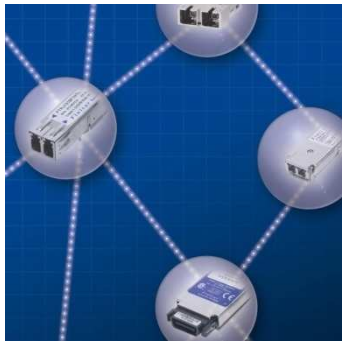


*Finisar*



## Asia Pacific as the Center of Global Supply Chain

# Agenda

- ▶ Finisar Overview
- ▶ What is IPO
- ▶ What is the function of the IPO
- ▶ Challenges
- ▶ Opportunities & Benefits
- ▶ Future

## Finisar History

- ▶ Found in 1988 with revenue exceeding \$500M
- ▶ Technology leader for fiber optic subsystems and network performance test systems supporting LAN, SAN & MAN markets
- ▶ Over 4,500 employees worldwide
- ▶ Supplying products and services for world leading telecommunications and networking companies
- ▶ Finisar success is based on the investment in vertical integration
- ▶ Over 126 patents for Telecom equipment market
- ▶ Largest Transceiver manufacture, 10M+ per/yr

# How to manage Asia Supply Base from US?

## Obstacles for US companies:

- ▶ Supply Base is 10k miles away
- ▶ Supply Base is on a different time zones
- ▶ No face to face communication, email is not effective tool
- ▶ No partnership is created with supply base without face to face meetings

## Answer:

- ▶ Establish an International Purchasing Office in Asia Pacific

## What is an IPO?

Team of talented individuals composing of Commodity Managers and Supplier Development Engineers focused on:

- ▶ Supplier Development
- ▶ Quality and Reliability
- ▶ New Product Introduction
- ▶ Dual Sourcing
- ▶ Cost Reduction
- ▶ VMI Implementation

# Challenges in opening an IPO

## Obstacles in setting up a legal entity in China:

- ▶ Finding a seasoned leader who knows the corporate and local cultures
- ▶ Recruiting the right team members to fit both cultures
- ▶ Alignment with Corporate value system
- ▶ Clear goals and objectives as well as well defined roles and responsibilities
- ▶ “Empowerment” ownership to do the work
- ▶ Hiring local talented and capable people in our industries – great business and technical background

## Opportunities & Benefits

- ▶ Majority of all suppliers within 4 hours reach
- ▶ Work with supply base real time
- ▶ Maintain face to face discussions; enhancing partnerships
- ▶ Improved relationships and communications
- ▶ Proactively work with suppliers before problems ship to the factory
- ▶ Strategic long term and lasting partnerships
- ▶ Develop a mutually beneficial relationship with supply base

## Future IPO Development

- ▶ Growing global supply base in the most cost effective geographic countries
- ▶ Establish and manage VMI's within the regions
- ▶ Reduce the lead time and inventory for “LEAN” philosophy
- ▶ Develop technology relationships for NPI programs
- ▶ Expand the IPO to Support Engineering, Manufacturing, Quality, Sales and Customer Service
- ▶ Enhancing from execution center to both strategic and tactical hub