

Customer and Market Operations

Robert Andersson

NOKIA

Foundation of Nokia's leadership

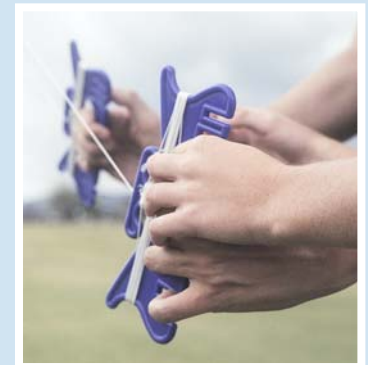


Customer
Satisfaction



Product
Creation

Operational
Excellence



Customer and market operations

- A total of 100 billion components sourced every year
- Largest mobile device manufacturer with ~12 devices produced and sold per second
- Presence at 300,000 points of purchase
- Local presence in 57 countries with personnel of 22,000



Become the best selling organization in the world

Trade customer's preferred business partner



Buyer

Shopper

User

Enabler of best mobile experiences

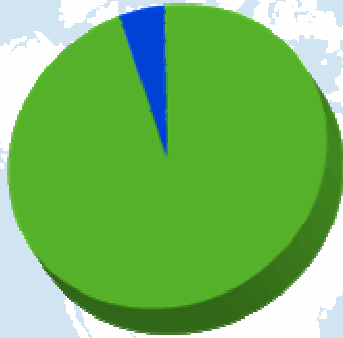


Consumer's #1 choice at point of purchase

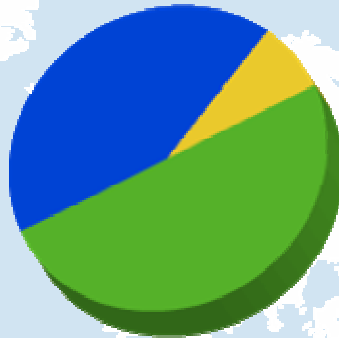


Preferred business partner - Channel structure

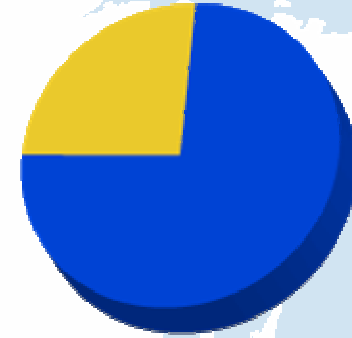
NAM



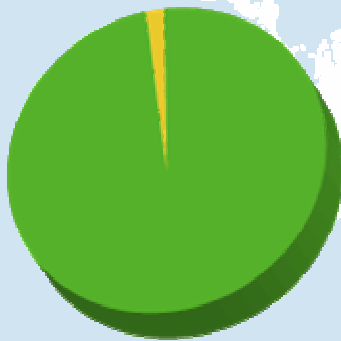
EUROPE



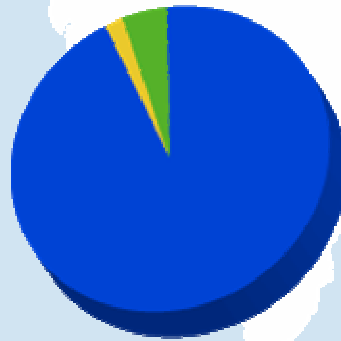
CHINA



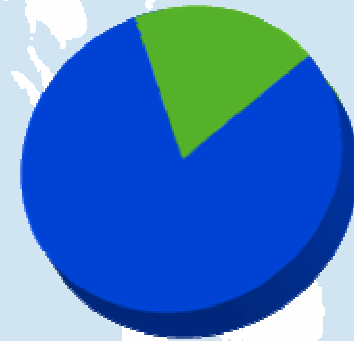
LTA



MEA



APAC, incl. JAPAN



 Retail chains  Distributors  Operators

Consumer's #1 choice at point of purchase

- From sell-in to sell-out
- Large share of consumers undecided at point of purchase
- Diversity of retail: from car trunks to high street
- Retailers actively influence consumer decision-making



Video 1

Selling Excellence strategy has three key goals

1

Build channel advantage

Develop insightful, consumer-driven channel and retail strategies and customer propositions

2

Ensure shopper preference

Work together with customers to drive consumer choice at the point of purchase

3

Embed selling capabilities

Institutionalize systems, processes and capabilities for culture supporting selling excellence

A photograph of three people sitting on a concrete bench overlooking the ocean. On the left, a man in a red long-sleeved shirt and black shorts sits on the first bench, looking towards the other two. In the middle, a woman in a white tank top and pink shorts sits on the second bench, looking at the man on the right. On the right, a man in a black t-shirt and black shorts sits on the second bench, looking at the woman. They are all wearing roller skates. The background is a clear blue sky and a calm blue ocean. The Nokia logo and slogan are in the top right corner.

