Products, Sales Operations, and Supply Chain Management at Seagate

Ming Chao, Americas Manager
Mike Ruggiero, Senior Sales Operation Analyst

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Agenda

1. Industry Overview
2. Seagate Corporate Overview
3. Ming Chao: International Trade’s Impact on Supply Chain
4. Mike Ruggiero: Sales Operation, Supply Chain Management
Industry Trends
Facts

- In 2010, humankind created 1,200 exabytes\(^1\) of data. That's 38 terabytes every second of every day. (IDC)
- In 2020, humankind will create 35,000 exabytes of data. That's 1,110 terabytes every second of every day. (IDC)

“Can data centers keep up?”

\(^1\) One exabyte of storage capacity equals 1 million terabytes, or 1 billion gigabytes.
Analogue to Digital Evolution

Analogue Media

Vinyl Records (1948)
Color TV (1946)

Digital Media

DVD household penetration exceeds 95% in the US, making it one of the top consumer electronics product launches in history.

First HDTV sold for $5,500.
Over one billion views a day. Became 3D capable in 2009.
Worldwide shipments of 10 million expected this year. Nearly 80% of TVs sold in 2014 will be 3D ready.

DVD (1996)
VHS (1976)
Hulu (2008)
Over 10 billion songs downloaded to date. Accounts for 70% of worldwide online music sales.

HDTV (1998)
YouTube (2005)

Enabler

 iTunes (2001)
Blu-ray (2006)

Enabler

Source: Market & Competitive Intelligence
Source: Parks – Trends in 3DTV, 06-10
Storage Drivers
Total Units Shipped*

* represents HDD and SSD

Source: Seagate Market & Competitive Intelligence
Traditional Markets Changing

Source: Seagate Market & Competitive Intelligence
Key Points

• Growth in storage comes from traditional desktops and notebooks, to new consumer devices & social media that makes it easy to **Create, Share, and Enjoy** our stuff *when* we want it, *how* we want it, and *where* we want it!

• Desktop shipments are flat to down, while notebooks are growing and tablets are now in play
Seagate Overview
Facts

• Seagate Technology (NASDAQ: STX) is the world's largest hard drives and storage solutions manufacturer. Incorporated in 1978 as Shugart Technology

• Seagate is currently incorporated in Dublin, Ireland and headquartered in Scotts Valley, California.
# Q2 Financial Strength

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$2.7 billion</td>
</tr>
<tr>
<td>Net Income</td>
<td>$150 million</td>
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<tr>
<td>EPS</td>
<td>$0.31</td>
</tr>
<tr>
<td>Shipments</td>
<td>48.9 million</td>
</tr>
<tr>
<td>Margin</td>
<td>19.5%</td>
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</tbody>
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GAAP numbers
Seagate: Storage Leader

- **Seagate is the world’s leading provider of storage devices.**
  - Q2 FY2011*: 48.9 million drives shipped; revenue of $2.7 billion
  - Shipped our 1.5 billionth drive in September 2010

- **Provides storage for enterprise, desktop, mobile computing, consumer electronics and retail markets**
  - Builds hard disk drives and solid state drives
  - 29% overall market share
  - Broadest product offering in the industry – largest customer base

- **Ownership and vertical integration of critical technologies: heads and media**

- **53,033** employees worldwide

* For second fiscal quarter ended December 31, 2010
** Includes interns, contractors, and agency temps
Enterprise – Unified Storage Architecture

Standardized best-of-breed storage foundation for the enterprise that:

- Optimizes efficiencies
- Lowers cost
- Reduces complexity
- Improves performance
- Provides scalability

• 2.5-Inch Form Factor
• 6Gb/s SAS Interface
• Self-Encrypting Drive
Desktop Computing Products

Barracuda®

- **Barracuda XT™** – Industry’s first 2TB drive with the blazing-fast SATA 6Gb/s interface for high-performance PCs, entry-level servers, PC gaming systems and PC-based home media servers

- **Barracuda** – World’s first 2-platter (500GB each) 1TB desktop hard drive

- **Barracuda Green** – Industry-leading ‘green’ low-power desktop hard drive
Mobile Computing Products

Momentus®

**Momentus - Feature Rich – Reliable, Robust and Secure**

- Capacities up to 750GB
- Spin speeds both 5400- and 7200-RPM
- Encryption with FIPS and G-Force Protection™ free-fall sensor
- 18 key options and choices

