

Smarter technology for all

Supply Chain - Winning Through Disruption

Lenovo
Global Supply Chain

Renée A. Ure

Lenovo

Lenovo

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Scale as a strength

Lenovo

Smarter technology for all

“We’re committed to delivering technology that improves human outcomes. We’re not developing tech for tech’s sake; we are purposeful in delivering human-centered innovation”



80M+



51M+



16M+



\$10B+

Four decades of journey

1984-1993



Entrepreneurship

- 11 entrepreneurs
- CNY 200,000 (US\$25,000 in 1984) in startup funding

1994-2003



Own PC brand

- Launched own PC brand
- #1 in China in 1996
- #1 in AP in 1999

2004-2013



Globalization

- Acquired IBM PCD in 2005
- Navigated global financial crisis
- #1 PC company globally in 2013

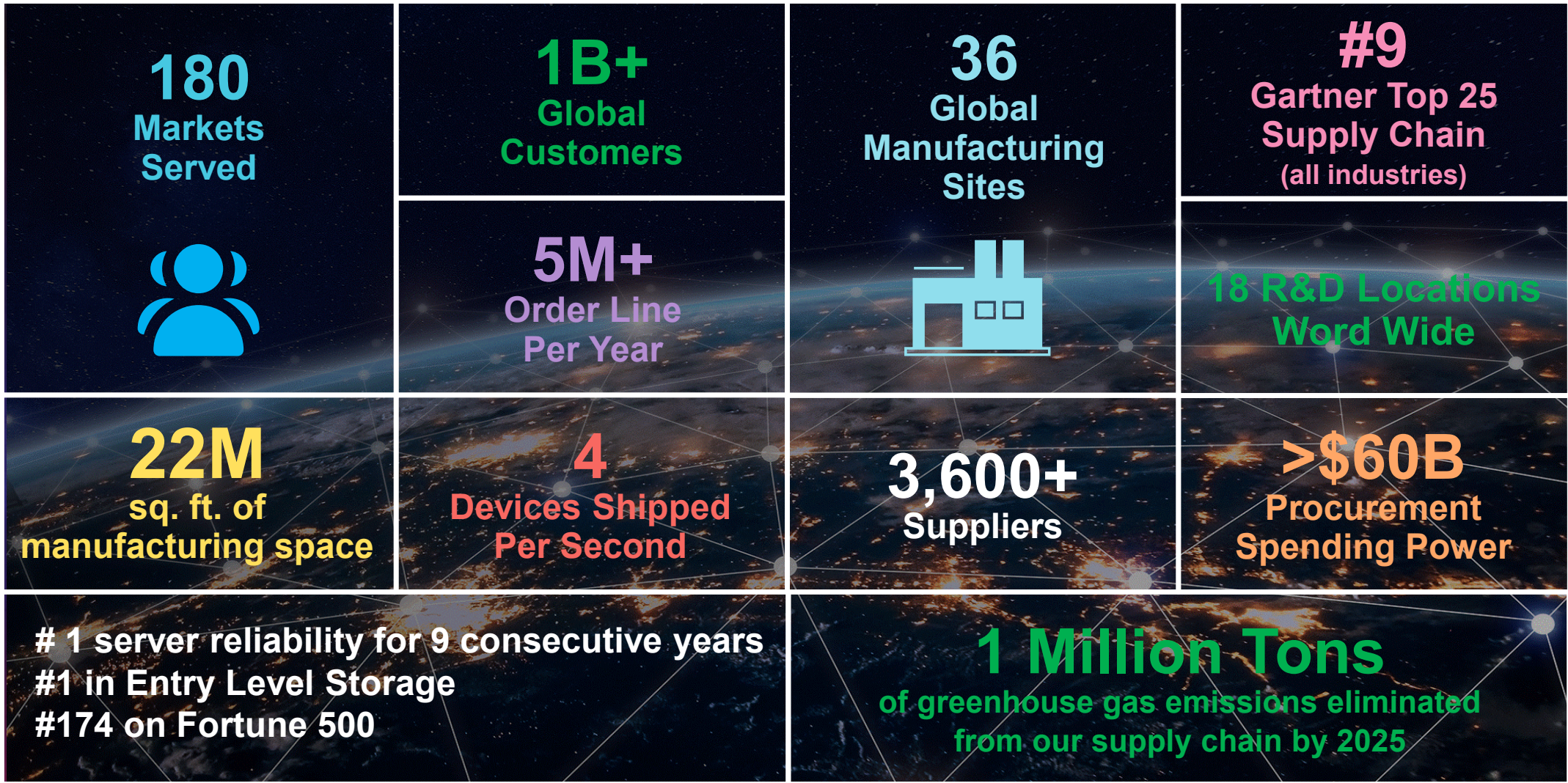
2014-Today



Transformation