NOKIA
Connecting People

Customer focused Demand Supply Network

Raimo Puntala
Senior Vice President
Operations & Logistics

NOKIA



Key strategic drivers

Customers



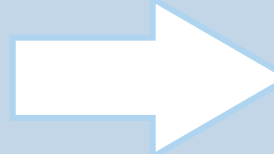
orange™ vodafone™

中国移动通信 CHINA MOBILE TIM Living without borders

O₂ movistar

Deutsche Telekom

A woman is shown using a mobile phone.



DSN Strategy

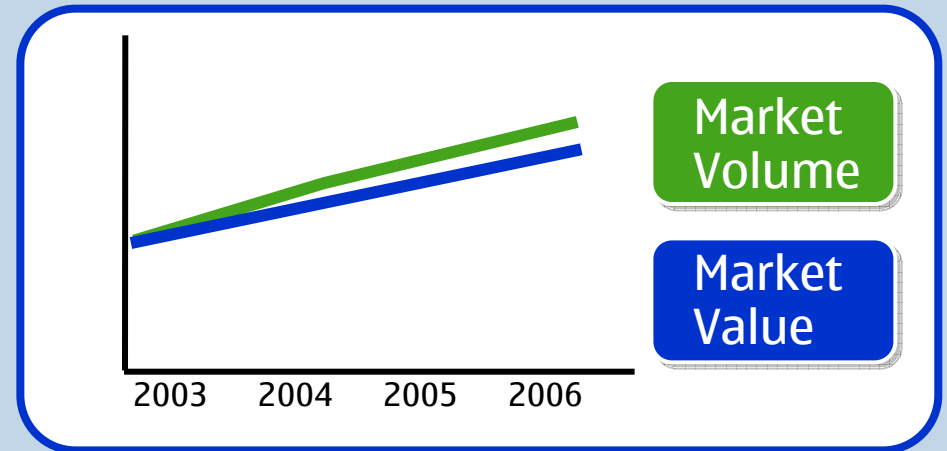


Diversity of Business Models



Nokia 3626

Efficiency



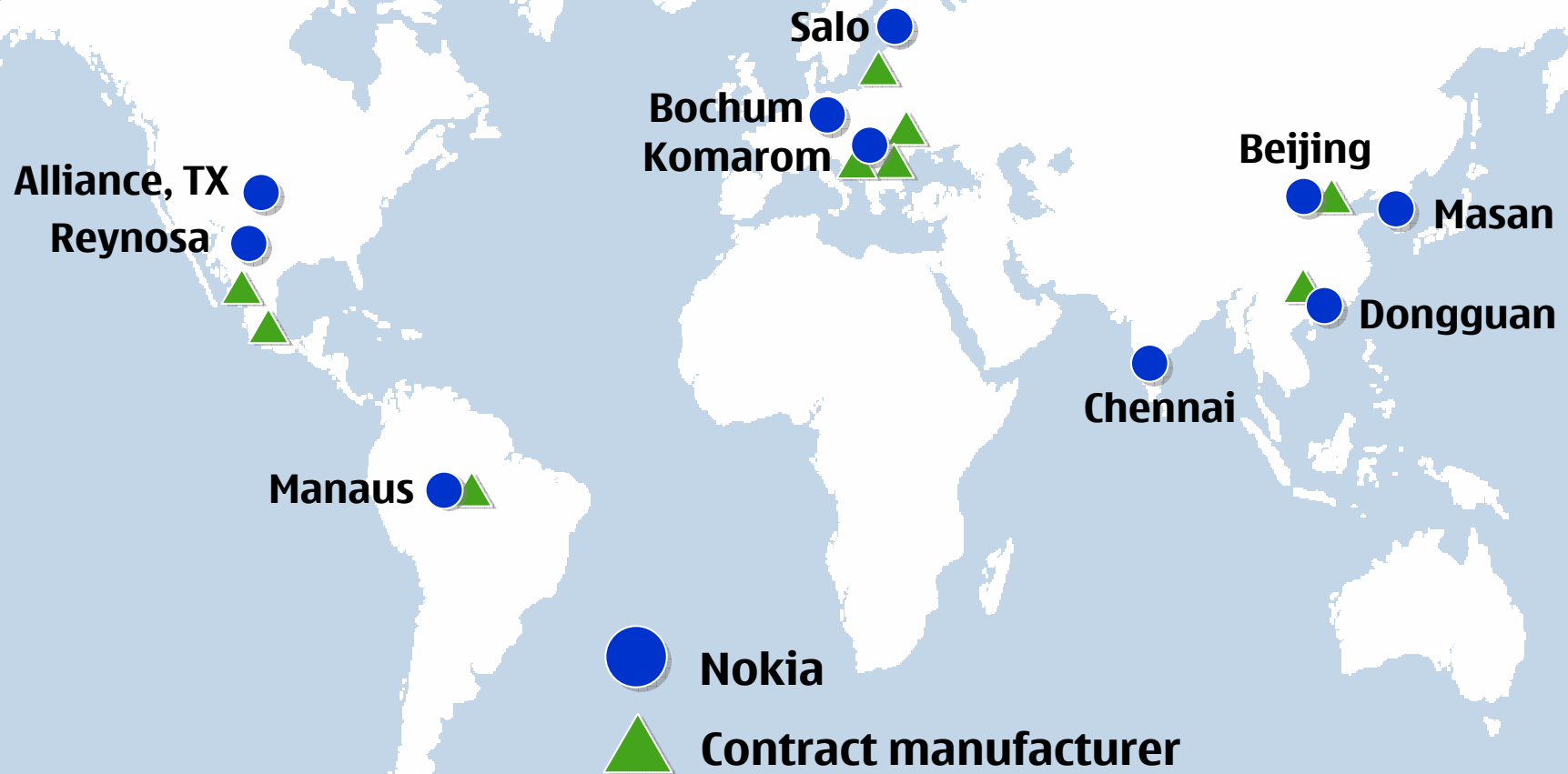
Focus of demand supply network

Tailored channel logistics

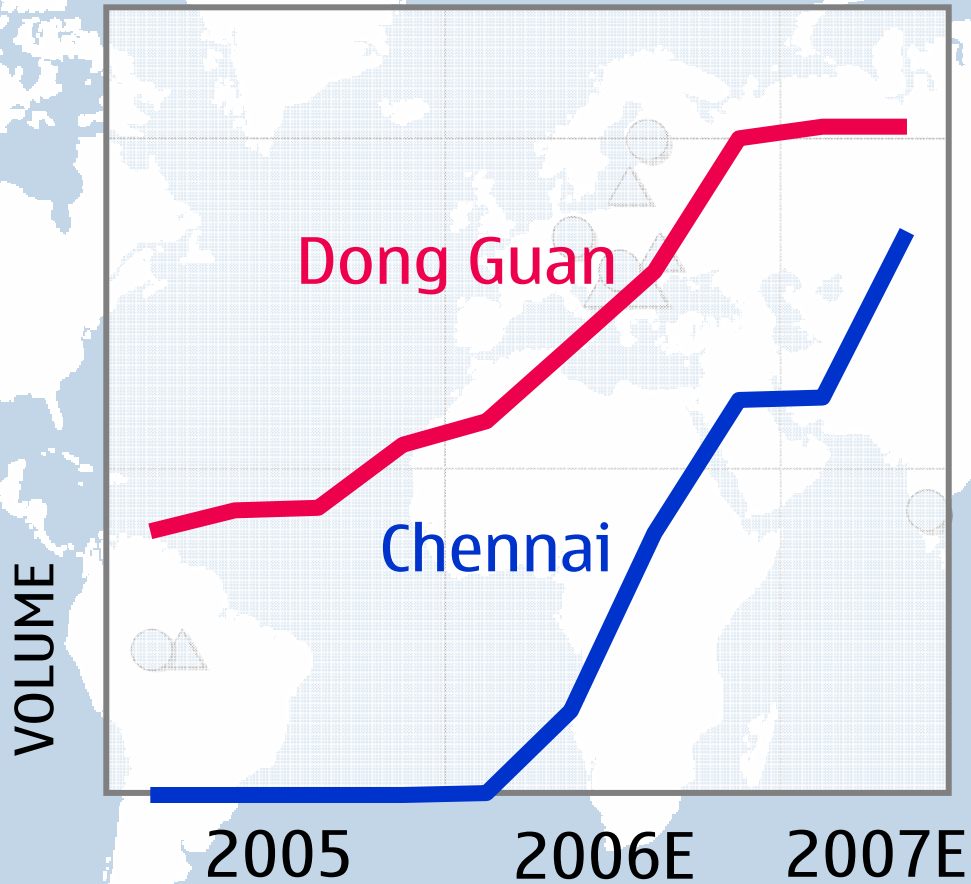
Optimized demand supply network structure

