



Consumer Electronics Solutions Suite



THE MOST TRUSTED LINK IN YOUR SUPPLY CHAIN

The Way to a Greater Competitive Advantage ...

ModusLink's Consumer Electronics Solutions Suite

After many years of developing successful, high-return custom solutions for the consumer electronics market, ModusLink has documented and standardized the best processes, technologies and operating methodologies available and now offers them as part of our comprehensive Consumer Electronics Solutions Suite. This integrated suite of solutions is comprised of several optimized "solution packages" that help clients manage a particular supply chain activity — efficiently and cost-effectively. By combining a set of synergistic core services into a single, easy to deploy, packaged solution, we are reducing the complexity of specific supply chain management processes common to this vertical market.

Available Solution Packages include:

FORWARD SUPPLY CHAIN SOLUTIONS

- **Optimized Configuration** – optimized models that determine the best global location and timing for manufacturing, configuration and distribution of products.
- **Digital Content Load** – manages content load processes with a globally-integrated content management infrastructure, including loading of digital content to various media and re-flashing of firmware.
- **Accessories and Options** – manages all necessary supply chain activities to maximize sales potential of accessories and options from sourcing, configuration and inventory management to final distribution and returns.
- **Factory Supply (with optional VMI)** – all services required to source multiple components and materials and deliver to factory consumption points with optimum efficiency, inventory management and customer service, including processes that optimize hub operations using intelligent VMI techniques and direct-line feed supply models.

REVERSE SUPPLY CHAIN SOLUTIONS

- **Service Parts** – all services required to effectively manage spare parts inventory for warranty repairs, including inventory optimization, screening and repair.
- **Reverse Logistics** – full design and execution of reverse logistics processes that minimize non-value repair and accelerate the identification of no fault found products and components for rapid return to market. This solution includes testing, repair, replacement, refurbishment and asset disposition, among other services.

GO-TO-MARKET SOLUTIONS

- **Channel Solutions** – the Retail Direct Solution includes all services and processes required to manage, and ship directly to, the retail channel. Our e-Business Solution includes all services required to maximize the lucrative direct-to-end-customer channel from e-commerce, CRM and financial management to integrated fulfillment and returns management.
- **Gateway to Market (Asia, Europe and Americas)** – all services required to help clients quickly and cost-effectively enter a new geographic market. In addition to all of the key supply chain processes, such as sourcing, configuration, fulfillment and returns, this solution manages such complex activity as regulatory compliance, taxation, customs and local language support.

CUSTOM SOLUTION BUILDER

For clients whose needs do not fall neatly within any of our defined solution packages, ModusLink offers a Custom Solution Builder that allows clients to leverage any of our comprehensive, end-to-end services to create a customized solution that meets their specific supply chain operating requirements.





ModusLink, the Partner of Choice for Consumer Electronics Companies ...

We Understand Your Market and Supply Chain Challenges

Today's highly competitive consumer electronics industry is driven by the need to balance demand for product innovation and customer satisfaction with efforts to reduce costs and grow margins. While demand is expected to remain strong due to the proliferation of new products and services, manufacturers are struggling to deal with the implications of shorter product life-cycles, more rapid commoditization and fierce global competition. These challenges are also compounded by the growing influence of retailers and its impact on pricing, delivery, packaging and inventory management.

With many of the big brands in consumer electronics choosing to establish manufacturing bases in mainland China to leverage the low-cost labor and favorable trade policies, companies need to have specific local and global operating knowledge and a well-managed globalization strategy to avoid exacerbating already high transportation and logistics costs.

"Total supply chain costs average 21% of revenue among Consumer Products manufacturers. But within that average number, we find that some companies perform better than others. In fact, if we look at the top-half performers for this metric, we find that leaders have a 7% of revenue cost advantage over the bottom half of companies studied. For a \$1B company, this cost difference translates to a \$70M advantage."

-AMR Research, September 2006.

How can a company attain this top performing status? The key is to drive greater efficiency and

seamless integration of processes throughout the end-to-end global supply chain. This requires consumer electronics companies to align themselves with a partner who has a thorough understanding of their business, products, markets and customers on a global scale.

We Have the Experience and Expertise

ModusLink has more than 20 years of experience and a successful track record for helping consumer electronics companies take redundancy, inefficiency and risk out of their supply chains; while simultaneously boosting quality of service and customer satisfaction.

During this time ModusLink has worked with many of the consumer electronics industry's major players developing unique and comprehensive solutions that help them address the supply chain challenges specific to their market. The cumulative knowledge we have gained through the years has enabled us to establish and document proven, repeatable business process that deliver the highest quality service. Our results-oriented planning, design and execution capabilities provide clients with a competitive edge helping them to dramatically reduce time to market, lower total costs and maximize global sales opportunities.