- Acquired Motorola Mobility and IBM x86 servers in 2014
- 3S strategy
- Transforming to solutions provider

Lenovo – At A Glance



Service Led Transformation, From Pocket to Cloud



Intelligence



Edge-Cloud-Network



Client

Core

SSG

Solutions & Services Group

Smart verticals & services

ISG

Infrastructure Solutions Group

Smart infrastructure

IDG

Intelligent Devices Group

Smart IoT



Lenovo Tablet



Lenovo Glasses T1



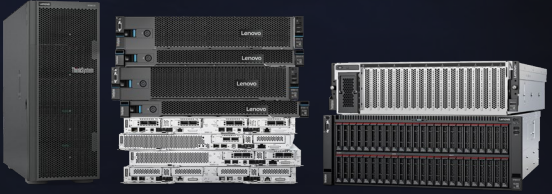
Think Vision



LEGION



ThinkEdge



ThinkSystem



motorola razr

Lenovo Smart Home Solutions



ThinkStation



Storage



ThinkSmart Collaboration Solutions

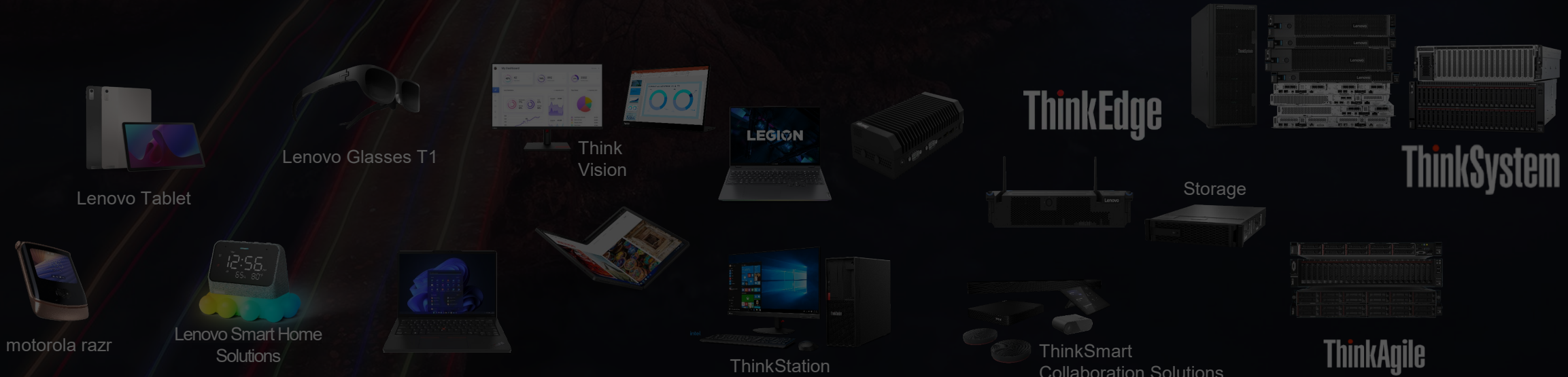


ThinkAgile



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Service Led Transformation, From Pocket to Cloud



Lenovo ISG Snapshot 2020

FY 2019/20

State of the Business

Revenue

\$5.5B

Profit

(\$365M)