Operational excellence

Manufacturing network

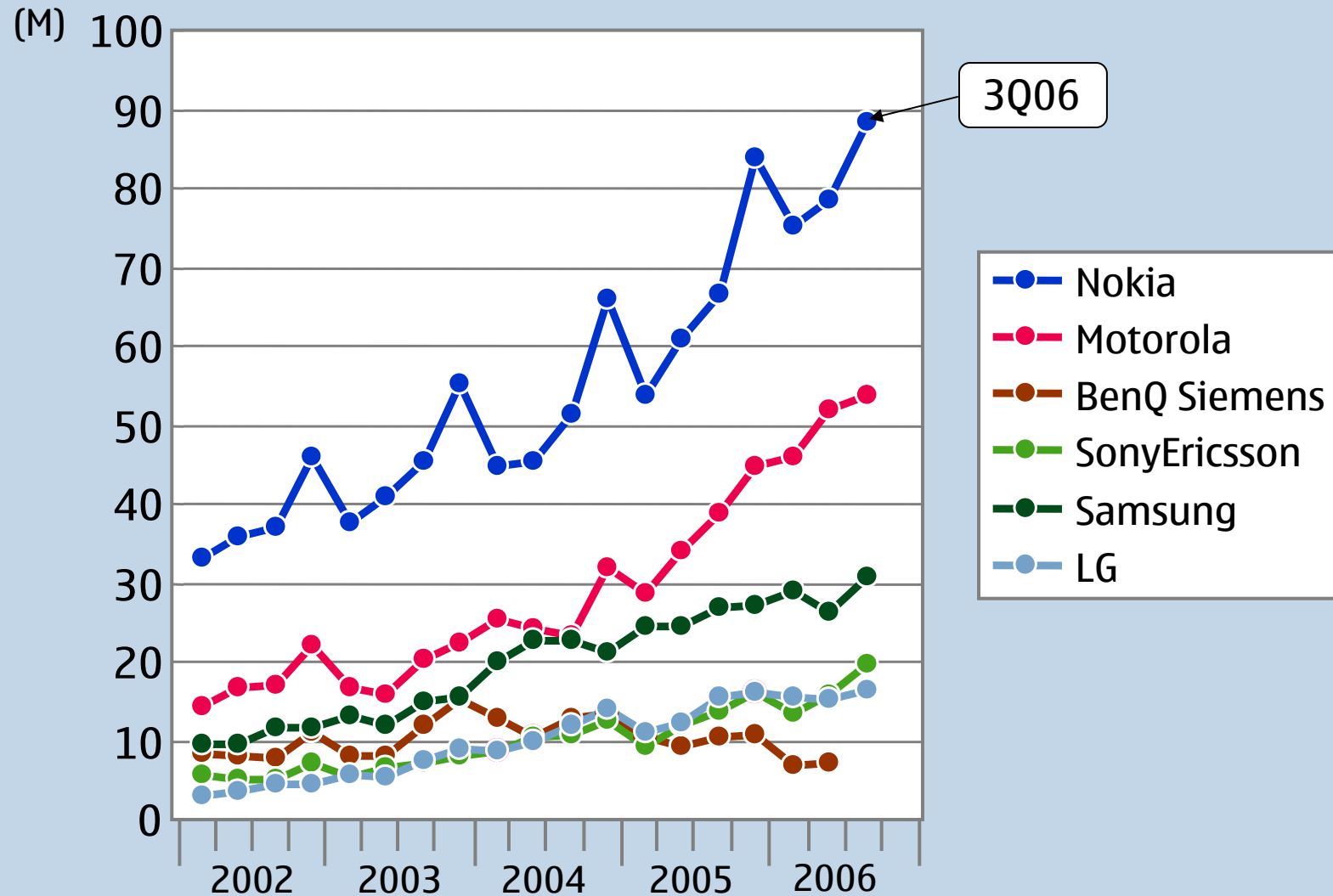


Operational efficiency



Source: Nokia Estimates

Capturing seasonal opportunities



Efficient distribution in emerging markets

Ensure reach and reliable & cost efficient logistics service offering

- China
- India
- Middle East & Africa
- South East Asia & Pacific
- Latin America