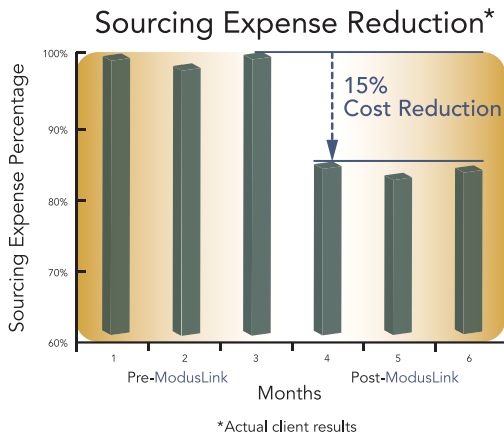
Our expertise includes experience with a wide range of consumer electronics products from keyboards, mice and hard disk drives to cameras, flash memory, MP3 players and navigational devices. We touch some of the most popular and innovative products available in the market today and are committed to maintaining our reputation for excellence in the consumer electronics market.

We are Uniquely Positioned to Help You Succeed ...

ModusLink Services and Solutions

ModusLink offers clients a complete suite of consumer electronics supply chain solutions designed for effective management of specific processes and activities within a consumer electronics environment. (See alternate page for complete list of “solution packages” available.)

ModusLink is uniquely positioned to help consumer electronics companies with the design, execution and ongoing management of end-to-end supply chains that drive the highest levels of efficiency and customer satisfaction. Our comprehensive suite of solutions includes many unique and robust capabilities that differentiate us in the outsourcing industry.



Global Sourcing Prowess. With many of the components and materials required for configuring products sourced out of Asia, companies need to have a thorough understanding of the Asian market and a well thought out sourcing strategy to adequately address the challenges associated with high working capital investments, distance of supply from the customer base, and excessive cost associated with freight and obsolescence. Our proven supply base management techniques frequently produce savings of 10 to 15 percent of procurement spend.

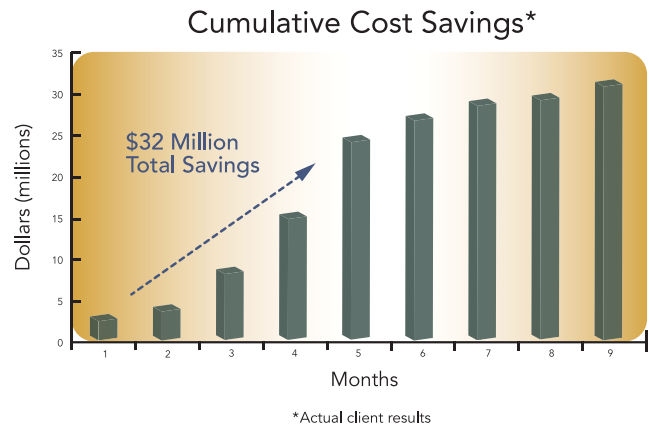
- Hundreds of millions of dollars in combined annual spend on print, media, packaging and electronic components
- Dedicated, Asia-based international procurement team
- Local sourcing expertise
- Strong global and local supplier network

Optimizing Product Configuration. Asia has also become an influential destination for manufacturing as many companies seek to leverage the inexpensive labor available in this region to reduce costs. However, the ability to successfully leverage low-cost manufacturing locations requires in-depth knowledge of local and global markets and exceptional planning to avoid “hidden” costs associated with distance from customer base, supply lead times, storage and logistics. ModusLink’s Optimized Configuration Solution is a powerful and unique

solution that leverages our supply chain design expertise, best of breed techniques in network optimization, discrete event simulation and inventory optimization to determine the best global supply chain network and inventory strategy for delivery of the most efficient and cost-effective supply chain possible.

This optimization takes into account the physical supply chain cost trade offs — materials, conversion, storage, logistics and inventory — and evaluates such factors as taxes and lead time to market, when helping clients determine the most cost-effective model for them. Clients can choose to utilize any combination of ModusLink solution centers, including those in low-cost operating destinations such as China, Mexico and Eastern Europe, for certain products; or postpone configuration to near-customer facilities.

ModusLink’s consumer electronics clients recognize that a well-designed, superior-performing supply chain is a powerful competitive differentiator. With ModusLink, clients have the ability to make changes to a supply chain network strategy or inventory strategy in a risk-mitigated manner, using a single partner. The result is improved margins for our clients.



Retail Direct. Retailer consolidation and pressures on operating margins lead more and more clients to look to eliminate a step in the distribution channel and ship goods directly to retailers. Based on many years of experience working with the leading retailers, ModusLink has developed a suite of Retail Direct capabilities that simplify the complexity of this channel strategy and help clients effectively address constantly evolving channel requirements and operating mandates. Our Retail Direct Solution manages the complete range of processes required to ship direct and includes a number of key services and solutions including, Sourcing and SBM; Materials and Content Management; Light Manufacturing; Fulfillment; Optimized Configuration; e-Business; and Returns Management.

These services are supplemented by an active RFID strategy and a host of retail-specific order management, shipment compliance, merchandising, inventory optimization and logistics offerings to ensure both a competitive edge and greater customer satisfaction.