Market Share

6% Server
7% Entry Storage

Gartner Supply Chain Ranked

#34

Limited In-house motherboard mfg

2020 -2022

Strategy

\$

Manufacturing

NEW

Mexico
Hungary
Shenzen

↕

Verticalize

2

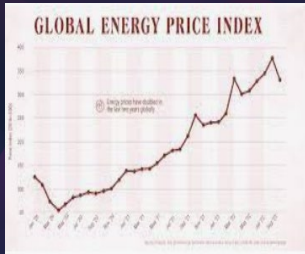
new In-house motherboard mfg



Digital

\$60M

Disruptions 2020 – 2023. The Supply Chain 1000 year flood



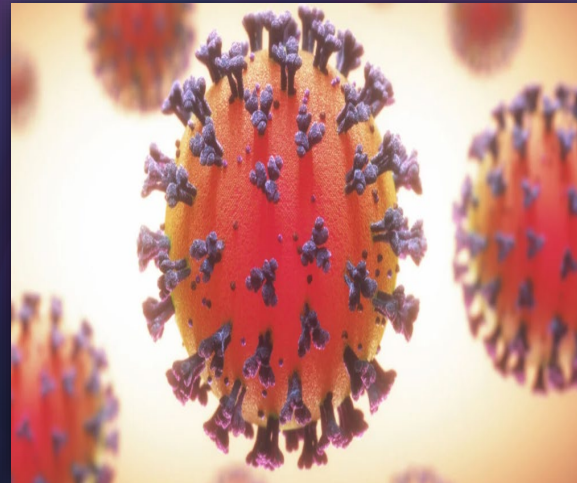
Energy Crisis



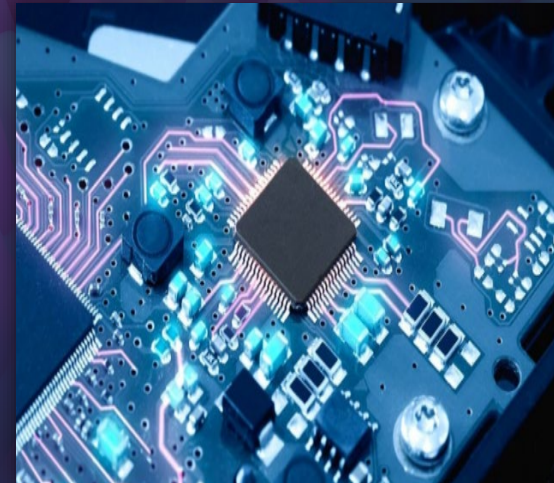
Talent Shortage



Global Inflation



Pandemic



The Great Chip Shortage



Ports Congestion



Geopolitics

**EXPECT
DELAYS**

Lead Time Pressure

Lenovo ISG Snapshot – Then and Now

FY 2019/20

State of the Business

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Profit

(\$365M)

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7% Entry Storage

Gartner Supply Chain Ranked

#34

Limited In-house motherboard mfg

2023

\$10B

\$55M

8% Server
23% Entry Storage

#9

3 NEW manufacturing facilities

2 NEW In House Motherboard Manufacturing

Employee Engagement Increased

78%

2020

89%

2022

How did we do that....?