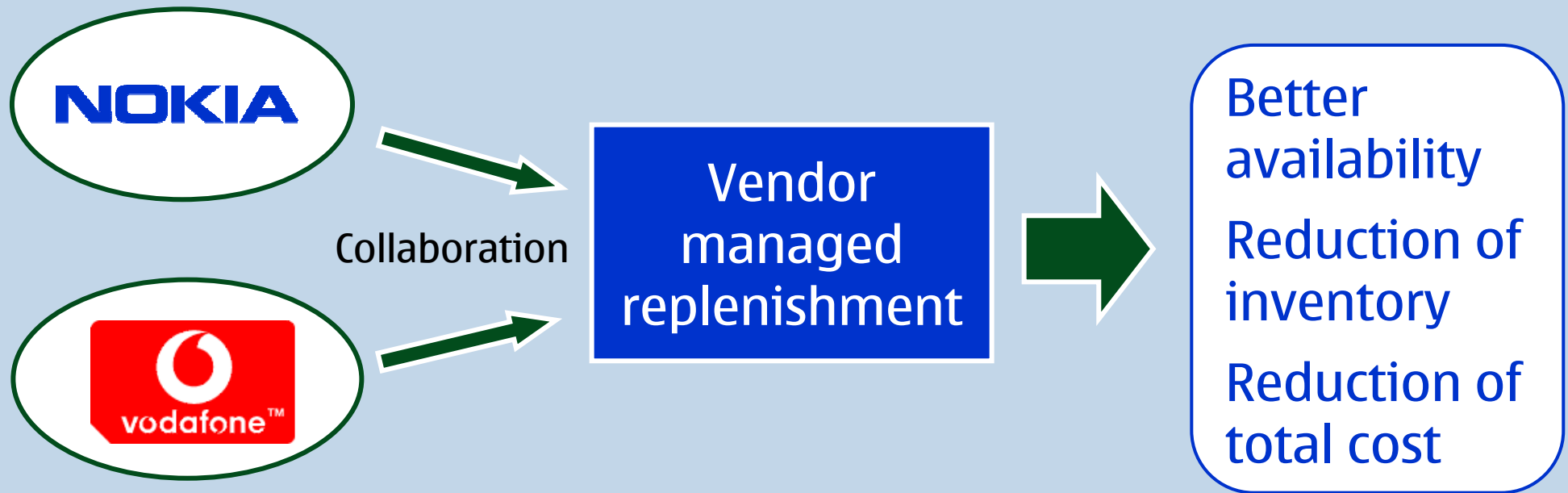
Tailored solutions and offerings for selected customers

- Innovative sales package customization
- Delivery directly to consumer
- Improved customer satisfaction
- Savings in environmental impact
- Savings in transportation costs



