total WW chemical sites → 18
- Major WW chemical sites, \$1m> → 7
- Minor WW chemical sites, \$1m< → 11
- WW Chemical Tier 1 suppliers → >300
- Global chemical spend, mix, volume and processes differ site to site
- Model had to be global, flexible and fast

# Why CMS

- Chemicals are not a core competency for Seagate.
- Chemicals are a unique material
- External risk management
  - Regulatory, Liability, Environmental, Corporate Image, Product Stewardship
- Internal risk management
  - EH&S, MSDS, Work Area Approval, Employee Safety, ERT, Haz Mat, Specialized Training, Safety Equipment, Waste Handling
- Inventory management
  - Specialized Material Handling, Lot/Date Critical, Temperature Controlled Storage, Explosion/Fire Proof Facilities, Special Permits, DOT Compliant Logistics, Obsolescence, Material Cut In
- CMS enabled E-procurement for chemicals

# CMS Implementation Strategy

- Executive management buy in and support
  - At Corporate and every site.
- Team with corporate level EH&S
- Focus on one pilot site (keep it simple)
- Develop site focus team with representation from all affected areas:
  - Site EH&S, Production, Finance, Materials, Purchasing, Operations, R&D, Facilities, Human Resources, Contracts/Legal
- Focus team involved in entire selection process
- Develop baseline and show justification
- Communication is critical at every step
- CMS is not an outsourcing initiative

# Before/After Pilot CMS Program

## Before CMS

- ~23 Chemical Related Seagate Employees
- ~150 Direct Tier 1 Suppliers
- ~ 900 Chemical POs
- ~10 Direct Supplier Contracts and Risk
- No Electronic Chemical Catalogs
- Manual Chemical Approval/MSDS Process
- No Guaranteed Cost Savings



## After CMS

- ~15 Chemical Related CMS Employees
- Single Integrated Supplier
- Ariba E-procurement
- Contracts Novated Under CMS Supplier and No Risk
- Single Consolidated Web-Based Electronic Catalog
- Web-based Approval CRA/MSDS Process
- Guaranteed Cost Savings

# Before/After Pilot CMS Program

## Before CMS

- ~\$800K Working Capital Investment in Onsite Chemical Inventory
- ~\$800K in Onsite Chem Inventory
- 4 Material Handling Steps to Process
- ~\$200K+ In Obsolescence and Excess Chemical Material



## After CMS

- \$0 Investment with Supplier Ownership of Inventory to Point of Use
- Reduced by 50% With JIT and Owned By Supplier
- Reduced to 2 Steps With Less Risk Exposure
- Reduced to \$0 With Point of Use and Better Control

# Benefits of CMS Program

- Allows Seagate to focus on core business
- Single Tier One Integrator/single consolidated electronic catalog
- Provides focus on full chemical lifecycle by chemical specialist
- Aligned incentives and guaranteed savings
- Web-based EH&S/E-procurement capabilities in place (Turn-key)
- Enables Ariba E-procurement/AmEx for chemical procurement
- Reduction in onsite chemical inventory/handling (JIT)
- Minimize chemical inventory costs/obsolescence (Point of Use)
- Minimize risk and safer conditions for Seagate employees
- Improved chemical processes/shared best practices
- Technology transfer/time to market/flexibility
- Improved/standardized chemical processes worldwide