Bold Global / Local Manufacturing



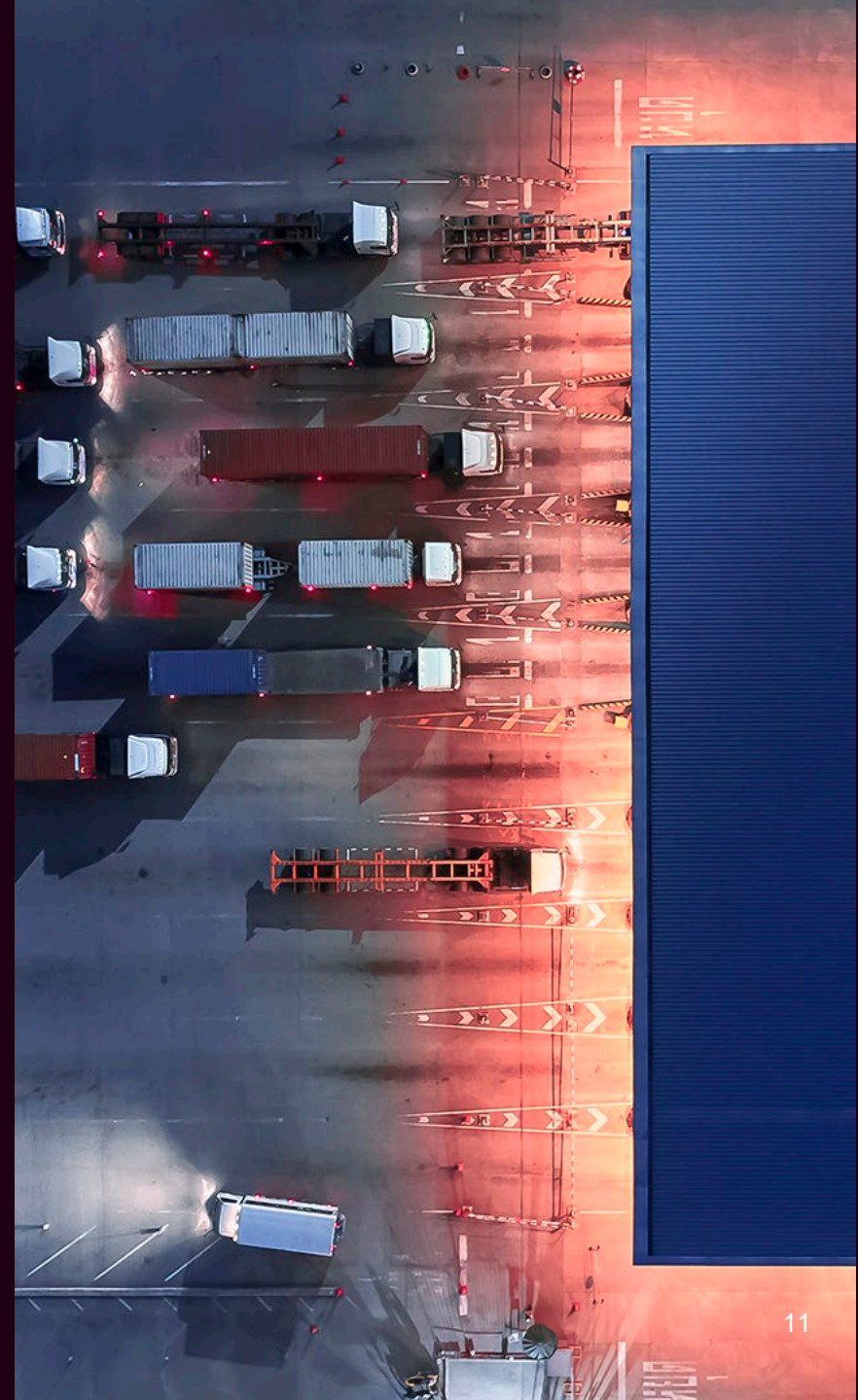
Relentless Digital Transformation



**Customer Centricity
as our North Star**



Purpose Driven Organization



Global / Local Network




Hybrid manufacturing model | “Global-Local” network | Agile resilience



Monterrey, MX

2020
260K sq ft



-  Manufacturing site
-  R&D
-  Global office



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Monterrey, MX

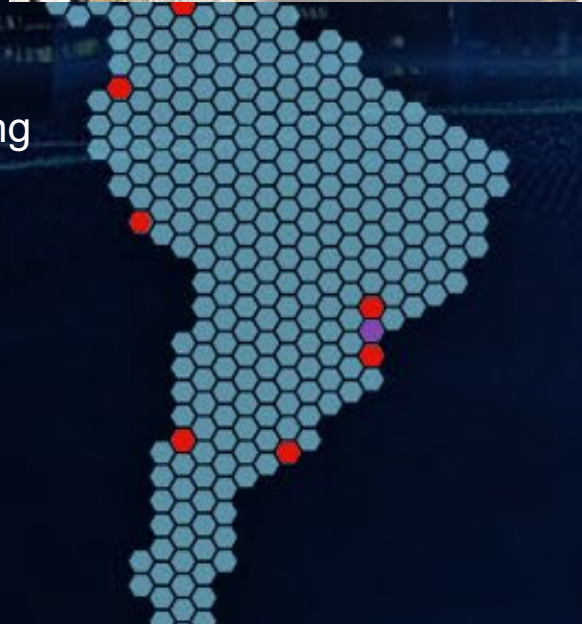
2020
260K sq ft

2022
Added **NEW** building
+450k sq ft
Increased
capacity by **4x**

- Manufacturing site
- R&D
- Global office






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Guadalajara, MX

2021
NEW In-house board
manufacturing in
Guadalajara
64,000 sq. ft

-  Manufacturing site
-  R&D
-  Global office



Sarvar, Hungary

2020
Completely
Outsourced

-  Manufacturing site
-  R&D
-  Global office



Budapest, Hungary

2020
Completely
Outsourced

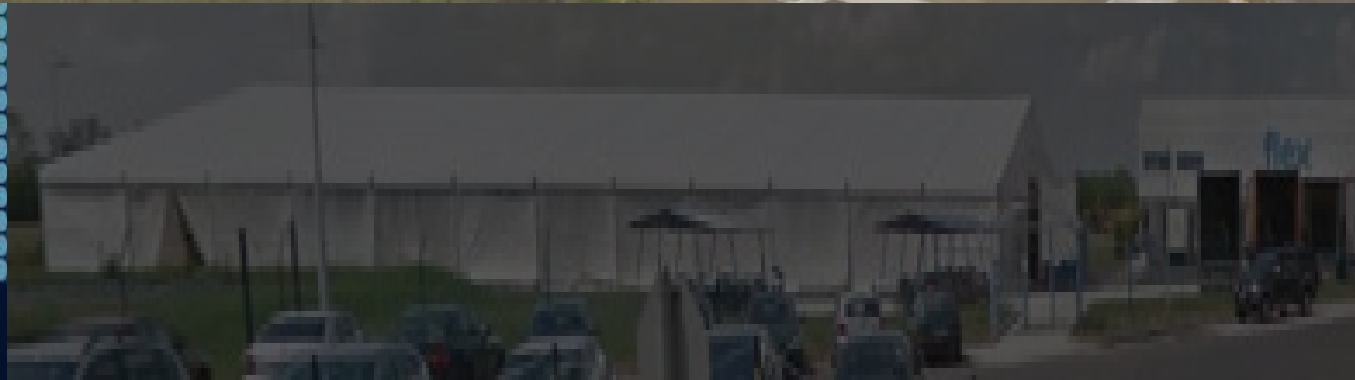


2021
Moved to in-house
manufacturing
366k sq ft
2X Capacity
1000+ employees

-  Manufacturing site
-  R&D
-  Global office

Lenovo




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Shenzhen ,China

2020
1.5M sq ft

-  Manufacturing site
-  R&D
-  Global office

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Shenzhen ,China