Video_Duggan

New logistics concepts in co-operation with customers for end-to-end efficiency



Video_Redmer



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Beyond the Obvious

Jean-Francois Baril
Senior Vice President
Sourcing & Procurement

NOKIA



Working together beyond the obvious



Collaboration Inside Outside

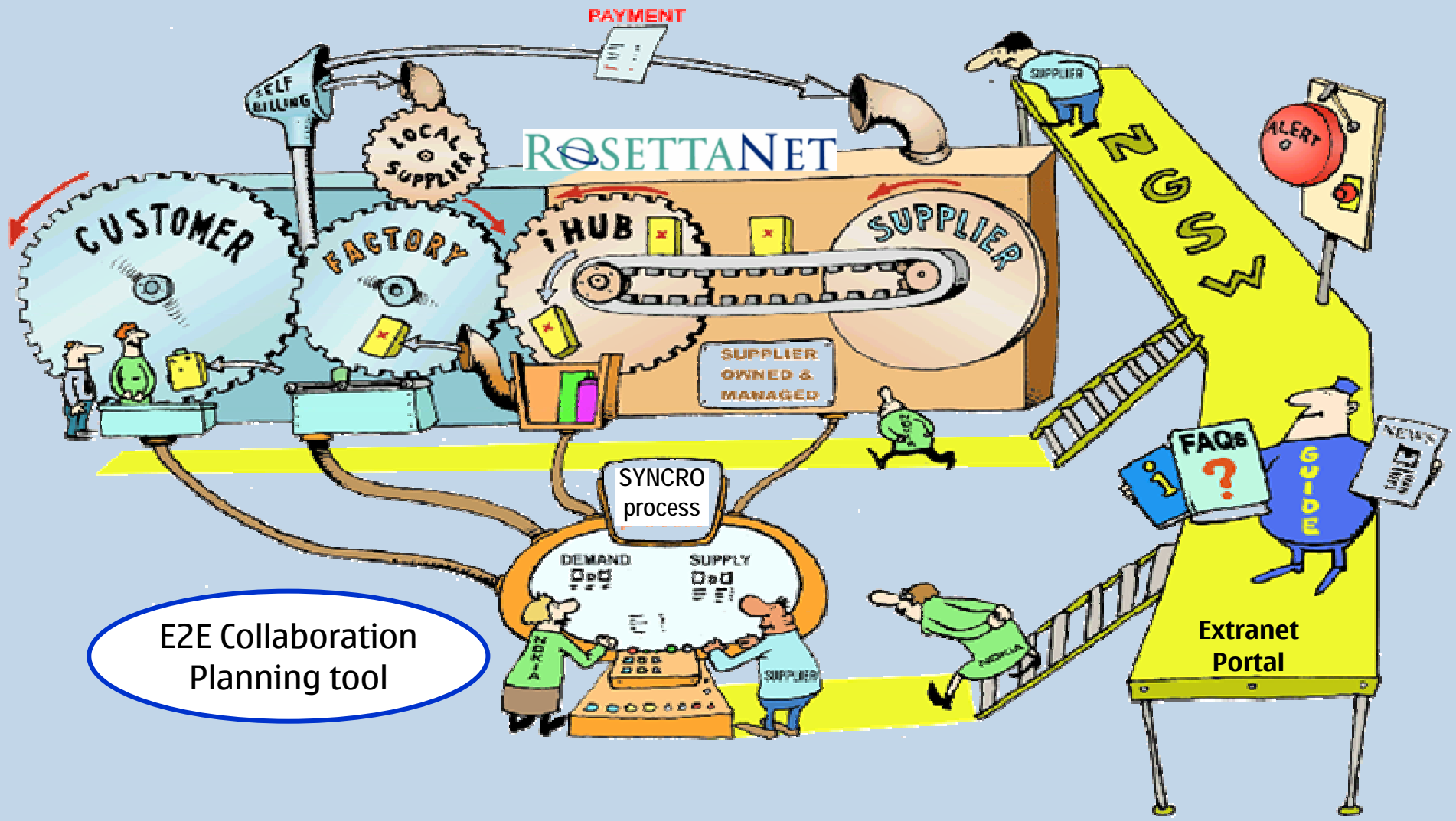


Execution



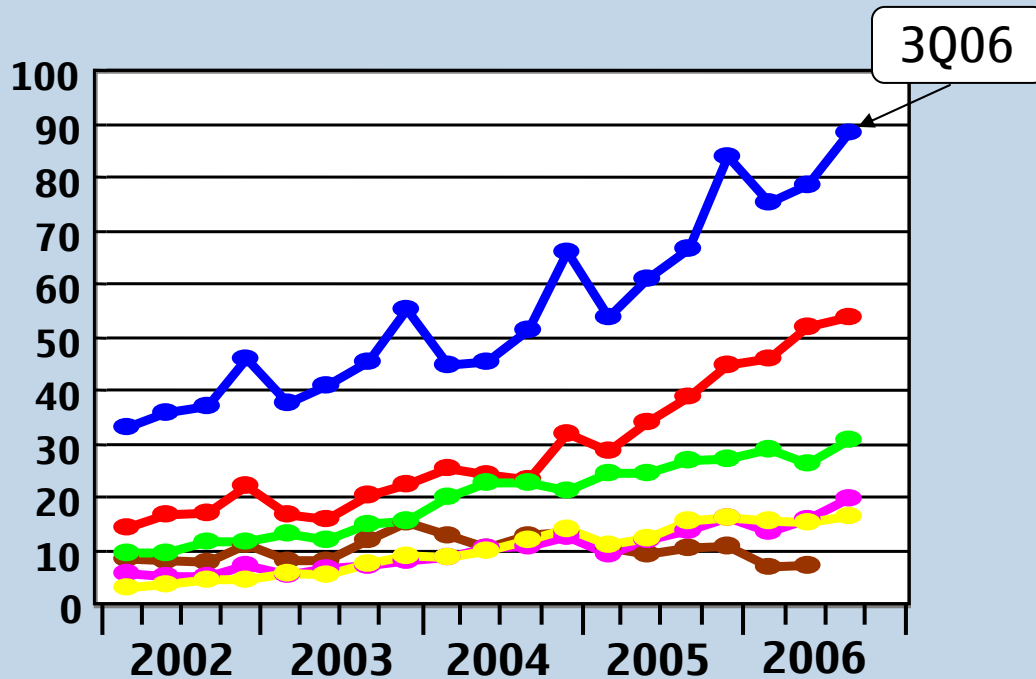
Extend the Lead

Pull-driven supply chain

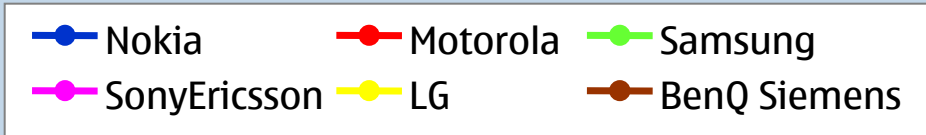
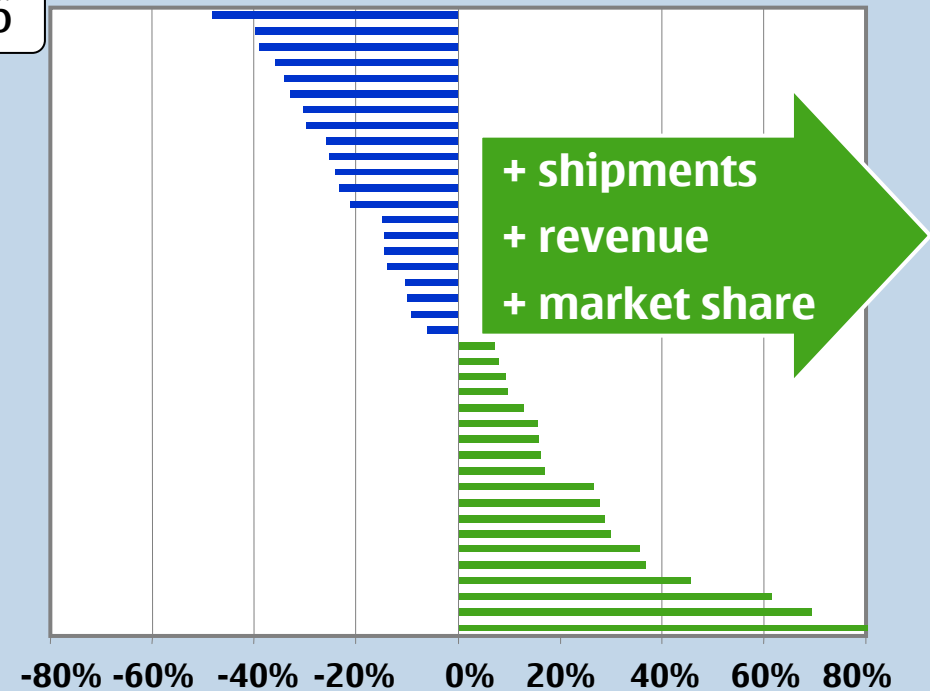


Results are visible in the top line...

Terminal Vendor Shipments (m)



Flexibility vs Plan (%)



..and accross the Supplier Network



“Considering the management attention accorded to global supply chain efficiency and the never ending search for innovation in this area, it is not surprising that Nokia has a system that is the envy of many companies in the world. Efforts and resources allocated towards global supply chain efficiency take no back seat to other operational issues, resulting in Nokia having a world class system second to none.”

Terry Gou, Chairman and President of Hon Hai Precision.



“ Due to the relative long production cycle times in semiconductors, reduced planning times and accurate forecasts are key to an optimized supply chain. Accurate forecasts continue to be a challenge, especially in the wireless handset area due to the many thousands of phone models on the market. However, Nokia has made significant progress in reducing planning cycle times by transitioning from an archaic manual system just three years ago to a world class system which provides total visibility into their factory requirements with implementation of their Hub system.”