**Momentus Thin - Thin, Practical and Affordable**

- The world's first 7mm, 2.5-inch form factor drive
- 320GB, 250GB and 160GB and 5400-RPM, 7200-RPM options
- Today’s performance in a slim form factor for thinner systems

**Momentus XT - Powerful, Intelligent, Affordable – Solid State Hybrid Drive**

- Solid state hybrid drive with 4GB of flash memory
- World’s fastest 2.5-inch laptop PC hard drive
- Combines SSD-like performance with the massive capacity and much lower cost of HDDs
- Capacities of 500GB, 320GB and 250GB
Seagate Retail Solutions
Seagate: Leading Storage Brand For Consumers and Small Businesses

- Seagate continues to be a leader in the storage industry, delivering game-changing, performance-leading, innovative storage solutions for consumers and small businesses.
- The company continues to set capacity, speed and time-to-market records: first 1.5TB, 2.5-inch drive; first 3TB drive; first 500GB-per-platter, 2.5-inch drive; first Hybrid SSD/HDD drive.
- Seagate is growing the retail storage category by creating:
  - Easy-to-use, flexible, stylish and experiential products
  - Value propositions that go beyond storage and protection
  - Unique, simplified, enjoyable user experiences
  - A range of solutions to meet varying digital lifestyle requirements and storage needs
- For small business owners, Seagate is becoming synonymous with data protection, security and business continuity with Seagate BlackArmor® solutions.
Seagate Retail Solutions (Continued)

FreeAgent GoFlex™

- Easy-to-use, USB 2.0 or 3.0 plug-and-play external hard drive
- Flexibility to change with your interface choices
- Variety of options for external drives, cables, desktop adapters, and edge devices
- Customize to fit your needs
- Exceptional backup and protection
- Works with both PC and Mac

The FreeAgent® GoFlex™ storage family

USB 3.0, FireWire

320GB, 500GB, 750GB, 1TB, 1.5TB

The FreeAgent® GoFlex™ family – Experience your digital life beyond your PC.
Key Points

• **Seagate provides storage for enterprise, desktop, mobile computing, consumer electronics and retail markets**
  – Builds hard disk drives and solid state drives
  – 29% overall market share
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International Trade
Facts

If a supplier and/or internal import/export team cannot consistently bring materials into the factory in a timely basis, this has a ripple affect through the manufacturing and fulfillment process to customers. The importance of an effective, predictable supply chain can not be understated.
Typical Global Trade Transaction

1. Import China to USA
   - Product Classification
   - Embargo Check
   - SPL Screening
   - Import License Management
   - Printing of Import Documents

2. Import Mexico to USA
   - Product Classification
   - Embargo Check
   - SPL Screening
   - Import License Management
   - NAFTA

3. Export U.S. to EU
   - Product Classification
   - Embargo Check/ SPL Screening
   - Export License Management
   - Printing of Export Documents
   - Electronic Communication (AES)

4. Import EU from U.S.
   - Product Classification
   - Embargo Check
   - SPL Screening
   - Import License Management
   - Free Circulation
   - Transit Procedures
   - Duty & VAT Calculations
   - Printing of Import Documents
   - Electronic Communication (NCTS, ATLAS, etc.)

5. Export Europe to other countries
   - Product Classification
   - Embargo Check
   - SPL Screening
   - Export License Management
   - Printing of Export Documents
   - Electronic Communication (NCTS, ATLAS, etc.)
   - Trade Preference Processing
   - Restitution Handling
Trade Management Business Drivers

- **Trade Finance:**
  - Post-Entry reconciliation & Audit
  - Trade settlement
  - Optimize use of strategic financial instruments (Letters of Credit, Open Accounts)

- **Landed Cost Management:**
  - Visibility to profitability
  - Optimize margins
  - Strategic sourcing decisions

- **Compliance & Customs:**
  - Risk mitigation & penalty avoidance
  - Efficiency & process automation
  - Achieve best practices

- **Security:**
  - Secure supply chain strategies for Customs preferences
  - Maintain compliance with Security initiatives
  - Supply chain risk mitigation
The Importer Security Filing program or 10+2, sponsored by U.S. Customs and Border Protection (CBP)

Importer Security Filing requires 10 data elements from the importer and 2 data elements from the carrier be electronically filed 24 hours prior to loading cargo onto a shipping vessel ultimately bound for the United States.
Supply chains rely on predictable lead times, which require streamlined border crossing/Customs clearance globally.

Delays along the supply chain due to issues with Customs create bottlenecks that negatively impact supply chains which have become longer and leaner over the past decade or more.