2020

1.5M sq ft

2022

Moved to 3M sq ft
NEW Super Factory

-  Manufacturing site
-  R&D
-  Global office



Hefei, China

2022
Setup In-house server
motherboard
manufacturing
3.6M sq ft

- Manufacturing site
- R&D
- Global office



Global Light House Factory

2021-2022: >50% Lenovo IT Spend redirected to Supply Chain

Auto Data Driven

Pre-Pandemic

Focus on Efficiency



Response time



Cost



Quality

Performance as Benchmark

Automation

Functional Capabilities

Ecosystems

Digitalization

IT asset Optimization

Supply Chain



Supply Commit

AI Supply Commit



Trust Your Supplier



Supply Chain Intelligence

Post-Pandemic

Focus on Resiliency



Response time



Cost



Quality



Risk mgmt.

Accuracy as benchmark

Smart Operations

Collaboration

E2e Capabilities

Ecosystems

Data Accuracy

IT Transformation

Lenovo Culture = Customer Centricity

Vision:

Be the **Most Trusted** partner- empowering customers' **Intelligent Transformation** and helping solve humanity's greatest challenges.

20%

Bonus Tied to Cx

95%

On Time Delivery

234%

Customer Embedded SC Growth

Building **Customer Intimacy** through intentional organizational design

Purpose Driven Organization

- 1 Something Bigger than Yourself
- 2 Sense of Belonging & Camaraderie
- 3 Meaningful Contribution