Unmatched Global Footprint

To complement our services and solutions, ModusLink offers a global footprint that is unmatched in the outsource industry. With numerous facilities strategically located in 13 different countries across the globe, ModusLink is uniquely positioned to support our clients' global supply chain needs. Whether clients are trying to enter new markets, get closer to target customer base or seeking to leverage the benefits of low-cost countries, ModusLink has the integrated infrastructure needed to succeed.

ModusLink works with clients to develop a supply chain model that meets their specific operating, budgetary and location needs. We have solution centers throughout the key economic regions of Asia, Europe and the Americas; including a number of facilities in low-cost operating destinations — such as Mexico, China and Eastern Europe. Our facilities in these regions help clients to successfully leverage the lower cost of labor and favorable trade policies to reduce their total costs and improve return on investment.



We Can Deliver the Results You Need ...

Client Benefits

ModusLink is rapidly becoming the supply chain partner of choice for the consumer electronics market. With many years of experience and a proven track record for success, we have earned our reputation for excellence by delivering measurable results for our clients. Our award winning solutions, expansive global footprint and robust technology infrastructure are unmatched in the industry and enable us to consistently deliver on our promise. We have a number of unique capabilities that differentiate us in our market and they can differentiate you in yours to ensure the highest levels of competitive advantage.

Our Consumer Electronics Solutions Suite is designed to:

- Reduce complexity and speed deployment of key supply chain strategies
- Minimize capital investment and risk
- Speed time to market for greater customer satisfaction
- Lower costs for a reduction in total supply chain cost of ownership

Technology and Infrastructure

Globalization adds complexity and risk to supply-chain processes making seamless integration all the more critical for efficient management of consumer electronics products across geographies. As supply chains become more dispersed, visibility, control and productivity can begin to erode. ModusLink offers an un-paralleled operating and technology infrastructure that serves as the backbone of a client's fully-integrated global supply chain. ModusLink's services and solutions infrastructure is comprised of:

- Globally Integrated Operations
- Global Technology
- Supply Chain Expertise
- Supply Chain Planning and Execution
- Managed Logistics
- Account Management

This highly-efficient infrastructure provides the visibility and control needed for better decision making, quicker response to customer and global market dynamics and more effective asset utilization across services and across geographies. By leveraging its robust operating infrastructure, ModusLink proactively delivers continuous process improvement to clients enabling them to gain accolades with customers, a competitive edge in their industry and operating advantages in the global marketplace.

GLOBALLY INTEGRATED OPERATIONS

With numerous ModusLink sites strategically located around the world, our global footprint and operating efficiency is unmatched in the industry. Our world-class infrastructure leverages an integrated global systems platform, standardized process execution, industry expertise and local market knowledge to provide clients with more effective global operations management.

With Solution Centers around the world executing common high-quality processes, clients benefit from a single, standardized view of operations, assets and inventory. Clients can seamlessly manage and migrate inventory between multiple Solution Centers and across services functions for maximum asset utilization and minimal waste, excess and obsolescence.

GLOBAL TECHNOLOGY

Our state-of-the-art, globally integrated information technology platform is a key differentiator for ModusLink and its clients. At the core of ModusLink's operating infrastructure is its world-class information technology platform which combines the leading ERP system with

best of breed technology applications, seamlessly configured and integrated across the globe, to execute your supply chain processes for maximum efficiency. Additionally, ModusLink has extended the core functionality of its ERP system by integrating the industry's best technologies for business intelligence, standardized messaging, CRM, logistics management, e-commerce, financial management and client reporting — delivered via your desktop in real time.

SUPPLY CHAIN EXPERTISE

Clients benefit from a professional services organization that includes subject matter experts in all key supply chain disciplines with multi-geography and vertical market experience that helps reduce the complexities of global supply chain management. The result: a differentiated, top-performing supply chain.

SUPPLY CHAIN PLANNING AND EXECUTION (SCP&E)

Using a combination of proven, internally-developed tools, vertical industry knowledge, VMI techniques and standard MRP and planning methods, our innovative SCP&E solution improves materials availability and inventory turns with lower investment. Our solution helps clients determine appropriate replenishment levels and production models, and accurately factors in the impacts of migrating parts of the supply chain inventory to new geographies when shifts in global demand arise.

MANAGED LOGISTICS

Our world-class solution integrates the capabilities of leading 3PL organizations from a single platform available on the client's desktop. This flexibility enables clients to leverage cross-carrier route and mode selection for optimal service performance at the best possible price points. We provide proactive, event-driven shipment exception reporting; customer-specific packaging and labelling specification; retail shipment compliance; volume shipment consolidation; multi-vendor route selection; export compliance processing; delivery track and trace capabilities and more for the best price and fastest time to market.

ACCOUNT MANAGEMENT

We provide our clients with a team of resources responsible for being the on-site voice of the client in our operations. Because of our unique position in our clients' supply chains, the Account Management function typically becomes a valuable member of our clients' organization; advising on opportunities to improve service, cost, and quality performance to deliver greater shareholder value within our clients' organizations.



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