

AMD

AMD is a global supplier of integrated circuits for the personal and networked computer and communications markets with manufacturing facilities in the United States, Europe, and Asia.



Results

- Exceeded savings goals by five percent, on average
- Product and service categories sourced include: materials (such as gas, chemicals and silicon), electricity, and janitorial services

An Innovative Leader

As one of the most innovative providers of semiconductor-based products in the world, AMD prides itself on being an early adopter of new technology and is consistently ahead of the pack when it comes to its supply chain management initiatives.

And although AMD already had best-in-class sourcing and supply management practices in place, it recognized the potential to augment its previous success through the assistance of a global supply management solution provider.

Inherent High-Technology Challenges

Like other high-technology companies, AMD faces challenges within the industry that can make sustaining a leadership position difficult. In addition to the uncertain economic climate, current price erosion can cause products that sell for \$100 one week, for example, to sell for \$70 the next.

In order to maintain its leadership role and remain competitive, AMD must continually drive down its costs through best practices, as well as ensure continuous supply and mitigate risk whenever possible.

Vendor Selection Criteria

To help achieve continued success and bring operational efficiency to the company's supply chain, AMD decided to seek a partnership with a vendor who could help achieve its goals.

AMD identified a rigorous list of criteria on which to base its vendor decision and selected Ariba because of its full spectrum of offerings, its solid track record in managing successful projects and creating savings for numerous other organizations, and its ability to work within AMD's budget constraints. Because AMD has sites in Asia, Europe and the US, it also appreciated Ariba's global breadth.



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AMD's vision is to primarily use Ariba FullSource™ across multiple spend categories to drive adoption, maximize ROI and migrate best practices to the AMD supply management team. AMD then plans to primarily utilize Ariba QuickSource™ augmented with Ariba FullSource as appropriate. Ariba demonstrated that it could provide both solutions with a structured and managed migration path designed to help ensure AMD's success.

Achieving Program Goals

AMD began its relationship with Ariba in December of 2001. To date, AMD has used Ariba FullSource to source materials (including gas, chemicals, and silicon, for example) and services such as janitorial services and electricity, and has exceeded their savings goals by five percent.

A Systematic Approach to Sourcing and Supply Management

Ariba's expertise and systematic approach to conducting sourcing and supply management projects is one of its greatest benefits, according to AMD.

"What we have gained from our engagement thus far is the disciplined approach to sourcing that Ariba has. The way they set up projects, in addition to their consultative assistance, has been a great help to us," said Alex Brown, AMD's Vice President of Global Supply Management. "We have very capable supply management people here at AMD, but had we done the projects on our own, it would have taken us two to three times longer than without Ariba's expertise."

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Vice President,
Global Supply Management

"Ariba has done many similar projects in the past using Ariba FullSource as a tool to drive cost reduction, which was important to our internal customers," said Brown.

Having Ariba's professionals manage the various steps of the online sourcing projects has also been very beneficial. And learning from all of Ariba's best practices (including establishing baselines, putting the rules in upfront, and the ability to make the award almost immediately afterwards) will be instrumental to AMD as it rolls out Ariba QuickSource to the supply management organization.

When that time comes, AMD plans to have all of the disciplines in place in order to use the software effectively and with as much success as it has achieved with Ariba FullSource.

About AMD

Founded in 1969 and based in Sunnyvale, California, AMD (NYSE: AMD) is a global supplier of integrated circuits for the personal and networked computer and communications markets with manufacturing facilities in the United States, Europe, Japan, and Asia. AMD, a Standard & Poor's 500 company, produces microprocessors, Flash memory devices, and silicon-based solutions for communications and networking applications.

About Ariba

Ariba, Inc. is the leading provider of spend management solutions to help companies realize rapid and sustainable bottom line results. Successful companies around the world in every industry use Ariba Spend Management software and services. Ariba can be contacted in the U.S. at 1.650.390.1000 or at www.ariba.com.