Pause for Reflection



The Bullwhip Effect is Real

Chasing unprecedented demand today will cause excess supply tomorrow



Alignment with business functions

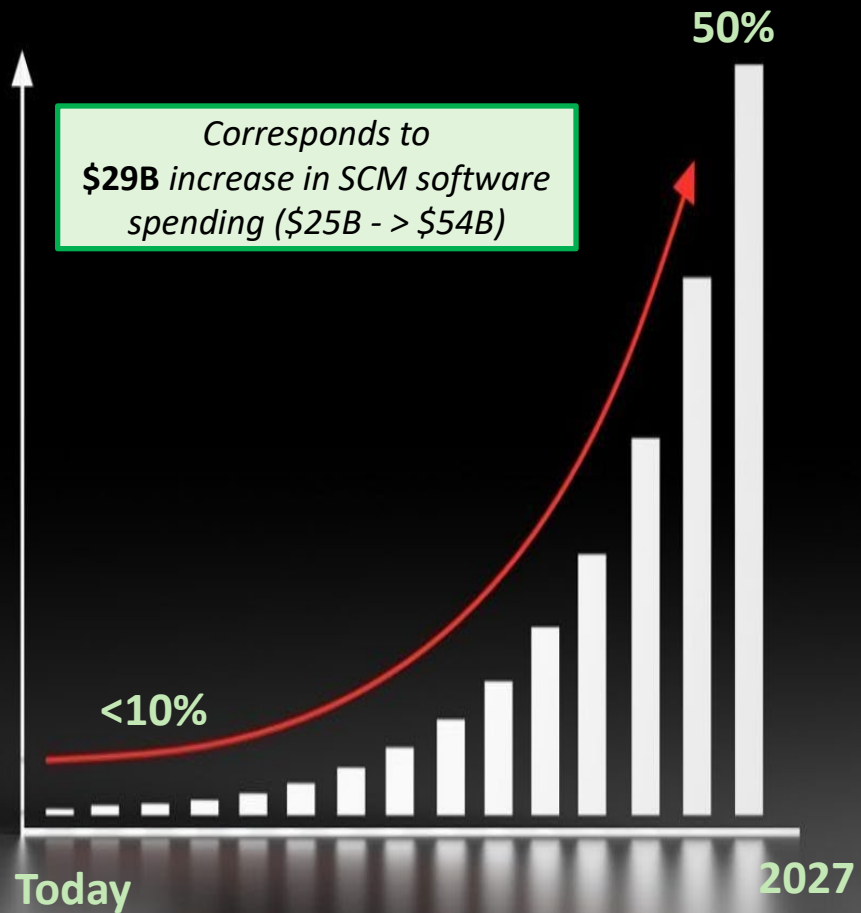
Building strong connections across functional areas of the business.



Prioritize Long term Planning

Force yourself to allocate significant time for strategic, longer term planning

Use of supplier networks will grow to 50% by 2027



- **Identity-driven supplier networks** will drive this growth
- **Transforms traditional supplier sourcing** by providing easily accessible, high-quality, reliable data
- **Blockchain technology** will facilitate this transition, leveraging decentralization and immutability
- **Only a decentralized technology** can deliver this supplier network ecosystem

Organizations have a broadening interest in risk products



Organizations are progressively managing 3rd-party risk across the life cycle of the relationship, not just initial “certification”

Worldwide disruptions are driving organizations to automation and risk data subscriptions

Organizations looking for 3rd-party risk management tools to manage risk holistically

The supplier network ecosystem is the future



- Market demands are driving a radical shift to **trusted supplier identities**
- **Pre-screened, decentralized, data-enhanced supplier record becomes essential**



- Supplier networks will be **the fulcrum of an ecosystem-centric supply chain**
- **A decentralized ledger technology** will drive this supplier ecosystem



- **Data and AI Models** will be the most valuable resource to these networks
- Clean golden supplier record data **is the fuel to power GenAI**

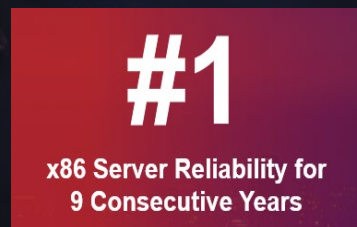
Disruption as an Opportunity, Call to Action

- 1 View yourself as an **OWNER**.
You **OWN** the customer experience.
You **OWN** Quality.
You **OWN** this Business.
- 2 Invest in **RELATIONSHIPS**.
They are invaluable.
- 3 **SPEED**. How can you take steps out? How you can execute faster?
- 4 **BELIEVE** that you are a part of a once in a life turnaround. Believe in what you can do as ONE team.
- 5 **PASSION**. Put your heart into everything you do.

YOUR TIME IS NOW



We do what we say.
 We own what we do.
 We **WOW** our customers.



Smarter
technology
for all

Lenovo

thanks.