Product Development and IT at Plantronics

Tom Gill
VP/CIO
Agenda

- Plantronics overview
- Global product development
- IT helps makes it happen!
- Q&A
Plantronics Overview

- Leader in Sound Innovation!
- Founded in 1961
- Headquartered in Santa Cruz
- 6600+ employees worldwide
- Offices in 19+ countries
- Stock traded on NYSE (PLT)
Products

- Headsets
  - Contact center, office, home and home office
  - Mobile phones
  - VoIP
  - Gaming
  - Aviation
  - Music
- Speaker systems (Altec Lansing brand)
  - iPod and other MP3 players
  - PCs and laptops
- Telephones for hearing impaired (Clarity brand)
- Audio enhancement solutions (Volume Logic brand)
  - Fine tuning software for iTunes, WinAmp, Musicmatch and other players
  - Audio processing software for DJs, webcasters and real time digital remastering
<table>
<thead>
<tr>
<th>Location</th>
<th>Facility Description</th>
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<tbody>
<tr>
<td>Santa Cruz</td>
<td>Corporate Headquarters</td>
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<tr>
<td>Milford PA</td>
<td>Altec Lansing Division Headquarters</td>
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<tr>
<td>Chattanooga TN</td>
<td>Clarity Division Headquarters</td>
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<tr>
<td>Swindon England</td>
<td>Europe, Middle East and Africa (EMEA) Sales</td>
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<td>Amsterdam NL</td>
<td>EMEA Operations</td>
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<tr>
<td>Tijuana Mexico</td>
<td>Headset manufacturing and design</td>
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<tr>
<td>Suzhou China</td>
<td>Headset manufacturing and design center</td>
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<tr>
<td>Dongquan China</td>
<td>Altec manufacturing and design center</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>Altec Asia Headquarters</td>
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Double Digit Revenue Growth

- $200M year ended in March ’98
- $850 past four quarters
- Year ending March ’07 results announced next week
- $1B revenue is on the horizon!
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<tbody>
<tr>
<td><strong>Internal</strong></td>
<td>SC Headquarters</td>
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<tr>
<td><strong>Near shore</strong></td>
<td>Tijuana Mexico</td>
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<td><strong>Off shore</strong></td>
<td>Dongguan and Suzhou China</td>
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<td><strong>Outsource</strong></td>
<td>Various Firms - Asia</td>
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<td><strong>Original Design Manufacturer (ODM)</strong></td>
<td>Various Firms - Asia</td>
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</table>
Regional Strategy – Internal

- Located at product group headquarters
  - Altec
  - Clarity
  - Plantronics
  - Volume Logic

- Development activities include
  - Business and product strategy
  - Development methods, tools and metrics
  - Best practices
  - Platform and building block development
  - Program management

- Intellectual property (IP) sensitive
Regional Strategy – Near Shore

- Located at Plamex Design Center in Tijuana
- Commercial product focus
- Development activities include:
  - Platform variants
  - Packaging development
  - Product engineering
  - Cost reduction
  - Factory support
  - Sustaining engineering
- Internally supported functions:
  - Purchasing
  - Logistics
  - Tooling development
  - Test development
  - Product assurance
  - Compliance
Regional Strategy – Off Shore

- CDC (Plantronics Brand) is located in Suzhou
- Consumer product focus
- Product localization
- Development activities focus on later phases of development cycle
- Internal support – similar to near shore model
- Outsourcing support
  - Purchasing
  - Logistics
  - Tooling development
  - Test development
  - Product assurance
  - Certifications
  - Compliance
  - Compatibility
Regional Strategy – Off Shore

- Altec China Design Center is located in Dongguan
- Product localization and variants
- Development activities focus on later phases of development cycle
- Internal support – similar to near shore model
Regional Strategy – Outsource

- Various technology partners in Asia
- Capacity relief
- High volume low mix products
Regional Strategy - ODM

- Various technology partners
- Commodity products
- Non-core products
  - Telephones
  - Lifters
  - Low end consumer products
Distributed Development Considerations

- **Market centric**
  - Product development located in the target market geography
  - Best fit for early product lifecycle phases

- **Operational centric**
  - Product development located in the target manufacturing location
  - Best fit for later lifecycle phases
  - Optimizes product for manufacturing

- Plantronics distributed environment allows us to move engineering to the appropriate location depending on the product development phase, target market or manufacturing location!
Intellectual Property Considerations

- Keep IP close to home
- Employee turnover a factor
- Culture, laws and law enforcement
Core Technology Group

- Headquarters function
- “R” in R&D
- Intellectual property sensitive
- Typically ahead of market
- Outputs include building blocks that can be engineering into many products
Technology Building Blocks

- Development done internally
- Variants can be outsourced and offshored
- Improves time to market
  - :: Product development
  - :: Manufacturing
  - :: Sales and support
- Reduces product cost
- Examples include headset booms, chargers and Altec speaker drivers
IT Helps Make it Happen

- IT is ubiquitous
- Virtually all associates are using IT throughout the day
- Recent all employee survey results - IT is the department that the highest number of employees identified as most critical to their success
- Consider a day without IT!
Technology Enables Globalization

- Collaboration tools improve communication
  - Email and voice messaging
  - MS Sharepoint Portal
  - MS Office Collaboration Server (Beta)
  - Web conferencing
  - Bridged audio and video conferencing
- Network accelerators speed movement of information between design centers
- Workflow applications reduce cycle time
- Wireless and mobility applications enable virtual office
- Standard platforms and business processes
  - Design tools
  - PLCM processes and tools
Plantronics IT Footprint – Key Technologies

- Oracle E-Business Suite (ERP)
- Microsoft Active Directory, Exchange and desktop suite
- MPLS network supporting QOS – Voice, video and data over IP
- Cisco routers, switches and WiFi infrastructure
- Avaya VoIP solutions
- Dell XP servers
- Sun Solaris Unix servers
- Informatica, Hyperion and Business Objects Business Intelligence
- Multi vendor security and anti malware environment
- 200+ different technologies supported by the worldwide IT team!
IT Human Capital

- 110+ IT associates in nine locations
- Staff augmented for project peaks and special skills
- Roles include
  - Application developers
  - Business analysts
  - Database administrators (DBAs)
  - Business intelligence analysts
  - Network administrators
  - Server administrators
  - Telecom analysts
  - Helpdesk / desktop support technicians
Current Projects to Optimize Global Footprint

- Salesforce.com implementation
- Supply chain re-engineering
  - Demand planning
  - Supplier portal
  - Advanced planning
  - Inventory optimization
- China trading company set up
  - Oracle and related systems
  - Allows Plantronics to sell from China DC into China
- Microsoft Collaboration Server
  - Chat, VoIP, video
  - Integrated with PBX for external calling
- IT process improvement
  - Project portfolio management
  - ITSM / ITIL based service delivery
IT Management – Key Competencies

- Business enterprise knowledge
- Client partnership
- Business influence
- Change management
- Team leadership
- Empowering others
- Accountability
- Systems thinking
IT Management Challenges

- Hiring and retaining human talent
  - Technology and training
  - Challenging projects
  - Empowerment and support

- Change management
  - Technical environment
  - Human impact

- Performance management
  - Communication / style
  - Corporate vs. remote sites
  - Teamwork
Questions?

Follow up at tom.gill@plantronics.com