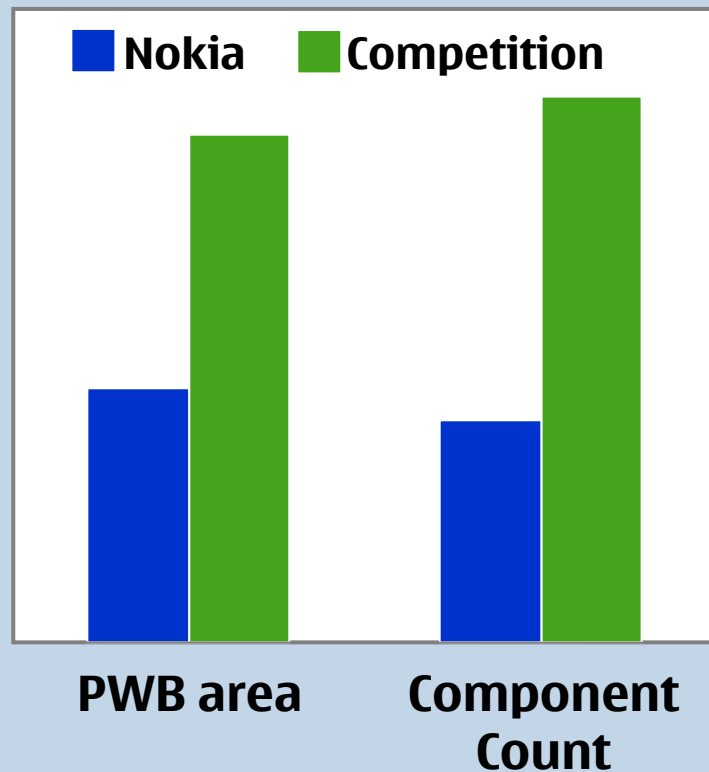
James E. Doran, Executive Vice President and Chief Operating Officer, Spansion.

Extending the lead with the best suppliers

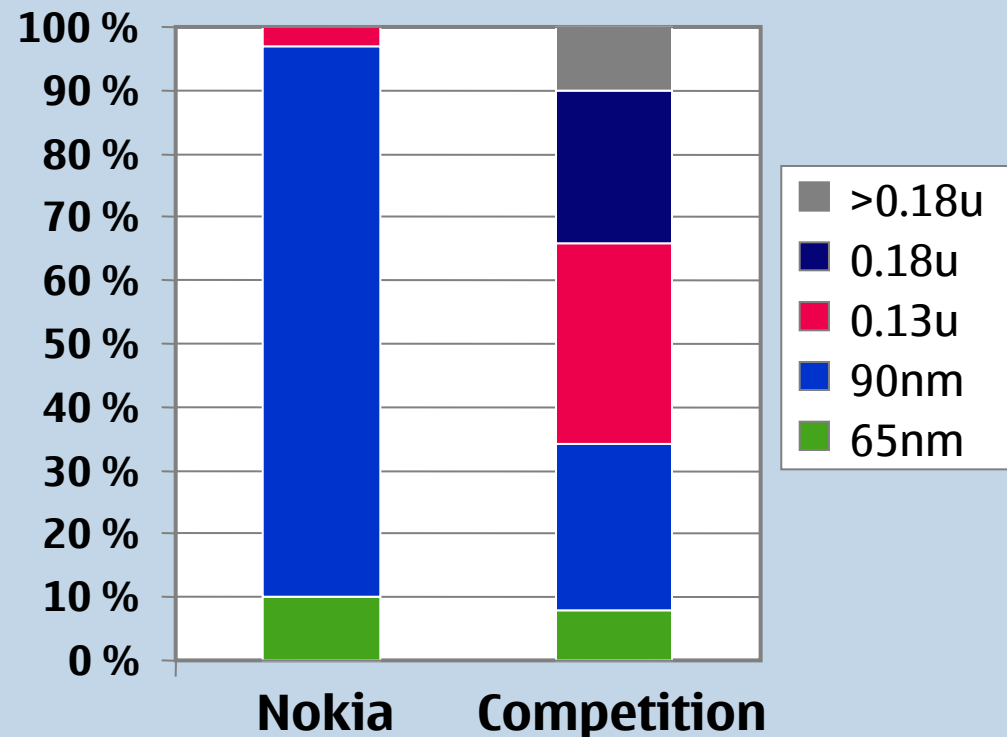


Fast supplier and technology adoption

WCDMA Engine



Technology Split for DBB ICs Q4/06



Source: Nokia estimates

Supplier portfolio dynamics



- New innovators in the pipeline
- New challengers increasing share
- Deepen the existing relationships

- ✓ Economies of scale
- ✓ Fewer suppliers than competitors
- ✓ Long-term relationships

Conclusions



- Execution – Execution – Execution
- Extending the Lead with the Best Suppliers
- Passion for innovative solutions to lead the market
- Breakthrough with solution cost/performance advantage

➔ Make the impossible possible through collaboration



Extend the Lead

A photograph of three people sitting on a concrete bench overlooking the ocean. On the left, a man in a red hoodie sits on a separate bench, looking towards the other two. In the middle, a woman in a white tank top and pink shorts sits on a bench with a man in a black t-shirt and black shorts. They are all wearing roller skates and appear to be in conversation. The background is a vast, clear blue sky and a calm blue sea.

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